FACTORS AFFECTING STRATEGY IMPLEMENTATION IN STATE CORPORATIONS IN KENYA

BY

ANNE WANJIRU KIBOI

JANUARY, 2014

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Submitted in fulfillment of the requirements for the degree of Doctor of Philosophy in Business Management to be awarded at the Nelson Mandela Metropolitan University

JANUARY, 2014

Promoter: Professor. S. Perks
Co-promoter: Professor. E.E Smith

DECLARATION

I, Anne W.Kiboi, student number, 209200916, hereby declare that this thesis submitted is my own independent work and that it has not been previously submitted by me for any degree award at any other university and where work of others has been cited, due acknowledgement is made.

Anne Wanjiru Kiboi

PORT ELIZABETH

JANUARY, 2014

ACKNOWLEDGEMENTS

I am sincerely grateful to God, Abba Father, Jesus Master and the Most Holy Spirit, for the opportunity and the grace given me to write this thesis. I would like to thank the following people, who through their contribution helped this PhD study, see the light:

- Prof. Sandra Perks, my promoter, for your relentless help, incessant support, constructive criticism and comments together with the drive to produce quality work significantly enriched this study. I will forever remain grateful to you for your support and transfer of knowledge.
- Prof Elroy Eugene Smith, my co- promoter, who gave exemplary research direction and positive criticism. His helpful comments on various drafts and developments throughout the research were invaluable.
- To Madam Helen Allen for the tremendous work of editing and language assistance.
- To Mr. Paul Mberia for the commendable statistical analysis and guidance in the interpretation of the data.
- To my colleagues in academia, in particular, Dr. Peris Mburu and Dr. Nyambura Koigi. Thank you for your moral support and encouragement in accomplishing this dissertation.
- To the managers of the state corporations in Kenya who participated in this study. Indeed it was a good gesture on your part to accept views (questionnaire) from an external environment to carry out self assessment.
- Finally, special thanks to my husband Christopher and children, Teresa, Margaret, Francis and Yvonne, who constantly encouraged and supported me throughout the study period. Their love and patience went along way in giving me strength and hope especially during difficult times.

ABSTRACT

The purpose of this study was to develop and empirically test a hypothetical model of factors impacting strategy implementation in state Corporations in Kenya in order to establish their statistical significance. To achieve effectiveness and efficiency in strategy implementation in state corporations, change is needed. Due to the rapid changing global environment and increasing demand for service delivery, continuous change is needed. Changes have been taking place in the Kenyan state corporations since 2003 and this has been as a result of corporate strategy implementation. However it is not enough to develop a good strategy, good strategies can fail during implementation. The state corporations in Kenya, like in most countries in Sub-Saharan Africa, have been characterised by slow and bureaucratic processes that retard corporation's performance. Employees and managers in these corporations have been perceived as not performing as they should. Kenyan state corporations are important to the economy of the country. They provide social and essential services to the Kenyan population. There is therefore a need to investigate ways to improve strategy implementation in state corporations, collectively viewed in this study as factors affecting strategy implementation.

The study investigated and analysed how the independent variables (internal-, market- and external) impact strategy implementation (dependent variable). The study reviewed literature in the areas of internal-, market- and external factors supported by Louw and Venter's (2006), the planning context environmental scan (2010), Zaribaf and Hamid's drivers for implementation outcomes (2010), and the Nortel network external environment (2010) models as presented in section 1.5 of chapter one. The hypothetical model developed was based on the models mentioned. The study sought to establish the perceptions of Kenyan state corporation's managers and utilised the quantitative research paradigm. A survey was conducted using a self-administered questionnaire distributed to managers in state corporations in Kenya. The final sample comprised 485 respondents. Data was collected between October, 2012 and February 2013, that is, a period of five months. The returned questionnaires were subjected to several statistical analyses. The validity of the measuring instrument was ascertained using exploratory factor analysis. The Cronbach's alpha values for reliability were calculated for each of the

factors identified during the exploratory factor analysis. In this study, correlation and exploratory factor analysis, the KMO measure of sample adequacy, Bartlett's test of sphericity, Kolmogorov-Smirnov test for normality, multi-colinearity diagnostic and regressions were the main statistical procedures used to test the appropriateness of data, correlation and significance of the relationships hypothesised between the various independent and dependent variables.

The study identified twelve independent variables as significantly impacting the strategy implementation (dependent variable) of state corporations in Kenya. Five statistical significant relationships were found between the internal factors: organisational structure, human resources, financial resources, leadership, communication and strategy implementation in state corporations in Kenya. Three statistical significant relationships were found between the market factors: customers, suppliers, labour market and strategy implementation in state corporations in Kenya. Four statistical significant relationships were found between the external factors: social-cultural, technology, ecological, global forces and strategy implementation in state corporations in Kenya. The study also found three statistically insignificant variables.

It was found that managers in state corporations in Kenya should be encouraged to study and clearly understand the culture of their state corporations in order for them to believe that organisational culture could have a significant impact on strategy implementation and that the culture of their corporation needs to be compatible with the strategy being implemented, because where there is incompatibility between strategy and culture, it can lead to high organisational resistance to change. The managers should also be made to understand that organisational culture shapes employees behaviour, guides strategic decisions and accommodates proposed changes and that When culture influences the actions of employees to support current strategy, implementation is strengthened. Managers should strive to achieve competitive advantage by offering distinctive or unique products or services that clearly add value to the customers. They should be made aware that the strategies of competitors who offer unique service to the customers could derail their strategy implementation. State corporation managers should acknowledge that severe competition results in pressure on prices, margins and profitability for all state

corporations. There is a need for managers to ensure that the state corporation strategies are supported and aligned with government policies, directives and programmes. They should actively lobby with government to enact good policies and directives that support strategy implementation.

The study has provided general guidelines at internal environmental level on how to implement strategies effectively and efficiently in state corporations in Kenya. Furthermore, general operational guidelines at market level for improving strategy implementation have been given for such corporations to become and remain competitive in the global market place. The study has also highlighted general guidelines regarding managing external environmental factors to assist in improving strategy implementation in state corporations in Kenya.

KEY WORDS: Strategy, strategy implementation, state corporations, internal factors, market forces and external factors

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OVERVIEW OF THE STUDY

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

For any organisation today, a strategy provides, or should provide the overall plan against which management can excel in difficult times. Hill (2004:67) established a very weak relationship between strategy formulation and strategy execution. Furthermore, large- and small organisations spend lots of money each year on strategy formulation but only one out of ten organisations that do an effective job of formulating strategy do an equally effective job of implementing it. For the rest, presumably, the well-crafted strategy is lost in the process of day-to-day tactical concerns or is left to languish as a report on the CEO's bookshelf. Yet, very few people would deny that, in today's fast-moving and fast-changing business world, strategy with its long-range perspective is critical (Schaap, 2006:16).

Organisations, whether public, profit or non-profit have found it necessary to engage in strategic management processes in order to achieve their corporate goals. According to Pearce and Robinson (2005:46), for organisations to achieve their goals and objectives, it is necessary to adjust to their environment. A strategy is linked to the organisational environment and is a critical element in organisational functioning. The problem lies in successful strategy implementation. Harvey (2004:102) points out that the implementation of strategies remains the greatest stumbling block as many organisations are not able to achieve their corporate goals and objectives adequately. Furthermore, organisations today face major unpredictable changes that make strategy implementation more difficult and complex than in the past. This is also true for state corporations in Kenya.

State corporations (also known as parastatals) in Kenya are created by an Act of parliament. In addition, Parliament acts as an oversight authority to the operation of all state corporations in the country. Once the corporations are created, their missions and objectives are also defined by the same authority as well as their resources allocation. (Government of Kenya, 2002:4). From 1963, when Kenya attained political independence, up to 1979 when a comprehensive review of state corporations was carried out, the Government's participation in commercial activities

grew rapidly and broadly resulting in state dominance in various forms (including monopolies) in many commercial activities. The establishment of the state corporations was driven by a national desire to (Government of Kenya, 2005a:8):

- Accelerate economic social development;
- Redress regional economic imbalances;
- Increase Kenyan citizen's participation in the economy;
- Promote indigenous entrepreneurship and;
- Promote foreign investments (through joint ventures).

These desires were expressed in the Sessional Paper (No. 10 of 1965) on African Socialism and its application to planning in Kenya. On attainment of independence in 1963, the Government of Kenya like many other emerging independent nations in the 1950s and 1960s, took upon itself the task of providing basic needs and services in response to the needs and aspirations of its citizens. These included coordination of national development; promotion of economic growth and development especially among Africans; and managing industrial and commercial concerns where Government had an interest. (Goverment of Kenya, 2003:25). Accordingly, some state corporations were formed to undertake the provision of services at grass root level and the supervision and management of the industrial and commercial activities in which the Government was involved.

As there was already scarcity of managerial- and entrepreneurial expertise, especially among the indigenous people, the consequence was that the capacity of the service was overstretched resulting in poor performance and low productivity of these institutions. Due to this poor performance, most state corporations came under intense pressure over years to improve their operations and processes so as to adequately serve the citizen as well as generate income to reduce its over-reliance on ex-chequer funding. Based on the reforms introduced in Kenya since 2002, the state corporations are expected to increase their transparency in operations and utilisation of public resources, increase accountability for results and to deliver products and services more efficiently and at affordable prices to tax payers or customers. (Government of Kenya, 2006a:26).

Since 2003, the Kenya Government's primary focus has been to strengthen the economy. To realise this objective, the government committed itself to strengthening the various state institutions and ensuring good governance as a mechanism to achieve sustainable development. In this regard, proper governance was cited as one of the important policy agendas as defined in the Economic Recovery Strategy for Wealth and Employment Creation (ERS) that was implemented between 2003 to 2007. (Government of Kenya, 2003:33). The Economic Recovery Strategy recognised the need to enhance efficient service delivery by state corporations as well as the civil service as a basic necessity to growth and development. This policy argued that in order to improve performance, corporate governance, proper management of state enterprises and overall public sector reforms should be introduced in state institutions. The main objectives of the policy were to (Government of Kenya, 2005b:35):

- improve service delivery to the public by ensuring that top-level managers were accountable for their actions;
- improve efficiency and ensure resources are focused on attainment of key national policy priorities;
- institutionalise performance-oriented culture in the public institutions;
- measure and evaluate performance;
- link reward and sanctions to measurable performance;
- reduce or eliminate reliance on exchequer funding or government agencies which should generate revenues or make profit, and
- enhance performance of loss-making government agencies.

However, despite the formulated policies and strategies stipulated in the ERS, their implementation remain limited, unachieved and lag behind the schedule.

The following section addresses the research problem of this study.

1.2 PROBLEM STATEMENT

According to Government of Kenya (2006a:44), the external business environment in Kenya has witnessed dynamic changes. These changes include: accelerated formulations of economic reforms by the government, the liberation of the economy

and markets, discontinuation of price controls, privatisations and commercialisation of the public sector and increased competition. In this changing environment, state corporations and private sector organisations operating in the Kenyan environment have to constantly adapt to these changes through effective strategy formulation and implementation in order to remain competitive.

Most state corporations in Kenya have proven to be largely ineffective and inefficient in achieving their strategic objectives. Some of the reasons cited by the World Bank (2005:66) for this outcome included:

- lack of clear vision and poor articulation of objectives;
- absence of teamwork among the staff;
- lack of proper strategy formulation and implementation measures, and
- lack of long term political commitment and goodwill to reform public institution.

Some of the policies in state corporations were predominantly focused on achieving specific targets. In most cases, these efforts failed to provide enough room or sufficient time to implement a complex framework based on institutional development and capacity building. The government has attempted to streamline state corporations through the introduction of reforms as contained in policy documents such as (Government of Kenya, 2007:38):

- Economic Recovery Strategy for Wealth and Employment Creation (2003-2007);
- Poverty Reduction Strategy Paper (PRSP) (2002);
- The Investment Programme for Economic Recovery Strategy IP-ERS(2004), and
- Kenya Vision 2030.

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work, in other words, implementing it throughout the organisation, is even more difficult (Hrebiniak & Joyce, 2006:56). A study by David (2007:98) has shown that a considerable proportion (more than 65%) of organisational strategies fail to get implemented effectively. Previous studies (see for example Awino, 2001:86; Macmillan & Tampoe, 2001:39; Musyoki, 2003:98; Warsame, 2002:67) have attempted to explore the different aspects of organisational management such as strategy and policy formulation, development of a mission and

vision and development of strategic goals and objectives. However, no study has been done in Kenya to establish the factors affecting strategy implementation in Kenyan state corporations. Yet, successful strategy implementation is a critical aspect in the strategic management process. Strategy implementation in Kenyan state corporations has not received much attention like the other components of strategic management, hence the existence of a significant knowledge gap which this study aims at bridging.

This lead to the following research question which will be addressed in this study:
Which factors affect the successful implementation of strategies in Kenyan state corporations?

The proposed study will address the following strategic questions:

- Which external-, market- and internal factors affect strategy implementation in Kenyan state corporations?
- What are the challenges faced by management in strategy implementation in Kenyan state corporations?
- What are the benefits of successful strategy implementation in Kenyan state corporations?

In view of the fact that strategy implementation is a key component of the strategic management process of state corporations, there is a need for increased research in this area to unveil challenges and constraints as well as the factors that act as impediments to organisational strategy implementation in Kenyan state corporations. Despite efforts to formulate these policies and strategies, service delivery still remains limited and inefficient in most state corporations and government ministries as was indicated in the introduction.

The next section will address the objectives of this study.

1.3 RESEARCH OBJECTIVES

The primary objective of this study is to assess the factors affecting successful strategy implementation in state corporations in Kenya. To help achieve the primary objective the following secondary objectives are identified:

- To undertake a detailed theoretical investigation regarding the external-, market- and internal factors affecting strategy implementation;
- To propose a conceptual model regarding the factors impacting successful strategy implementation;
- To test the proposed model empirically by assessing the factors affecting successful strategy implementation in Kenyan state corporations;
- To provide guidelines for overcoming the factors hindering successful strategy implementation in Kenyan state corporations.

In the next section definitions of the key concepts to be used in this study will be presented.

1.4 CLARIFICATION OF CONCEPTS

As this study focus on strategy implementation in state corporations, definitions of what is a strategy, strategy implementation and state corporations will be given.

1.4.1 Strategy

According to Pearce and Robinson (2005:66), a strategy is a large-scale, future oriented plan for interacting with the competitive environment to achieve organisational objectives. It is the organisation's game plan. While it does not detail with all future development of resources, it provides the framework for managerial decisions. However, according to Porter (2004:129), a strategy is a plan that creates a fit among organisation's activities. For the purpose of this study, strategy will be defined as a future oriented plan for interacting with the competitive environment to achieve the organisation's goals and objectives.

1.4.2 Strategy implementation

Strategy implementation refers to a set of decisions and actions that result in implementation of the formulated long term plans designed to achieve organisational

objectives (Pearce & Robinson, 2005:68). According to Robbins (2003:204), strategy implementation involves the application of the management process to obtain the desired results such as designing the organisation's structure, allocating resources, developing information and decision process, managing human resources and rewards, approaches to leadership, and staffing. Almost all the management functions -planning, controlling, organising, motivating, leading, directing, integrating, communicating, and innovation are in some degree applied in the implementation process.

For the purpose of this study, strategy implementation will be defined as a set of decisions and actions that result in the implementation of long term plans designed to achieve organisational objectives through incorporating adopted strategies to ensure organisational success.

1.4.3 State corporations

State corporations (also known as Parastatals) are government owned institutions established through an Act of Parliament. The purpose of these corporations is to compliment government ministries in the management of specific sectors of the economy (Government of Kenya, 2005a:6). This definition will be utilised in this study.

1.4.4 External environment

The external environment consists of the opportunities and threats which are outside the organisation and are not typically within the short-run control of the organisation's management. They form the context within which the organisation exists. The key elements of the external environment includes: political/legal, economic, technological, socio-cultural and ecological factors. (Pearce & Robinson, 2005:36; Robbins, 2003:144).

1.4.5 Market environment

According to Daft (2010:88), the market environment, also known as the task environment, includes stakeholders that have a direct working relationship with the organisation such as: customers, competitors, suppliers and the labour market. The task environment includes all the factors that directly influence an organisation's

growth, success and survival (Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw and Oosthuizen, 2005:104).

1.4.6 Internal environment

The internal environment of the organisation consists of the strengths and weaknesses that are within the control of management (Pearce & Robinson, 2005:69). The internal or micro business environment is all the variables such as, among others, management, employees, corporate culture and physical facilties that have a positive or negative effect on the organisation in terms of survival, growth and goal achievement (Bosch, Tait & Venter, 2006:43).

The conceptual models supporting this study will be presented in the next section.

1.5 CONCEPTUAL MODELS SUPPORTING THE STUDY

In order to have a better understanding of the problem statement linked to this research it is useful to explore conceptual models which can support this study.

The following conceptual models as discussed below are supporting this study:

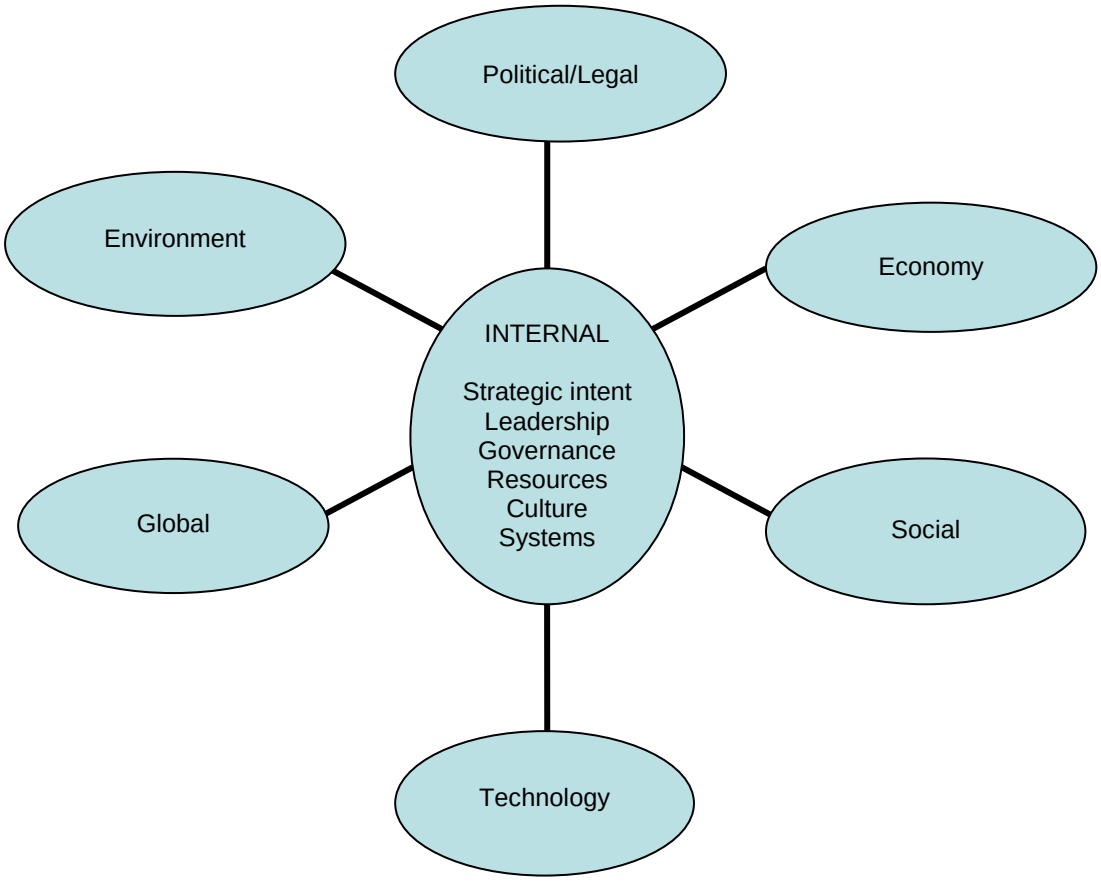
- The Planning Context Environmental Scan model;
- Louw and Venter's organisational architectures model;
- The Nortel network external environment model. and
- Zaribaf and Hamid's drivers for implementation outcomes model.

In the next sections, these models will be presented and discussed.

1.5.1 The planning context environmental scan model

Figure 1 outlines the planning context environmental scan model (Public Safety Canada, 2010). This model indicates the internal- and external environmental variables that impact strategy formulation which in turn impact strategy implementation. To ensure successful strategy implemention, the organisation needs to first determine the impact of these variables on the organisation.

Figure 1.1: The planning context environmental scan model



Adapted from: Public Safety Canada (2010:1)

An environmental scan involves being aware of the context in which an organisation is operating so as to understand how it could be affected. During an environmental scan, the organisation defines the internal- and external parameters to be taken into consideration when formulating- and implementing strategies. It outlines the time, scope, scale and risks affecting the achievement of its objectives.

The main variables in the internal environment which impact on strategy formulation and implementation as depicted in Figure 1.1 are:

- the capabilities, understood in terms of resources and knowledge (e.g., capital, time, people, processes, systems, technologies), including results from the capability improvement process;
- the organisation activities, policies, goals, objectives and strategies in terms of its strategic intent;
- perceptions, values and culture of the organisation;
- the nature and quality of leadership within the organisational functions and decision making processes, an
- structures (e.g. government, roles and accountabilities).

On the other hand, the key elements of the external environment as can be seen in Figure 1.1, includes the cultural, political, legal, technological, economic, natural and international (global) environment. These environments influence the key drivers and trends that impact the organisation's objectives (strategy formulation) and ultimately drive the strategy implementation process. It also includes the perceptions and value expectations of external stakeholders.

1.5.2 Louw and Venter's organisational architectures model

Table 1.1 shows the similar basic key pillars for organisational architectures which could be used for strategic- alignment and implementation.

Table 1.1: Louw and Venter's organisational architectures model

Ulrich (1998:124-134)	McKinsey 7-S	Jay Galbraith Star-Framework	Veasey (2001:420-436)	Lee (2004:13-22)
Shared mindset Competence Rewards Governance (structure/systems/ communication/ policies) Change management Leadership	Strategy Style Skills Shared values Structure Systems Staff	Strategy Structure Rewards Processes People	Processes Organisation Technology Competencies Culture Stakeholders	Culture Structure/systems Knowledge/skills/ abilities Technology Processes Stakeholder capabilities

Adapted from: Louw & Venter (2006:396)

McKinsey 7-S framework is the best known and most widely used framework for strategy implementation. According to Louw and Venter (2006:360), this framework

consist of so-called hard components of structure and systems (procedures) and soft components such as shared values (culture), management style, staff (people) and skills (organisational strengths). Lee (2004) is the most recent cohesive framework developed to integrate the various architectures of strategy implementation. McKinsey 7-S and Jay Galbraith Star framework both identified strategy, structure, systems (processes) and people (staff) as strategy implementation tools. Veasey (2001) and Lee (2004) added culture, information technology, stakeholders, competencies (knowledge, skills and abilities) as further tools for strategy implementation. To conclude, Table 1 summarises the drivers for strategy implementation as stakeholders, culture, skills, processes, technology, leadership, structures and systems, governance, change management, people, leadership and rewards.

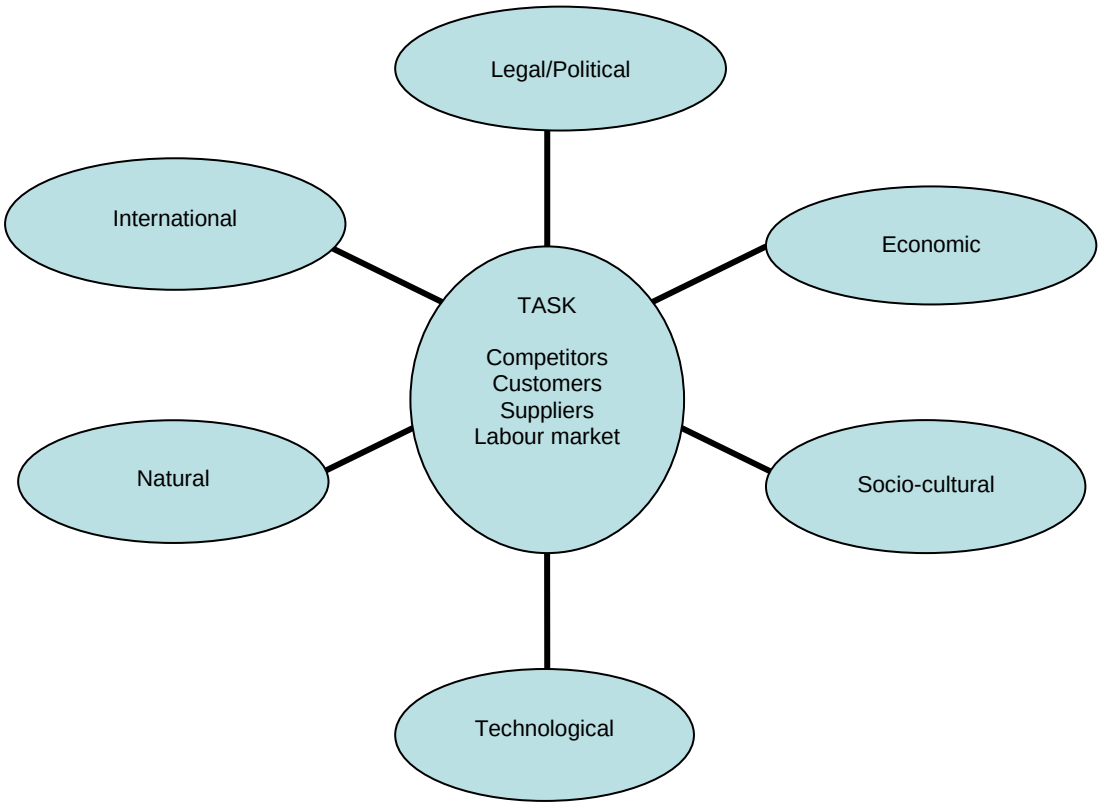
1.5.3 The Nortel network external environment model

Figure 2 shows the elements of the external environment that impact organisations. The general environment consists of a number of important interacting sub-environments, namely the international-, technological-, economic-, legal-, political-, social-cultural- and natural environment (Daft, 2010:69). Within the external environment is also the task environment. The task or market environment comprises all those variables that have a direct working relationship with the organisation such as (Daft, 2010:69):

- *Customers* (the market), with their specific characteristics, purchasing power and behaviour. As recipients of the organisation's output, they determine the organisation's success.
- *Competitors*, who are already established in the market and intend to retain or improve their market share.
- *Labour market,* the people available for recruitment and selection by the organisation.
- *Suppliers,* who supply raw materials to the organisation to produce its output, products for further assembly, services and financing to the organisation.

Figure 1.2 depicts the relationship among the general and task (market) environments.

Figure 1.2: The Nortel network external environment model



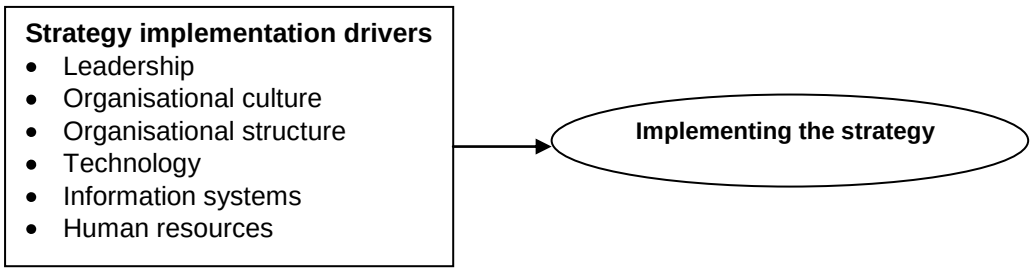
Adapted from: Daft (2010:72)

Changes in these environments can create challenges for organisations, especially when trying to implement strategies.

5.5.4 Zaribaf and Hamid's drivers for strategy implementation model

Figure 1.3 depicts the drivers for strategy implementation. To implement strategies, it is important to plan a program in which employees have well-defined job descriptions and implementation tools such as technology and information systems. A suitable organisational structure together with strong visionary leadership and organisational culture can contribute towards effective strategy implementation.

Figure 1.3: Zaribaf and Hamid's drivers for strategy implementation model



Adapted from: Zaribaf & Hamid (2010:1)

Zaribaf and Hamid (2010:1) emphasised that the relationship between strategy planning and implementation is an important matter as it can result in many positive outcomes for the organisation. Successful implementation depends on:

- revolutionising attitudes, viewpoints and future prospects;
- comprehensive planning;
- implementation commitment, and
- efficient control tools.

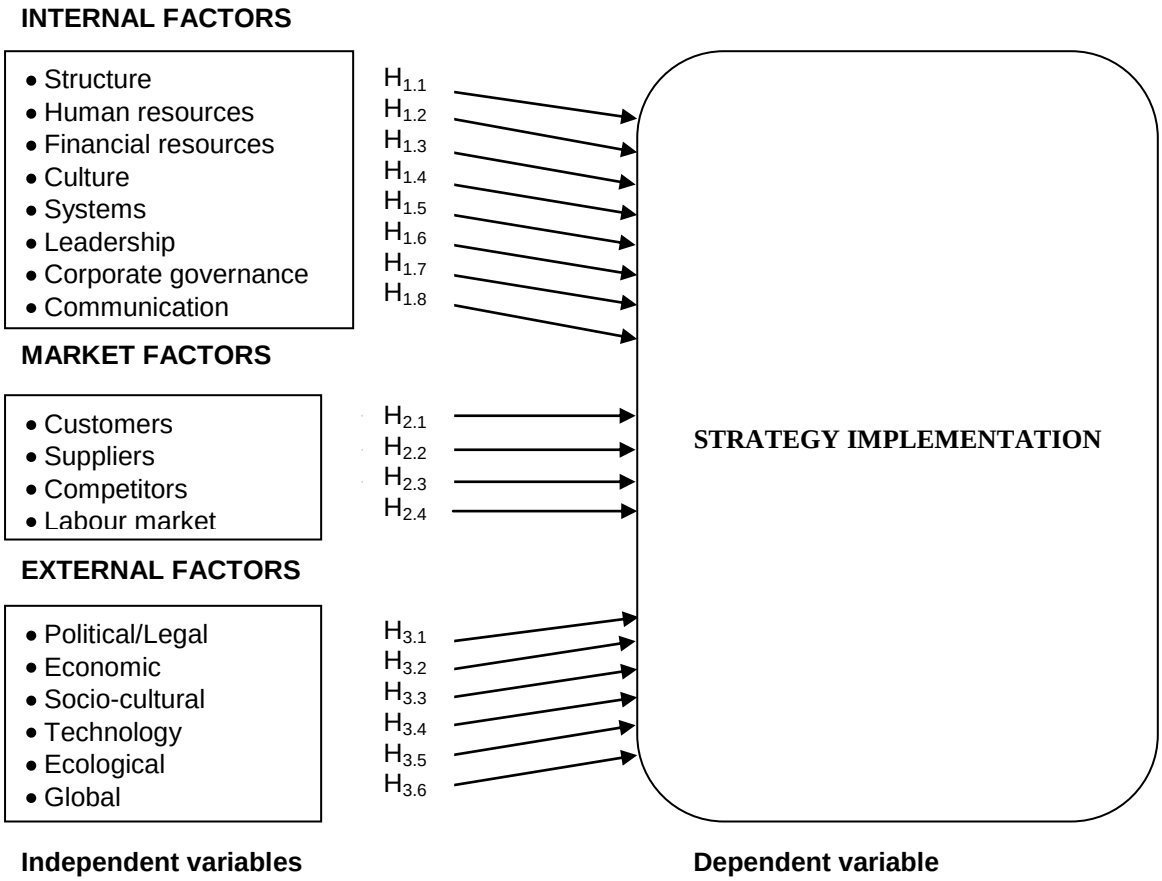
Figure 1.3 shows that if these strategic drivers are in place, it may lead to successful strategy implementation.

Based on the above conceptual models supporting the study and other secondary sources consulted the hypothetical model of this study is presented in the next section.

1.6 PROPOSED HYPOTHETICAL MODEL

Based on the analysis of secondary sources and particularly by the information obtained in the conceptual models such as the planning context environmental scan model; Louw and Venter's model; the Nortel network external environment model and Zaribaf and Hamid's strategic drivers model, the hypothetical model depicted in Figure 1.4 was constructed.

Figure 1.4: Hypothetical model for strategy implementation



The model in Figure 1.4 shows that strategy implementation, which is designated as the dependent variable, is influenced by the above-mentioned independent variables which can be grouped into the internal-, market- and external factors. In the next section, the research hypotheses will be formulated and operationalised.

1.7 HYPOTHESES

Based on the hypothetical model (Figure 1.4), three sets of hypotheses can be formulated, as substantiated by secondary sources (literature) on strategy implementation. The three sets of hypotheses tested in the study are as follows:

- **First set of hypotheses: Effect of internal factors on strategy implementation**

$H_{1.1}$: Management perceptions of *organisatonal structure* are related to strategy implementation in state corporations.

$H_{1.2}$: Management perceptions of *human resources* are related to strategy implementation in state corporations.

$H_{1.3}$: Management perceptions of *financial resources* are related to strategy implementation in state corporations.

$H_{1.4}$: Management perceptions of *organisational culture* are related to strategy implementation in state corporations.

$H_{1.5}$: Management perceptions of *systems* are related to strategy implementation in state corporations.

$H_{1.6}$: Management perceptions of *leadership* are related to strategy implementation in state corporations.

$H_{1.7}$: Management perceptions of *corporate governance* are related to strategy implementation in state corporations.

$H_{1.8}$: Management perceptions of *communication* are related to strategy implementation in state corporations.

- **Second set of hypotheses: Effect of market environment on strategy implementation**

$H_{2.1}$: Management perceptions of *customers* are related to strategy implementation in state corporations.

$H_{2.2}$: Management perceptions of *suppliers* are related to strategy implementation in state corporations.

$H_{2.3}$: Management perceptions of *competitors* are related to strategy implementation in state corporations.

$H_{2.4}$: Management perceptions of the *labour market* are related to strategy implementation in state corporations.

- **Third set of hypotheses: Effect of external factors on strategy implementation**

$H_{3.1}$: Management perceptions of *political/legal factors* are related to strategy implementation in state corporations.

$H_{3.2}$: Management perceptions of e*conomic factors* are related to strategy implementation in state corporations.

$H_{3.3}$: Management perceptions of s*ocio-cultural factors* are related to strategy implementation in state corporations.

$H_{3.4}$: Management perceptions of *technology* are related to strategy implementation in state corporations.

$H_{3.5}$: Management perceptions of *ecological factors* are related to strategy implementation in state corporations.

$H_{3.6}$: Management perceptions of *global factors* are related to strategy implementation in state corporations.

In the next section the research methodology with be discussed.

1.8 RESEARCH METHODOLOGY

According to Leedy and Ormrod (2005:4), a research design is a systematic process of collecting and analysing information and data in order to increase the understanding of the phenomenon being investigated. The research design followed in the study will now be outlined.

1.8.1 Research paradigm

According to Struwig and Stead (2001:4), there are two research paradigms namely quantitative- and qualitative research. This study will adopt the positivistic research paradigm also known as the quantitative, objectivist, scientific, experimentalist or traditionalist research paradigm (Collis & Hussey 2003:47). The positivism research paradigm means that knowledge can be revealed or discovered through the use of a scientific method. In quantitative research the aim is to describe trends and it is a useful approach when making comparisons and testing relationships/hypothesis.

1.8.2 Research approach

Within the quantitative research paradigm, there are various research approaches such as exploratory-, descriptive- and experimental research (Struwig & Stead, 2001:7). This study will adopt the descriptive research approach as it determines and reports the ways things are at present (Kothari, 2004:10). This approach is also appropriate because the study will involve fact-finding and enquiries of different kinds to determine the factors affecting strategy implementation in state corporations in Kenya. Orodho (2002:47) further observes that descriptive research is designed to

obtain information concerning the current phenomena and wherever possible to draw valid general conclusions from facts discussed. Mugenda and Mugenda (2003:55) suggest that a descriptive study can be used to explain or explore status of two or more variables at a given point in time.

1.8.3 Population

Collis and Hussey (2003:155) define population as any precisely defined set of people or collection of items which is under consideration. Wegner (2001:169) argues that it is not always practical to gather data on every possible observation in a population. The population of interest for this research and the eventual respondents (units of analysis) was all top- and middle management of the 104 state Corporations in Kenya.

1.8.4 Sampling

Leedy and Ormrod (2001:211) state that a sample should be carefully chosen as it should be representative of the characteristics of the whole population. According to Welman and Kruger (1994:46), it is possible to distinguish between probability and non-probability sampling. This study will utilise the probability sampling technique. According to Wegner (2001:171), probability sampling is based on that any element or member of the population will be chosen on a purely random basis.

A total of 31 (30%) state corporations were drawn randomly from the 104 state corporations in Kenya. The sampling frame was obtained from the only available database of state corporations in Kenya namely, the Kenya National Bureau of Statistics. Using the systematic sampling technique, the first state corporations from the list will be identified thereafter every third state corporation will be selected until the required sample of 31 state corporations will be obtained.

The criterion for inclusion of individual respondents in the sample was based on the position held in the state corporation, that is, any individual in top- and middle management levels was targeted in the study since they are the decision makers and implementers in the state corporations. The state corporations will be contacted to obtain a data basis (organisational chart) of the top- and middle managers. These managers were selected using simple random sampling technique and based on

their availability and willingness to participate in the study. A total of 485 questionnaires were distributed.

1.8.5 Data collection methods

Data refers to all the information a researcher gathers for his or her study (Mugenda & Mugenda, 2003:12). An initial step in conducting the research will be to undertake a comprehensive international and national literature search on strategy implementation, especially in state corporations. The secondary sources will include bibliographies, abstracts, newspapers, reference books and textbooks, conference proceedings, reports, theses, periodicals and academic journals. Primary data will be collected from the top- and middle managers within the state corporations using the survey method. The quantitative study will entail the distribution of a self-administered structured questionnaire to the targeted respondents, as already described. The questionnaires will be personally delivered or sent via email to the identified top- and middle managers. The questionnaire will contain the following five sections:

- Second A will gauge the opinions of respondents on the impact of internal factors on strategy implementation, using a 5-point Likert type scale (ordinal);
- Section B will investigate the opinions of respondents on the impact of market factors on strategy implementation, using a 5-point Likert type scale (ordinal);
- Section C will obtain the opinions of respondents on the impact of external factors on strategy implementation, using a 5-point Likert type scale (ordinal);
- Section D will contain questions on strategy implementation, using a 5-point Likert type scale (ordinal);
- Section E comprises of demographic information of the respondents and state corporations containing categorical variables (nominal scale).

1.8.6 Data analysis and statistical procedures

The computer programme STATISTICA10 (2011) was used to analyse the data. Kolmogorov-Smirnov test for normality to examine the data for normality. To measure sampling adequacy, the Kaiser-Meyer-Olkin (KMO test) and Barlett's sphericity tests ensure that the data set did not conform to an identity matrix.

In this study both face and content validity will be utilised. The questionnaire was given to experts in the fields of management and statistics as well as the study supervisors to appraise the items' suitability in obtaining information according to research objectives and study variables.

Exploratory factor analysis was also performed to reduce the number of variables to a small number of factors (constructs) and to confirm the hypothesised constructs to validate the research instrument. A cut-off point of 0.3 and above was used for significant factor loadings. This analysis assesses the convergent and discriminant validity of the measuring instrument. This study will utilise the internal consistency method which requires the average correlation among the items and the length of the test by computing Cronbach's Alpha values to assess the internal reliability of the data collected. A cut-off point of 0.7 will be regarded as reliable.

Spearman Rho correlation analysis was performed to determine correlation between the factors and multi-collineality diagnostics test results to confirm whether colineality problems exist between variables of the study. Multiple regression was performed to determine the independent variables to be retained as having a statistically significant relationships with strategy implementation. Descriptive statistics and the results are in the form of frequencies, percentages, mean and standard deviation.
The demographic profile of respondents was also presented.

The next section will outline the significance of the study.

1.9 SIGNIFICANCE OF THE STUDY

This study will be important to the policy makers of the Kenya Government during policy formulation and in implementation of effective strategies aimed at improving service delivery in state corporations and other government ministries. The findings of this study will also be useful to the management of the state corporations in Kenya since it will provide guidelines on how to eliminate or reduce the factors impacting successful strategy implementation. This study could also give direction and assist other African countries facing similar challenges in strategy implementation in becoming knowledgeable on how to address the factors impacting successful strategy implementation.

The scope and delimitation of the study will be highlighted next.

1.10 SCOPE AND DELIMITATION OF THE RESEARCH

The study will take place in Kenya and will focus on the selected 31 state corporations. Only selected top- and middle management of these corporations will be targeted as they are directly involved in strategy formulation and implementation. The ethical consideration will be indicated in the next section.

1.11 ETHICAL CONSIDERATIONS

Research ethics will be maintained during and after the study period. To maintain research ethics, the researcher will ensure the following has been implemented:

- Obtaining permission from the ethics committee at the NMMU to administer the questionnaire;
- Seeking permission from the targeted Kenyan state corporations' management;
- Obtaining respondents on a purely voluntary basis;
- Presenting the results in a summary format and not on individual responses;
- Collecting data anonymously;
- Ensuring that the research findings be made available to the respondents if requested;
- Ensuring transparency and truthfulness with all the respondents throughout the study, and
- Ensuring that all information sourced during the research is kept confidential.

The proposed structure of the research will be next presented.

1.12 PRIOR RESEARCH

Some of the studies identified include Hrebiniak and Joyce (2006:56) who assert that although formulating a consistent strategy is a difficult task for any management team, and implementing it is even more difficult. Other authors such as Awino (2001:86); Macmillan and Tampoe (2001:39); Musyoki (2003:98) and Warsame (2002:67) have attempted to look at different aspects of the organisational management processes of strategy and policy formulation, development of a mission and vision and development of strategic goals and objectives needed for strategy

implementation. However, no study was found in Kenya addressing factors that affect strategy implementation, and in particular in Kenyan state corporations. This posed a possible research gap in this regard.

1.13 PROPOSED STRUCTURE OF THE RESEARCH

The study comprises the following nine chapters:

- Chapter one provides an overview of the study;
- Chapters two gives background to the business environment in Kenya;
- Chapter three provides a theoretical study of strategy implementation;
- Chapter four provides a theoretical study of the internal factors impacting strategy implementation;
- Chapter five provides a theoretical study of the external factors impacting strategy implementation;
- Chapter six depicts a theoretical overview of the operationalisation of the factors contained in the hypothetical model;
- Chapter seven describes the methodology followed in the study;
- Chapter eight presents the empirical results of the study; and
- Chapter nine summarises and concludes the study and provides some recommendations and guidelines for state corporations on which factors might impact strategy implementation and how this may be addressed.

In the next chapter, a background of the Kenyan environment is presented.

CHAPTER TWO
BUSINESS ENVIRONMENT IN KENYA

2.1 INTRODUCTION

In Chapter one, an overview of the study was given. The problem and research objectives were stated. The key concepts and models supporting the study were highlighted. A brief literature review on the factors affecting strategy implementation was given. A hypothetical model was constructed and the formulated research hypotheses were substantiated by secondary sources. A proposed research methodology was presented and measures of establishing reliability and validity of the research instrument highlighted. The scope of the study was limited to the Kenyan environment. Prior research on the topic in question was indicated and knowledge gaps established. Lastly, the proposed structure for the study was set.

This chapter presents the business environment in Kenya. It gives background information on Kenya including its geographical position in Africa, the ease of doing business in Kenya, and its global competitiveness. The chapter also focuses on the state corporations in Kenya. It presents the business environment in Kenya in terms of the political/legal, economic, socio-cultural, technological and ecological (PESTEL) factors. These factors reflect the context within which the state corporations in Kenya operate. It is important to explore the local environment to gain an insight into factors that may affect strategy implementation in state corporations in Kenya.

2.2 COUNTRY ANALYSIS OF KENYA

Located in East Africa, Kenya lies on the equator, bordered by Somalia, Ethiopia, Sudan, Uganda, Tanzania and the Indian Ocean. It covers an area of some 582,646 sq. km and is divided into 47 sections. The Kenya National Bureau of Statistics (2010) estimates the country's population as 38,610, 097 people with a Gross Domestic Product (GDP) per capita income of $490. The life expectancy is 54 years for men and 59 years for women, and the population growth rate is 2.7% per annum. (Kenya National Bureau of Statistics, 2010:10). Much of the country, especially in the north and east, is arid or semi-arid. Kenya is essentially an agricultural economy. Its

services sector is the highest contributor to the country's GDP, standing at 55%, followed by agriculture (28%) and industry (17%).

McCormick, Alila and Omosa (2007:39) define the business environment as "all elements that exist outside the boundary of the organisation and have the potential to affect all or part of the organisation". Henisz and Zelner (2004:166) point out that the existing and potential business investors are concerned about the prevailing business environment since it has a direct impact on their operations. An unfavourable business environment contributes towards increasing the operating costs of organisations, increasing risks, uncertainty and constrained growth of entrepreneurship and investments.

Kenya's business environment poses major challenges to organisations, rendering them non-competitive and therefore unable to take advantage of opportunities emerging from globalisation. The environment for doing business affects the investment decisions of potential investors as well as the existing investors. This is evident below as World Bank (2010:8) has ranked Kenya 98th in terms of ease of doing business. The indicators measure regulation and protection of property rights as well as their effect on organisations. These rankings are shown in Table 2.1.

Table 2.1: Ease of doing business ranking

Countries	**Ease of doing business ranking**
Singapore	1
United kingdom	4
Japan	18
Mauritius	20
South Africa	34
Tunisia	55
Rwanda	58
Ghana	67
Namibia	69
Zambia	76
Egypt	94
Kenya	**98**
Ethiopia	104
Uganda	122
Mozambique	126
Tanzania	128
Nigeria	137

Source: World Bank (2010:8)

According to Table 2.1, Kenya is ranked 98th out of 183 countries, after Egypt (94th), Zambia 76th, Namibia 69th and Ghana, 67th. Only 9 African countries are ranked in the top 100 countries according to this 2010 report. The World Bank and its private sector-loaning arm, the International Finance Corporation (IFC), indicate that doing business has become more difficult in Kenya, causing the country to drop by 11 points in the global ranking of nations in terms of ease of doing business in 2011. This report indicates that Kenya dropped down from the 2009 position of 84, indicating that the government is losing its grip on the reform agenda it began four years ago to improve the business environment. The Kenyan government economy is supported by financial markets and institutions including the Nairobi stock exchange, the capital markets authority, and a host of local and international banks that are sophisticated by international standards with relatively easy access to loans for established organisations. (World Bank, 2010:18).

According to the World Economic Forum report, Kenya is an interesting case because its strengths lie in those areas normally reserved for countries at higher stages of development (World Economic Forum, 2011:8). In terms of innovativeness, after South Africa, Kenya has the highest rate of registering patents in Africa, as indicated by the World Bank (2010:54). For example, Kenya's innovative capacity is ranked at an impressive 48th place, despite many of the developing countries being ranked well below the top 100. Kenya's innovative capacity is supported by:

- good scientific institutions (ranked 31st);
- high organisational spending on research and development (ranked 34th);
- relatively strong research collaboration between universities and industry (ranked 50th), and
- some availability of scientists and engineers within the country (ranked 57th).

In terms of the global competitiveness index, Kenya ranked 97th out of 130 countries with a score of 3.61 in 2011 (World Economic Forum, 2011:12). The report could have major consequences for Kenya in its efforts to attract foreign direct investments, as it may influence business leaders' decisions to invest in Kenya. Investor confidence is the outcome of several factors including political, social-economic, macro-economic stability, transaction costs, security of persons and

property, reliability of infrastructure, stability in policy and consistency in its implementation, efficiency of the administrative, legal and regulatory framework, and sound macro-economic management.

Kenya has experienced a decline in economic growth in the last two decades (Kenya Association of Manufacturers, 2008:13). Among the factors contributing to this economic decline and the deteriorating business environment, are poor infrastructure, a weak institutional framework, the poor performance of the agricultural and manufacturing sectors, crime and insecurity, and poor governance. The Kenya Association of Manufacturers (KAM) is the representative organisation for the manufacturing sector in Kenya that brings together industries for cooperation and dialogue with the government in pursuit of a competitive business environment in the country. (Kenya Association of Manufacturers, 2008:16).

According to the Kenya Association of Manufacturers (2008:15), the weak implementation of policies by the government has led to a decline in contribution by the private sector, with investor confidence experiencing a downward trend. This has resulted in decelerated foreign direct investment (FDI) and slow growth in local investments. There are a number of weaknesses that are eroding Kenya's overall competitive potential. According to the World Economic Forum (2011:8), the country's public institutions are assessed as highly inefficient, and plagued by undue government influence, general government inefficiency and red tape. Similarly, corporate ethics are assessed as lacking among the country's organisations, and the levels of corruption are judged as very high. Compared to other countries like Uganda (26.8%), Tanzania (25.5%) and Pakistan (21.5%), the lack of security in Kenya is rated at 69.8%, making it one of the highest negative ratings in the world. (Kenya Association of Manufacturers, 2008:18).

Bureaucratic business regimes and heightened political risks make Kenya an unattractive business destination. It is also ranked as one of the most corrupt countries in East Africa, preceded only by Burundi and Uganda. Globally, the report ranks Kenya at 154 out of 178 countries (Government of Kenya, 2010b:424). The Index of Economic Freedom gives Kenya one of the world's worst scores in freedom from corruption (21, world average is 40.3). In 2011 the country also went five

rankings down to 174 on the World Bank Group's Control of Corruption Index. Strategies to fight corruption include law enforcement, corruption prevention and public education. (Government of Kenya, 2011:66). The government's effort to fight corruption in Kenya includes establishment of the Kenya Anti-Corruption Commission in May 2003 by the Anti-Corruption and Economic Crimes Act of the same year. Others include the Kenya National Audit Office, the National Anti-Corruption Campaign Steering Committee, the Kenya National Commission on Human Rights, and the Public Procurement Oversight Authority. Corruption has become an accepted way of life in Kenya (Government of Kenya, 2010a:45).

Some improvement has taken place over the past four years, but although some of the notable reforms and improvements have had an impact, these were inadequate to improve Kenya's competitiveness. The Kenya Association of Manufacturers (2008:15) needs 11 signatures before an investor can export goods. The high figure indicates an environment that hampers trade as organisations must seek authorisation from various public entities. The signatures required by Kenyan organisations are extensive when compared to Africa's most successful economies like South Africa and Mauritius, each of which requires only five signatures. According to Kimuyu (2007:205), business organisations on average spend 13.5% of their time dealing with the requirements imposed by government, including completing income tax documents and license applications.

The trade regime in Kenya has long been over-regulated. Donor-initiated economic reforms and the need for trade liberalisation, however, have dramatically reduced government interference with trade. Price decontrols, the removal of foreign exchange and import controls, and limited deregulation of the grain sector, have become the hallmark of the GOK trade liberalisation initiative, which has strongly enhanced the Kenyan business environment. To support the initiative, the GOK has embarked on rationalisation of import duties, consistent lowering of tariffs, and reduction of licensing requirements. (Kimuyu, 2007:213).

In the next section an overview of state corporations in Kenya is given.

2.3 OVERVIEW OF STATE CORPORATIONS IN KENYA

In Kenya, the State Corporations Act, Chapter 446, defines a state corporation as a body corporate to perform the functions specified in the order (Republic of Kenya, 1987:69). This Act specifies that the President of the Republic of Kenya has a mandate to establish a state corporation which will have perpetual succession; can sue and be sued; be capable of holding and alienating movable and immovable property; assign ministerial responsibilities; and appoint a board of directors. The President assigns ministerial responsibility for any state corporation and matters relating thereto to the Vice-President and the several ministers subject to the Act; every state corporation has all the powers necessary or expedient for the performance of its functions. (Government of Kenya, 2003:56). According to Adeyemo and Salami (2008:406), state-owned corporations enable government to pursue goals of social equity that the market normally ignores.

State corporations are managed by boards whose chairman is appointed by the President. Members of the board include the chief executive, the permanent secretary to the parent ministry; the permanent secretary to the treasury; not more than seven other members not being employees of the state corporation, of whom not more than three are public officers, appointed by the minister. The trend in the last few years has been to let go of any state corporation that is not performing through privatisation. The State Corporation and Advisory Committee (SCAC) is responsible for advising the government on creation of an enabling environment for state corporations to manage their operations without undue interference. (State Corporation Advisory Committee, 2003:63).

The power of a state corporation to borrow money in Kenya or elsewhere, is exercised only with the consent of the minister and is subjected to limitations and conditions imposed by the treasury, generally or specifically with respect to a particular state corporation. A state corporation may engage and employ staff, including the chief executive, on such terms and conditions of service as the minister may, in consultation with the committee, approve. Further, a state corporation may, with the approval of the minister in consultation with the treasury and the committee,

establish a pension, gratuity, superannuation, provident or other funds for the state corporation's employees and their dependants. (Bangura, 2006:34).

According to the World Bank Group's (2007:25) country assessment report, the quality of service in the state corporations was very low prior to 2003 due to inadequate accountability and responsibility, as well as poor governance. Poor management of the public assets led to an almost total collapse of infrastructure, decline in productivity and an increase in poverty (close to 56 percent of the population were living with incomes of less than US$2 per day) (Kenya National Bureau of Statistics, 2006:48). There was relatively low discipline in management and some of the state corporations that were previously successful went into liquidation such as, for example, the Kenya National Assurance and the Kenya Taxis Company, KENATCO (Republic of Kenya, 2005:15).

In 2003, reform programmes were instituted to change the situation. State corporations were now expected to finance their operations without reliance on the state to bail them out. The rising demand and expectation of improved services by the taxpayers prompted more changes in the management of the state corporations (Flynn, 2007:87; Henry, 2001:65). Strategic planning and performance contracts were instituted, which improved the management of state corporations (Kenya Institute of Management, 2008:10) Although a changing environment in itself necessitates changes, state corporations appear to have inherently less ability to act as freely as private sector organisations (Henry, 2001:87). The present study seeks to investigate, factors that affect the strategy implementation, since the implementation of strategy would bring about changes.

In the next section an environmental analysis is conducted for Kenya.

2.4 EXTERNAL ENVIRONMENTAL ANALYSIS FOR KENYA

In the following sections the external environment in Kenya is elaborated on.

2.4.1 Political/legal environment

Political and legal forces such as stability, industry deregulation and foreign trade regulations could create an environment conducive to strategy implementation. The

political environments in which an organisation operates (or plans to operate) have a significant impact on an organisation's international marketing activities. (Bangura, 2006:65). Changes in government often result in changes in policy and attitudes towards foreign business. Bearing in mind that a foreign organisation operates in a host country at the discretion of the government concerned, the government can either encourage foreign activities by offering attractive opportunities for investment and trade, or discourage activities by imposing restrictions such as import quotas. (Bonardi, Holburn & Van den Bergh, 2006:88).

Kenya has for a long time enjoyed a comparatively stable political environment despite changes in its political system and crises in neighbouring countries. The electoral process has been in transition since 1990. Over this period, the country experienced a shift from a one-party state to multiparty democracy. The longest ruling party was defeated in the 2002 elections giving rise to an amalgam of parties to take on the mantle of political leadership. This continued after the elections of 2007, when negotiated democracy ushered in a coalition government. (Government of Kenya, 2010b:41).

The Grand Coalition Government, formed as a result of the power sharing agreement, has been slow to affect the necessary reforms, which included constitutional and institutional reform, land, poverty elimination, the reduction of inequality and unemployment, among others. The constitutional review process has been in progress for the last ten years and has concluded with a successful referendum that culminated in the promulgation of the new constitution in August 2010. (McCormick *et al*., 2007:86). The government has instituted a number of internal reforms that have an effect on the public context for business, although progress to complete them has been slow. These include public sector reforms, judicial reforms, the security sector reforms, the local government reforms, the land reform and others. (Baron, 2011:15).

The implementation of the National Accord which took place in 2008, in particular Agenda 4, has been slow. Measures taken to bring justice for those affected by post-election violence within the prescribed timeframe, has left many of the Intergrated Development Plan (IDP) issues inadequately attended to. The current government

has not managed to resolve many of the relevant cases, nor has it dealt with factors that most significantly contribute to corruption with impunity. Integrity has been gradually undermined and corruption continues to erode the confidence of the populace, business community, and the international community. (Bonardi *et al.*, 2006:94).

Political risk is determined differently for different companies, and not all of them will be equally affected by political changes. For example, industries requiring heavy capital investment are generally considered to be more vulnerable to political risk than those requiring less capital investment. Vulnerability stems from the amount of capital invested in the export market, for instance capital-intensive extracting or energy-related organisations operating in the foreign market which are more vulnerable than manufacturing companies. (Henisz & Zelner, 2004:165). The continuing instability of some of the neighbouring countries like Somalia raises concerns about the effects this will have on Kenya as it may result in an increase in the number of refugees into Kenya. Future trends suggest that the political context is likely to remain both complex and volatile. The public and private sectors in Kenya have demonstrated their ability to thrive in the operational context. (African Centre for Economic Growth, 2008:107).

The political and legal dimensions of the external environment include regulatory parameters within which an organisation must operate. Political parties create or influence laws, and business owners must abide by these laws. Tax policies, trade regulations, and minimum wage legislation are a few examples of political and legal issues that may affect the way an organisation operates. A number of scholars (Bonardi *et al*., 2006:98; Capron & Chatain, 2008:57; Frynas, Mellahi & Pigman, 2006:65; McWilliams, Van Fleet & Cory, 2003:54; Oliver & Holzinger, 2008:436) have suggested that organisational resources can be cross-fertilised into a non-market environment, in particular in the corporate political context. However, the criticism of some of these studies from the political focal lens is that they are not paying attention to the managerial coordinative activities by which organisations assemble and leverage knowledge assets in given policy environments (Baron, 2011:15).

Lobbying capabilities are designed by both state- and non-state-owned organisations in unpredictable policy contexts. Lobbying capability is a high-level capability that most organisations have embedded in their practices as a basis for competitive advantage. They are a set of specific and identifiable strategic and operational processes that are used by organisations to leverage political resources in the non-market environment. (Oliver & Holzinger, 2008:481). Lobbying capabilities and their value to organisations are acknowledged in international business and strategic management literature (Henisz & Zelner, 2003:395).

Political behaviour includes such organisational activities as lobbying a legislator or regulator, litigating a case in court, and making campaign contributions. Senior managers' choices in designing their internal or external lobbying capabilities demonstrate that under conditions of uncertainty, managers must make judgments about the correct course of action (Peteraf & Reed, 2007:111). A variety of political behaviours can be used to accomplish the organisation's overall objective of dealing with political issues. These include business-government relations, political inducements and contributions (De Figueiredo & Tiller, 2001:100). The resulting benefits to the organisation can include reduced environmental uncertainty, reduced transaction costs and increased long-term sustainability (Henisz & Zelner, 2003:395).

Lobbying capabilities are rendered dynamic when they align with non-market change. They are seen as being high-level, strategic capabilities instead of merely operation capabilities (Bonardi *et al.,* 2006:94). Lobbying strategies include the networks of relationships between corporate employees and national and local political, regulatory, legal and interest group actors who influence or determine public policy. These political resources are embedded in trade associations, contract lobbyists, lawyers and in-house government affairs departments. (De Figueiredo & Tiller, 2001:120). Senior management exercises lobbying action in a concerted fashion to manage the political environment.

The notion of senior management assembling specific resources and skills is mentioned by Peteraf and Reed (2007:110). Organisations with differing resource bases to manage their political environment will have different responses to

expectations about profitability and investments in political situations (Oliver & Holzinger, 2008:501). Given the incremental nature of capability design, organisations that seek to design superior capabilities as the basis of sustainable competitive advantages must prevent the overall coherence of their capability design efforts from being eroded (Helfat & Peteraf, 2003:115). Reed (2007:15) in his study reveals that government, through advancing its legitimate regulatory and political interests, affects the commercial environment in which the corporation operates. The corporation is subject to legislation and regulation that significantly affect how the corporation conducts its business affairs and creates value for its shareholders. The legal and regulatory landscape includes without limitation laws relating to intellectual property, trade, corporate taxation and the environment. The corporation's strategy is to engage in the political process with a view to the long-term interests of the corporation and its shareholders.

The next section presents the state of Kenya's economy.

2.4.2 Economic environment

Kenya registered remarkable economic growth in the first two decades after independence (1963) with an average growth rate of 6% between 1964 and 1980. However, between 1980 and 1990, the country experienced a consistent decline with an average growth rate of 4.1%. The decline in trend continued further into the period 1990 to 2002 with the average growth rate estimated at 1.9%. The economy, which relied on several primary goods whose prices continued to decline in the world markets, was characterised by declining per capita income, increasing unemployment and a situation where it reached a peak of over 56% of the population living in absolute poverty. (Republic of Kenya, 2007:45).

Since 2003, the economy experienced a consistent upward trend in growth rate except for substantial decline experienced in 2008 as a result of such things as the post-election violence, the global financial crisis and the high fuel and food prices. The GDP expanded by 2.9% in 2003, 5.1% in 2004, 5.7% in 2005, 6.1% in 2006 and 7.1% in 2007. It however declined to 1.7% in 2008. For some time now the cost of doing business in Kenya has been high. Contributors to this are corruption and impunity, insecurity, poor road infrastructure, inadequate rail services, slow port

services, high cost of telecommunication services, and the high cost of energy, electricity and petroleum products (Kenya National Bureau of Statistics, 2010:25). Economic variables such as interest rates, money supply, business cycles, and taxation affect the way strategies are implemented. The economic factors that influence business operations include interest rates, taxation changes, economic growth, inflation and exchange rates. (Mullei, 2000:22).

Though very slow, economic growth in sub-Saharan African has been steady and positive. In 2004 sub-Saharan Africa achieved a growth of 4.5%, which is its highest economic growth in almost a decade. This was mainly due to the increase in oil and commodity prices, better agricultural output, increase in FDI and improved macroeconomic management. Generally, Africa‘s share of total world trade remains insignificant. A few sub-Saharan African countries, such as Kenya and Uganda, have moved into non-traditional exports, typically vegetables, fruits, and flowers. Even more encouraging are the few countries that have successfully promoted manufacturing exports, such as Mauritius and Tunisia (World Bank, 2004:55). Since 1981, Kenya has witnessed the extremes of economic growth. In the early 90s economy was on a decline exacerbated by withdrawal by the World Bank and other multilateral donors. At the beginning of 2000 growth took a positive spiral, recording 5.8% in 2005. Corporations in the economy expanded and contracted in the same fashion with the economic prospects. (Muhula, 2007:364).

The government has continued to create an enabling environment for investments, previously under the Economic Recovery Strategy for Wealth and Employment Creation (2003-2007) and now in the First Medium Term Plan (2008-2012). Kenya continues to be the commercial hub of the Eastern Africa region. Its manufacturing and services sector, human resources and physical infrastructure continue to be improved, thus giving it economic strength. Access to its goods and services has provided economic stability in pricing of goods in the region. (Government of Kenya, 2003:68). With the finalisation of the East Africa Cooperation Treaty, free movement of people, goods and services, harmonisation of customs and tariffs is expected to provide a bigger market (population of 126.6 million) among the five countries Kenya, Burundi, Rwanda, Uganda and Tanzania. The installation of the fibre-optic

communication artery with the Middle East, Southern Africa and links worldwide, has also brought in great potential for business. (East Africa Community, 2009:35).

Economic indicators for the first quarter of 2005 showed that the economy performed slightly better compared to the same period in 2004. Agriculture is the mainstay of Kenya's economy, contributing over one third of the GDP. Agricultural crops include tea, coffee, horticultural products, pyrethrum, pineapples, sisal, tobacco and cotton. Food crops for domestic consumption include maize, beans, cane sugar, wheat, rice, bananas, cassava, potatoes, sorghum, millet, and livestock farming. Exports include tea, coffee, horticultural products, hides and skins, pyrethrum, pineapples, beer and others. On the other hand, imports include industrial machinery, crude petroleum, motor vehicles and transport equipment, minerals, iron and steel, chemicals, food and manufactured goods. (Kimuyu, 2007:214). Kenya's financial system is among the more developed in SSA, with a large banking sector that includes more than 46 commercial banks supervised by the Central Bank of Kenya. International players like Barclays have long been active in Kenya's banking sector. Concerning capital markets, the Nairobi Stock Exchange (NSE), supervised by the Capital Markets Authority, lists around 50 companies, including many financial companies and industrial organisations. (Government of Kenya, 2010b:46).

In the next section, the socio-cultural environment is presented.

2.4.3 Social-cultural environment

Social-cultural forces such as population demographics, income distribution, and lifestyle changes have consequences on strategy implementation. High population density in many cities is a strategic advantage for doing business. This is evidenced by the establishment of headquarters of state corporations in Nairobi and other major cities. The Kenyan economy is dominated by three main sectors: agriculture (24% of GDP), manufacturing (13%) and trade, hotel and tourism (12.7%). Between 1997 and 2002, each sector maintained virtually the same percentage of contribution to the national economy, and the contribution gap between the three sectors is not huge. The economic development of Kenya is not mono-cultural. The export of industrial crops like tea, coffee and sugar, has traditionally provided the bulk of Kenya's foreign exchange earnings and generated agro-based industrial jobs in the

country. In fact, horticulture (cut flowers) is growing fast in the Kenyan economy. (Kenya National Bureau of Statistics, 2010:13).

The organisational culture can create an environment which is conducive to performance improvement and the management of change, however, if not well managed; it can also work against an organisation by erecting barriers which prevent attainment of corporate strategies (Armstrong, 2005:125). The language of the workplace speaks volumes about the company's culture (McShane and Glinow, 2008:280). Changing demographics and social needs are affecting the business world. Employees are today more aware of their social needs, related to the work environment, behaviour, children education, health, compensation, or work hours. National interests and culture have to be considered when offering a particular product or service, or exploiting the natural resources of a particular country. Demographic changes lead to changes in needs, which include age, gender, occupations, social norms, changing attitudes and perceptions, lifestyle, prosperity, and availability of foreign brands/products. (Karugor, 2005:85). Berrocal, Fernández-Salovey, Vera, Extremera and Ramos (2005:98) noted that culture influences the emotional adjustment of individuals.

Kenya has experienced growth in the education sector; this is evident since there is an increase in the number of universities (both public and private) and many accreditations from universities outside the country. Nowadays there is abundant skilled labour available for organisations compared to ten years ago. This has affected the type of employment contracts that employers are willing to give. Organisations are now moving from permanent employment to fixed contracts, and this has had a positive effect in the reduction of cost of employee benefits. In addition there are no life-time jobs which has led to high employee mobility and opening up of employment boundaries. Other developments on the social front include new requirements for strict health and safety standards, corporate social responsibility (CSR) expectations, labour laws and affirmative action. This had an impact on the companies' bottom-lines results as their objectives have to include more than just profit maximisation. The same is true for state corporations. (Kimuyu, 2007:199).

The creation of the East Africa Community (EAC) and the progress towards Common Market for Eastern and Southern Africa (COMESA resulted in many corporations expanding to take advantage of the wider market and others have gone into strategic alliances to gain a foothold in other countries. In order to operate as a conglomerate, there has been restructuring to accommodate and manage business across borders. In the last two decades there has been liberalisation and privatisation. (East Africa Community, 2009:12).

Kenya Vision 2030 has a social responsibility pillar stating that Kenya should achieve a just and cohesive society enjoying equitable social development in a clean and secure environment. The richness in Kenyan cultures made up of over 42 different people groups, languages and races, defines the beauty of the social landscape. Alongside this are the dimensions of gender, smaller people groups, special interest groups and the physically challenged. This landscape provides the corporations with immense opportunities to exploit. (Muhula, 2007:366).

Although women make up 51% of the population and operate 54% of the total businesses in the country, women's engagement is still limited to small and medium enterprises. In addition, women are not adequately represented in policy-making organs related to enterprises and economic development in Kenya. Women's participation in sectors such as urban manufacturing (29%), transport (27%), and financial services (20%) is very limited. Access to credit and capital for most women is only by means of informal savings mechanisms and micro finance institutions, as compared to men, who have easy access to formal financial services. Some of the recent government initiatives to improve this state of affairs include the development and enactment of a national gender policy and setting up of the women's enterprise development fund. Despite these challenges the socio-cultural environment has immense opportunities to which the corporations can respond. In line with vision 2030, the development paradigm of addressing regional imbalances and reversing some of the inherent development challenges provides openings within which the private sector can both respond and engage government. (African Centre for Economic Growth, 2008:111).

In the next section, the technological environment is presented.

2.4.4 Technological environment

According to Bateman and Snell (2002:291), technology refers to the methods processes, systems and skills used by organisations to transform resources (inputs) into products/services (outputs). Socio-economic transformation depends on the application of technology, research, and innovation. Kenya was linked to the Information Communication Technology (ICT), especially Internet and the World Wide Web, as recently as 1996 (Mutula, 2002:470). This development was made possible through the support of the British Overseas Development Agency and the United States National Science Foundation (NSF). Since then, there has been significant growth in technology usage in Kenya.

However, despite some notable developments in the use of technology in Kenya, poor telecommunication service is still hampering the growth of technology adoption in the country (Mutula, 2005:128). The Kenyan ICT policy remained in draft form for several years, largely because of a disjointed organisational framework for policy development, the lack of a high-level ICT champion in government, and the lack of adequate and sustainable funding for ICT (Etta & Elder, 2005:25). By August 2005, the Ministry of Information and Communications had prepared a cabinet memorandum on the draft ICT policy. This policy was discussed and approved by the cabinet in January 2006, and an ICT policy document was published in March 2006. For the first time in more than two decades of failed attempts, Kenya had an official ICT policy. (Waema, Adeya & Ndungu, 2006:43).

In 2006, the Ministry of Information and Communications updated the earlier bill of 2002 and produced a draft Information and Communication Bill (Waema *et al*., 2006:49). The government put in place the national ICT policy and e-government strategy that provided guidelines for transformation of the Kenyan into a digital society (Government of Kenya, 2006b:3). The e-government strategy, which was adopted in 2004, emphasised the transformation of government services from manual to digital-based operations (McCormick, *et al*., 2007:112). The government's specific objectives included:

- to improve coordination of government agencies to reduce duplication of efforts;
- to enhance efficiency in utilisation of resources;
- to improve the competitive position of the country through provision of timely information and delivery of services;
- to reduce transaction costs, and
- to engage citizens and the private sector through digital and online service provision.

In pursuing these objectives, the strategy laid considerable emphasis on the use of education to equip the nation with appropriate ICT competencies and skills and related innovations (Government of Kenya, 2006b:3). The e-government strategy was quite comprehensive and signalled the intention to implement ICT in the government. However, it was very ambitious and the implementation timeframes were unrealistic. In addition, the amount of money required was colossal but there was very little allocation by the government (McCormick, *et al*., 2007:102). According to Mutula and Brakel (2007:231), the critical issues which impede successful technology rollout include:

- *ICT human capacity* in the government is highly inadequate and there is no ICT human capital development strategy;
- *Change management strategy* is a challenge because the government does not have the capacity to manage the change entailed in the implementation of e-government;
- *Funding* is a challenge because the amount required is huge, but sources of funding have not been identified. The funding allocated to ICT is negligible. This is perhaps a reflection of a lack of appreciation at senior levels of government, of the potential strategic role of ICT in national development;
- *Access to ICT* poses a major challenge especially in the urban poor, rural and remote areas where most people live. Citizens and organisations in these areas will continue to be marginalised and denied access to e-government services as long as this issue is not addressed with the seriousness it deserves.

It important to note that the e-government strategy programme will consolidate government services by eliminating duplicative processes, enhancing effectiveness, reducing redundancy, fostering integrity and providing measurable improvement in performance (Government of Kenya, 2006b:86). Altbach, Reisberg and Rumbley (2009:125-127) note that many developing countries consider new technologies as the key to realising successful cost-effective strategies for increased access to higher education.

2.4.5 Ecological environment

One of the basic premises of sustainable development is the recognition that environment and development are not exclusive of one another, but are complementary, independent and often mutually reinforcing (National Environment Management Authority, 1997:11). Following the enactment of the National Environment Statute in 1995, the national Environment Management Authority (NEMA) was created and charged with the responsibility to oversee, co-ordinate and supervise the operationalisation of the NEMA process in Kenya. Increasing recognition and need for sound environmental management has arisen as a result of excessive pressures and demands put on natural resources, including fragile ecosystems, leading to environmental problems such as deforestation, wetland drainage, soil erosion and pollution. These and other related problems have arisen because most development policies and projects mainly emphasise economic benefits, with little or no regard for analysing environmental impacts. (Government of Kenya, 2011:63).

A study by Hamilton-Ekeke (2007:1878) concludes that the ecological factor provides an opportunity to learn to appreciate natural history as well as to link theory and observation, the relationships among human beings and other living things and the air, soil and water that support them. The National Environment Management Authority (1997:2) emphasises that it is the general policy of the GOK that an environment impact assessment must be conducted for planned policies, and projects that are likely to or will have significant impact on the environment so that adverse impacts can be foreseen, eliminated or mitigated. Furthermore, it is also the policy of government that the assessment process is inter-disciplinary and fully

transparent, so that all stakeholders have access to it and that the process serves to provide a balance between environmental, economic, social and cultural values for sustainable development in the country. State corporations must therefore realise that environmental protection regulations must be adhered to, and are just as important as any economic gains they may wish to make.

2.5 SUMMARY

In order for the GOK to realise its development agenda, there is a need to rationalise government resources to strengthen state corporations. These corporations should be seen as demand-driven. This requires strengthening capacity to monitor progress and achievement in state corporations. The establishment of the basic legal and organisational framework needed to encourage employee commitment provides a fertile ground for the state corporations to address the challenges they are facing. An environmental impact assessment provides a balance between environment, economic, social and cultural values for sustainable development in the country.

The overall strategy of the National Development Plan to create wealth is in line with its theme, and energises the state corporations to at least achieve national development objectives related to the sector, such as increasing access to quality social services and enhancing human capital development. State corporations should offer relevant and high-quality products/services that give value for money and satisfy societal needs. State corporations should promote science, technology and innovation to enhance competitiveness. The high level of poverty in Kenya is related to efficiency levels of human resources, and any expenditure incurred by the government to lower poverty must be seen as an investment in its human resources. The E-Government strategy programme is an opportunity for the Kenya government to consolidate government services by eliminating duplicative processes, enhancing effectiveness, reducing redundancy, fostering integrity and providing measurable improvement in strategy implementation. Information and Communications Technologies (ICTs) have created a universal means of instant contact and simplified communication.

In the following chapter, a theoretical overview of strategy implementation will be discussed.

CHAPTER THREE
OVERVIEW OF STRATEGY IMPLEMENTATION

3.1 INTRODUCTION

In Chapter two, the background to the Kenyan business environment and the context within which state corporations operate was presented. As in any other country, state corporations in Kenya operate in the context of political/legal, economic, socio-cultural, technological and ecological environments. These environments affect strategy implementation. Chapter two also discussed the geographical positioning of Kenya in Africa. The chapter analysed the environment in which the state corporations operate, as well as the ease of doing business in Kenya, and its global competitiveness.

Kenya is ranked by the World Bank at position 98 out of 183 countries after Egypt (94th), Zambia (76th), Namibia (69th) and Ghana, (67th) in terms of ease of doing business. This indicates that doing business has become more difficult in Kenya, causing the country to drop by 11 points in the global ranking in 2011. In terms of the global competitiveness index, Kenya ranked 97th out of 130 countries with a score of 3.61 in 2011 (World Economic Forum, 2011:8). This shows that doing business in Kenya has become quite difficult, which has been worsened by its low competitiveness level in the global market.

The present chapter addresses the second secondary research objective, which is to carry out an in-depth literature review of secondary sources dealing with strategy implementation and related concepts. Moreover, it is the first chapter dedicated to the review of literature on business strategies. A review of the literature on strategy and strategy implementation is essential because it enables the researcher to understand business strategy models and how they link to each other. An in-depth review of the literature from different authors and researchers (Akan, Allen, Helms & Spralls, 2006:57; Bourgeois & Brodwin, 2004:984; Candido & Morris, 2001:825; Miller, 2008:48; Pearce & Robinson, 2005:66; Porter, 2004:129) has been carried out and critically analysed. Major approaches to strategy implementation as well as tactics in strategy implementation have been presented and analysed. Other topics discussed in this chapter include: fundamental dimensions of strategy

implementation, the strategy implementation process, levels of strategy implementation in organisations, and approaches to implementation of new strategies.

The next section discusses the concept of strategy as described by different authors.

3.2 THE CONCEPT OF STRATEGY

The concept of strategy is believed to have originated from ancient Greek word ‘stratego” meaning to plan the destruction of one’s enemy through effective use of resources (Burnes, 2004:56). The concept has since found universal application beyond the military. Johnson and Scholes (2006:146) views the emergence of strategy in civilian organisations to have resulted from an awareness of opportunities and needs created by changing populations, incomes and technology to employ existing or expanding resources more profitably.

Mintzberg, Lampel, Quinn and Ghoshal (2003:54) defined strategy as rules for guidance of organisational behaviour. The implication of this view is that an organisation is supposed to interact with the environment according to some predetermined pattern. Hax and Majluf (1991:258) view strategy as a fundamental framework through which an organisation can assert its vital continuity, while at the same time facilitating its adoption to changing environment. A strategy can also be referred to a plan of action designed to achieve a particular goal (Robbins, 2003:204). According to Pearce and Robinson (2005:66), a strategy is a large-scale, future-orientated plan for interacting with the competitive environment to achieve organisational objectives. Johnson and Scholes (2006:152) define strategy as the direction and scope of an organisation over the long term, which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations.

A strategy maximises competitive advantage and minimises competitive disadvantage (Hunger & Wheelen, 2008:5). Olson, Slater & Hult (2006:1221) assert that an organisation has a competitive advantage when it has a strategy that increases effectiveness or efficiency, and is valuable, rare and difficult to imitate. A strategy is rare when it is not pursued by a large number of organisations. Thatcher,

Foster and Zhu (2006:94) emphasise that the business strategy of an organisation is a critical factor in its performance.

Despite the lack of agreement in terms of what strategy is, there is a broad appreciation of the fact that strategy can be viewed as either the process or the contents (Mintzberg 2007:70). Process deals with how strategies develop in organisations while content deals with what constitutes a winning strategy.

In every organisation, there are two independent and simultaneous processes through which strategy comes to be defined. The first strategy-making process is conscious and analytical, involving assessments of market structure, competitive strengths and weaknesses, the nature of customer needs, and the drivers of market growth. Strategy in this process typically is formulated in a project with a discrete beginning and end. The result of this process is an intended or deliberate strategy. Intended strategies can be implemented as they have been envisioned if three conditions are met. First, those in the organisation must understand each important detail in management's intended strategy. Second, if the organisation is to take collective action, the strategy needs to make as much sense to each of the members in the organization as they view the world from their own context, as it does to top management. Finally, the collective intentions must be realized with little unanticipated influence from outside political, technological or market forces. Since it is difficult to find a situation where all three of these conditions apply, it is rare that an intended strategy can be implemented without significant alteration. (Mintzberg & Quinn, 2007:188).

The second strategy-making process has been termed *emergent* strategy. It is the cumulative effect of day-to-day prioritization decisions made by managers – decisions that are made despite, or in the absence of, intentions. (Mintzberg, 2007:75). In fact, managers typically do not frame these decisions as strategic at all, at the time they are being made; they have a decidedly tactical character. Emergent strategies result from managers' daily response to problems or opportunities that were unforeseen by those engaged in the deliberate strategy-making process, at the time they were doing their analysis and planning. Strategies in organisations cannot

be viewed purely as planned or purely emergent. In reality, strategies are a mix of both planning and emergence.

A business strategy protects and extends existing markets, reaching new markets, or gaining advantage over competitors (Hunger & Wheelen, 2008:5). Furthermore, a business strategy is central to reducing operating expenses, increasing transactions, or developing new markets. Such a strategy must also have at its forefront mechanisms of managing the most critical assets of organisations, namely human resources (HR).To be valuable, the organisation creates strategies that increase its effectiveness and efficiency. The foundation of strategy formulation comprises a vision, mission, goals, situation analysis and evaluation of alternatives (Slater, Olsen & Hult, 2006:1221). Dollinger (2006:117) and Hunger and Wheelen (2008:5) state that a strategy exists on different levels within an organisation, and includes corporate, business and functional strategies. In the next section, corporate strategy is discussed.

3.2.1 Corporate level strategy

Dollinger (2006:117) considers a corporate strategy as one that identifies the set of products and services, markets or organisations in which the organisation competes, and the distribution of resources among those organisations. A corporate strategy can be viewed in four perspectives, asdescribed in Table 3.1.

Table 3.1: Corporate strategy alternatives

Corporate strategy options	Description
Concentration	Focuses on a single organisation competing in a single sector
Vertical integration	Involves expanding the domain of the institution into supply channels or agents
Concentric diversification	Involves moving into new organisations that are related to the institution's original core business
Conglomerate diversification	Involves expansion into unrelated organisations

Adapted from: Bateman & Snell (2002:125)

These strategies are pursued from a wider perspective at institutional level to gain dominance in the sector, fight competition and take advantage of the organisation's

strengths, or to expand to new organisations. Strategies are also formulated at an organisation's business level. The next section presents business level strategy.

3.2.2 Business level strategy

Business strategies are the major actions by which organisations build and strengthen their competitive position in the marketplace. According to Hellriegel *et al.* (2012:232), a competitive advantage results from one of three generic business strategies, namely:

- low-cost used to build a competitive advantage by being efficient and offering a standard product, taking advantage of economies of scale in production and distribution;
- differentiation business strategy where the organisation attempts to be unique based on high product or service quality, excellent marketing, or superior service in the sector or market segme;
- focus strategy is used when operating in a niche market.

A focus strategy can be a focused-cost or differentiation strategy. Business strategies support corporate strategies for an organisation's survival, growth, development and prosperity. (Bateman & Snell, 2002:126). Likewise, business strategies are to be supported by functional strategies in terms of resources. In the next section, functional strategies are discussed.

3.2.3 Functional level strategy

Functional strategies are implemented by each functional area of the organisation to support the business strategy (Bateman & Snell, 2002:127). The typical functional areas include production, HR, marketing, research and development and finance. Bateman and Snell (2002:129) emphasise that managers review the functional strategies to ensure that each major department operates in line with business strategies of the organisation. Nhlanhla (2005:226) maintains that a strategy-focused organisation uses a strategy to create value for its stakeholders, consistent with its mission, in which context strategy describes how an organisation intends to create that value.

The next section discusses the concept of strategic management in detail.

3.3 STRATEGIC MANAGEMENT

Strategic management is defined as the set of decisions and actions that results in the formulation and implementation of plans designed to achieve a company's objectives, (Pearce & Robinson, 2008:15). It is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets to fulfill stakeholder expectations (Johnson & Scholes, 2006:22). Having a strategic management orientation is also a very important organisational variable in the pursuit of organisational effectiveness. Prahaland (2000:19) suggests that organisations need to seek strategic fit between their internal resources (their strengths and weaknesses), and their external environment (opportunities and threats). The external environment, at the macro level, includes influences from the political-legal, economic, social, ecological and technological arenas. The external environment, at the market level, includes influences from customers, suppliers, competitors and intermediaries. The internal environment consists of systems, policies, resource capacity and organisational culture that influence the performance of organisations. In order to remain competitive, relevant and sustainable, organisations need to formulate and implement strategies that will balance the two environments. (Haid, 2009:62; David, 2001:66).

Due to constant changes in the environment, organisations need to continuously adapt their activities to the realities in the environment; otherwise their future success may be in jeopardy (Prahaland, 2000:20). Surprises in the external environment are a risk that no organisation, however strong and rich, can afford to ignore. Organisations of all sizes therefore need strategies and plans in order to be successful and sustainable (David, 2001:66).

Important benefits are derived from strategic management (Thompson, Strickland & Gamble, 2007:20). These include focusing the energies of an organisation in a common direction. The process of formulating strategies forces managers to identify internal strengths and weaknesses and work on these while confounding the threats and taking up the opportunities that are identified. It also helps in the allocation of

resources. Strategies also provide the oragnisation with criteria against which to evaluate performance as well as a basis for evaluating long-term investments. Arising from this, it is clear that strategic management is a major determinant of performance in organisations. (Hunger & Wheelen, 2008:5; Simmerer & Scarborough, 2006:71).

According to Thompson, Stricland, & Gamble (2010:24), crafting and executing strategy are the heart and soul of managing organisations. The process involves setting the direction of the organisation as well as charting a strategic direction, setting targets and choosing a strategy capable of producing the desired outcomes which give it a competitive advantage through a configuration of its resources. The right configuration of resources gives the organisation a competitive advantage within a changing environment, helps in meeting the needs of its markets and fulfils stakeholder expectations (Thompson *et al*., 2010:19).

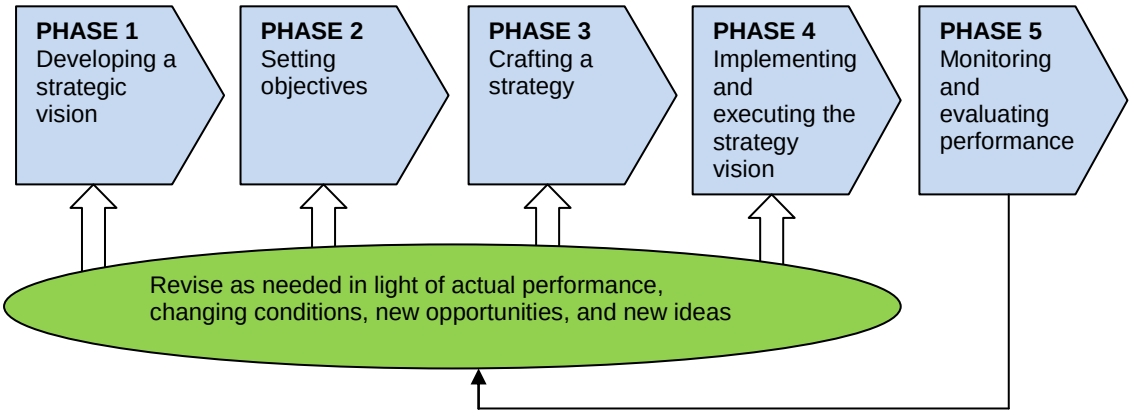
The two definitions raise key issues relating to the following:

- direction the organisation intends to take;
- scope in terms of products/services and geographical outreach;
- long-term nature of strategies and therefore the uncertainties that are in the future, and
- advantage or competitive edge it achieves.

Accordingly, organisations need effective strategic management to enhance their success. Organisations that are effectively aligned in terms of their external environment, overall strategy and organisational design, always outperform the competition or are more effective than their competitors (Haid, 2009:65).

The main elements of strategic management according to the Thompson *et al.* (2010:24) model include a five-phase model as shown in Figure 3.1.

Figure 3.1: The strategic management process



Source: Thompson *et al.* (2010:24)

Figure 3.1 displays this five-phase process. It demonstrates that, before Kenyan corporations are able to successfully implement and execute their strategy, they must first develop a strategic vision, set objectives and then craft the strategy for implementation. Moreover, the aims of a corporation's strategy are to formulate its goals and the means by which they can be achieved. This decision-making process, available within the organisation, needs to take into account internal variables such as skills, resources and values, and external variables including opportunities and threats in the industry and busin ess environment. These variables are discussed in Chapters four and five.

The phases of the strategic management model as shown in Figure 3.1 are elaborated on in the following sections.

a) Developing a strategic vision

Hunger and Wheelen (2008:4) define a vision as a "big picture" that energises employees, illustrating what an organisation expects to achieve. Developing a strategic vision provides a bird's eye view of where the organisation is going, charts a strategic path and moulds the organisation identity. The strategic vision provides managers with a direction and reference point for making strategic decisions that prepare the organisation for the future. With the developing of the vision comes development of the mission. The mission is a statement of the products, scope and

purpose of the oranisation. The vision and mission also include the values that guide the organisation (Montgomery, 2008:64). Factors that determine the realisation of an organisation's vision are strategy and planning, acquiring support, communication, organisational alignment, empowerment and motivation (Kantabutra, 2010:378).

b) Setting objectives

Hunger and Wheelen (2008:5) state that objectives are short-term, specific performance targets that are attainable, measurable, realistic and time-bound. Setting objectives involves converting the strategic vision into specific measurable targets or outcomes that the management wishes to achieve. For an organisation to perform at its full potential, the targets should be stretching in order to deliver the best possible results (Zimmerer & Scarborough, 2006:363).

c) Crafting the strategy

A strategy is a comprehensive master plan stating how an organisatation will achieve its mission and its objectives. It maximises competitive advantage and minimises competitive disadvantage (Hunger & Wheelen, 2008:5). Crafting the strategy involves the formulation of strategies to answer the questions of how to grow the organisation, how to out-compete rivals, and how to respond to the ever-changing customer needs and business environment. These strategies are divided into corporate, business, functional and operating strategies. The process of crafting the strategic plan should involve staff at all levels in order to ensure their buy-in and their ownership of the strategic plan (Slater *et al.,* 2006:1221).

d) Executing the strategy

Executing the strategy tests the managers' ability to direct organisational change, motivate employees and build competencies and competitive capacities. This is really where the proverbial rubber meets the road. This phase includes staffing, allocation of resources, motivating people to achieve higher results as well as creating an organisational culture and climate conducive to successful strategy implementation. Strategic implementation is the practical measures taken to execute a strategic choice. (Combe, 2006:242).

e) Evaluating performance and initiating corrective adjustments

Evaluating performance and initiating corrective adjustments involve evaluating the external environment and the progress being made in the enterprise, and deciding whether there is any need for adjustment or change of the vision, objectives and strategy execution methods. (Harvey, 2004:16).

Developing strategic visions, developing objectives and crafting strategies to achieve the set vision and implementing strategies are now gaining popularity in Kenyan state corporations. For some Kenyan state corporations, the formulation of strategies is a phenomenon as recent as five years after the introduction of the performance contracting management dispensation in the public sector. Against the above-mentioned background, the implementation of strategic management principles in Kenyan public organisations is expected to improve their organisational effectiveness.

In the next section, the concept of strategy implementation is discussed in detail.

3.4 THE CONCEPT OF STRATEGY IMPLEMENTATION

Strategy implementation refers to a set of decisions and actions that result in implementation of the formulated long-term plans designed to achieve organisational objectives (Pearce & Robinson, 2005:68). It involves the application of the management process that turns strategies and plans into actions to obtain the desired results, such as designing the organisation's structure, allocating resources, developing information and decision process, managing HR and rewards, approaches to leadership, and staffing (Drazin & Howard, 2004:40; Robbins 2003:204). Therefore, this study defines strategy implementation as a set of decisions and actions that result in the execution of either short- or long-term plans designed to achieve organisational objectives through incorporating adopted strategies to ensure organisational success.

Adjibolosoo (2011:92) asserts that no social, economic or political organisation can function or implement strategies effectively without a network of committed staff. Such staff must strongly believe in and continually affirm the ideals of society. Strategy implementation must be driven by a strategy champion, someone other

than the CEO (Irwin, 2011:1). Furthermore, the strategy champion does not necessarily have to implement plans, but must oversee that intended strategic plans get implemented. Sun (2005:45) is of the opinion that implemented strategic initiatives are often not integrated into the achievement of mission and vision statements, and are often not measured. However, Sun, Aryee and Law (2007:560) conceed that implemented strategic initiatives can be monitored and measured using a balanced scorecard, which is an integrated strategic performance tool that uses metrics to measure the outcomes of key performance areas.

Barnat (2005:1) urges organisations to identify action plans to achieve strategic objectives and time lines by which progress towards achieving these objectives can be measured. Duff (2013:1) suggests that management have information sessions with employees about new strategic processes and procedures to be implemented. An obstacle is that strategies may be formulated in the strategic plan but no tactics to convert it into action have been defined (Wilkie, 2005:1). This then results in the implementation of just some plans and not all intended strategies.

According to Drazin and Howard (2004:56) strategy implementation poses a threat to many managers and employees in an organisation. New power relationships are predicted and achieved. New groups (formal as well as informal) are formed whose values, attitudes, beliefs and concerns may not be known. With the change in power and status roles, the managers and employees may employ confrontation behaviour. This frustrates strategy implementation efforts. There is however a very clear difference between strategy formulation and strategy implementation. Several authors (Johnson & Scholes, 2006:152; Pearce & Robinson, 2005:68; Robbins, 2003:204) have distinguished between strategy formulation and strategy implementation as shown in Table 3.2.

Table 3.2: Differences between strategy formulation and implementation

Strategy formulation	Strategy implementation
• Includes planning and decision-making involved in developing organisation's strategic goals and plans • Is an entrepreneurial activity based on strategic decision-making • Emphasises effectiveness • Is a rational process • Requires co-ordination among few individuals • Requires a great deal of initiative and logical skills • Precedes strategy implementation. • Place the forces before the action	• Involves all those means related to executing the strategic plans • Is mainly an administrative task based on strategic and operational decisions • Emphasises efficiency • Is basically an operational process • Requires co-ordination among many individuals • Requires specific motivational and leadership traits • Follows strategy formulation • is managing forces during the action

Adapted from: Johnson & Scholes (2006:152); Pearce & Robinson (2005:68); Robbins (2003:204)

As can be seen in Table 3.2, the first strategy formulation and implementation should be thought out concurrently. It involves developing a strategic vision. According to David (2007:66), this task should specify the organisation's future in terms of the product, market, customer and technology focus. The next step is to set goals or objectives. Floyd and Wooldridge (2007:522) contend that the goals and objectives set should be used as yardsticks for measuring the organisation's performance and progress. Table 3.2 shows that goals or objectives should be followed by formulating or devising strategies.

According to Govindarajan (2008:68), formulating or devising strategies should be geared towards achieving the set objectives and move the organisation forward along the strategic course that management has charted. The strategy chosen should be implemented or executed efficiently and effectively. Kotter and Schlesinger (2009:107) add that this task involves evaluating performance and initiating corrective adjustments in the organisation's long-term direction, objectives, strategy, or execution in the light of actual experience, changing conditions, new ideas, and new opportunities. All these tasks need to be performed systematically to guarantee success. Also, it is essential to note that strategy implementation is not possible unless there is stability between strategy and each organisational dimension such as organisational structure, reward structure, resource-allocation process among others.

The next section will discuss in detail the various tactics adopted in strategy implementation.

3.5 TACTICS IN STRATEGY IMPLEMENTATION

As stated in section 3.2, a strategy is different from tactics. Tactics are concerned with the conduct of an engagement (Lehner, 2004:815). Table 3.3 depicts the various tactics that can be used for strategy implementation.

Table 3.3: Types of implementation tactics

Tactics	Authors
• Intervention • Participation • Persuasion • Edict	Akan *et al.* (2006:57); Nutt (2006:78)
• Command • Change/politics • Culture • Collaboration • Complex market	Bourgeois & Brodwin (2004:923); Lehner (2004:842)
• Persuasion • Team work • Negotiation • Commonality of goals • Total quality management methods	Sashittal & Wilemon (2006:624)
• Fostering innovation and creativity • Building high market share • Minimisation of distribution costs • Excellent customer service • Improving operational efficiency	Akan *et al.* (2006:54)
• Controlling products or services quality • Extensive training of front-line personnel • Producing specialty products and services • Producing products or services for high price market segments	Akan *et al.* (2006:54); Miller (2008:59)

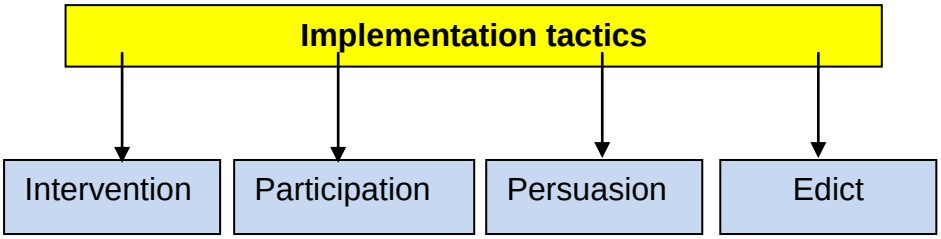
Source: Own compilation

The tactics shown in Table 3.3 will now be discussed in detail.

3.5.1 Implementation tactics by Akan, Allen, Helms and Spralls

Akan *et al.* (2006:57) identify four types of implementation tactics used by managers in implementing strategies in an organisation. These implementation tactics are depicted in Figure 3.2.

Figure 3.2: Strategy implementation tactics



Adapted from: Akan *et al.* (2006:57)

As shown in Figure 3.2, the four tactics are usually different from each other. Nutt (2006:78) describes these four tactics as follows:

- An intervention by adjusting a strategy adjustment to introduce new norms and practices during the implementation stage;
- Participation consists of articulating strategic goals and nominating a task force that develops and proposes corresponding implementation options;
- Persuasion on the other hand consists of the tactic of using the involved parties to convince employees about the decided course of actions, and
- Edicts tactics relies on power and is characterised by the absence of participation.

In a study by Nutt (2006:44), intervention, participation, persuasion, and edict were found to describe over 90% of the tactics used by strategic managers. An ‘‘interventionist’’ approach had the best results, but was used in only one case in five. ‘‘Persuasion’’ and ‘‘participation’’ were the next most effective tactics, whereas “edict’’ was the least effective one. However, an empirical study by Akan *et al.* (2006:57) found a 100% success rate when key executives used an intervention tactic, with persuasion and participation tactics 75% success rates. It was further found that persuasion had the highest frequency of use, 42%, and participation the lowest at 17%. Implementation by edict had a 43% success rate and a 23% frequency of use.

3.5.2 Implementation tactics by Bourgeois and Brodwin

According to Bourgeois and Brodwin (2004:984), the tactics adopted in any organisation depend on the type and nature of the specific strategy in place. Their work suggests that in most strategies, the strategy developers are usually few and the rest of the organisation is somehow manipulated or cajoled into implementation. They argue that most of the energy is used for strategy formulation and relatively little effort is required in its implementation. Lehner views the study by Bourgeois and Brodwin (2004:984) as the first attempt to explicitly link behavioural patterns to the context of strategic management. These patterns are referred to as implementation tactics. However, Lehner (2004:842) believes that Bourgeois and Brodwin did not successfully link their concept of tactics to other conceptualisations of organisational behaviours, especially with regard to organisational leadership, nor did their work lead to any empirical studies.

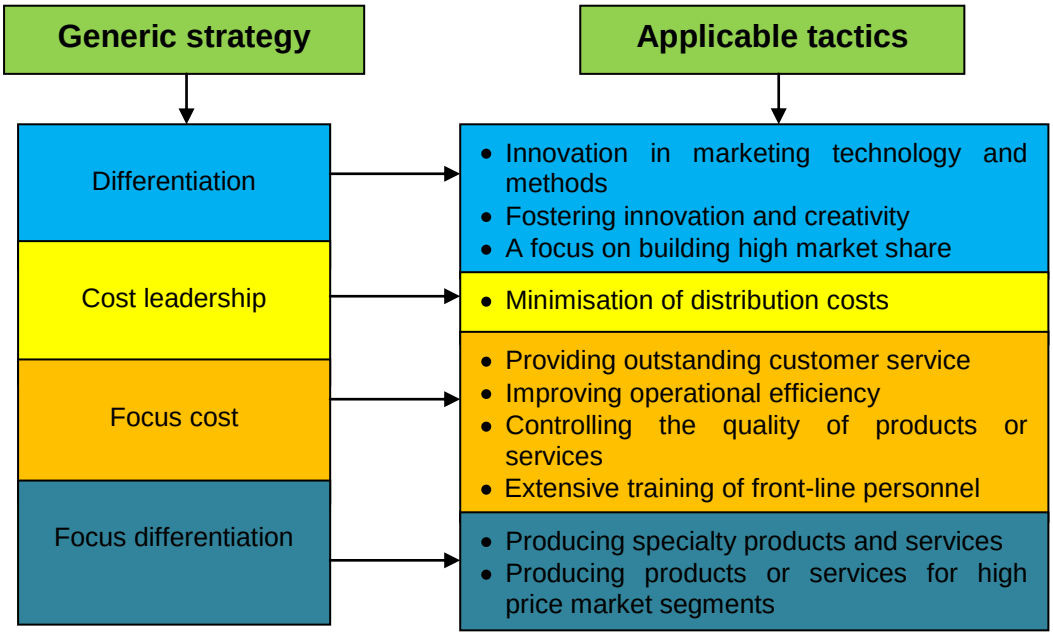
3.5.3 Implementation tactics by Sashittal and Wilemon

Sashittal and Wilemon (2006:624) in their study on market strategy implementation conclude that marketing professionals often use a variety of tactics to gain the cooperation of other groups. According to Kotter and Schlesinger (2009:114) if persuasion, team work, negotiation, commonality of goals and total quality management tactics are applied appropriately in an organisation, they can produce good results in the marketing department. However, frequent interactions with nearly all functional groups including research and development (R&D), engineering, manufacturing, sales and customer service, is the key to enhance smooth marketing strategy implementation.

3.5.4 Implementation tactics for generic strategies

Akan *et al.* (2006:54) and Miller (2008:59) discuss four generic strategies which can be adopted in an organisation, namely, differentiation strategy, cost leadership strategy, focus cost strategy, focus differentiation strategy and their respective key tactics that are applicable for their implementation. The tactics that are necessary to implement a given generic strategy according to Akan *et al.* (2006:54) are shown in Figure 3.3.

Figure 3.3: Tactics for implementing generic strategies



Adapted from: Akan *et al.* (2006:54); Miller (2008:59)

As can be seen in Figure 3.3, there are four different generic strategies with tactics required for implementation. For a differentiation strategy, innovation in marketing technology, methods, as well as creativity are important to build a large market share; the tactic that proved to be most critical for a cost leadership strategy is the minimisation of distribution costs. Four tactics appear to be critical for organisations attempting a focus low-cost strategy being to provide outstanding customer service; improving operational efficiency; controlling the quality of products or services and to provide extensive training to front-line personnel; focus differentiation's tactics include among others: producing specialty products and services and products or services for high-price market segments.

It can therefore be concluded that tactics are measures or practices which enhance strategy implementation and that tactics are practices that are dependent on the kind of strategy that is implemented.

The next section will discuss fundamental dimensions of strategy implementation.

3.6 FUNDAMENTAL DIMENSIONS OF STRATEGY IMPLEMENTATION

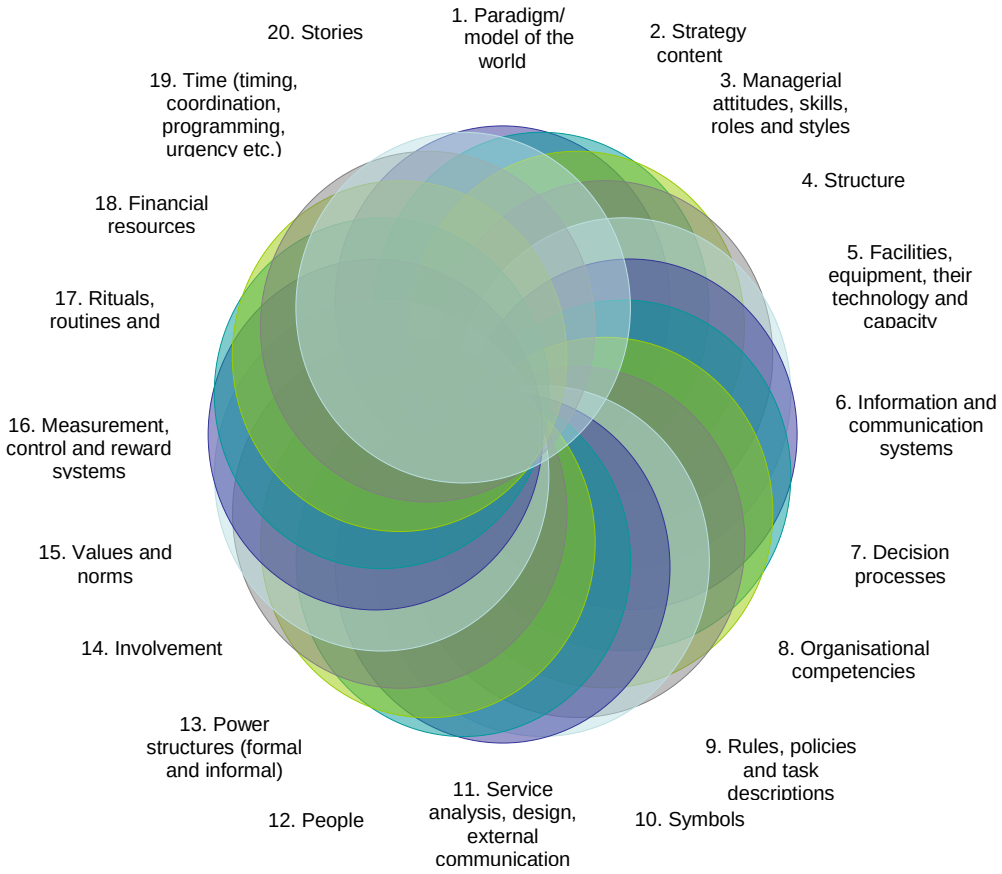
According to Miller (2008:48), strategy implementation involves a general plan outlining decisions of resource allocation, priorities, and actions necessary to achieve strategic goals. Pearce and Robinson (2005:68) assert that strategic implementation plans have a strong fundamental dimension or orientation that covers major functional areas of an organisation. The fundamental dimensions of implementing strategies are usually set by top management and have a time horizon consistent with the scanning abilities as well as the risk level of the organisation. The specifics of the dimensions of implementing strategies should address questions of scope, resource requirements, competitive advantage, quality expectations, social responsibility issues, and synergy among others (Robbins & Coulter, 2005:220).

Several authors (Lehner, 2004:796; Miller, 2008:48; Nutt, 2006:78, Pearce & Robinson, 2005:68; Porter, 2004:129) find:

- There is a lack of a uniform, clear, detailed and general strategy implementation dimensions;
- The existing strategy implementation dimensions can be separated into two distinct types, the static and the dynamic dimensions; and;
- The existing and dynamic static dimensions exhibit many relevant aspects but differ strongly on the number and on the nature of the aspects included, thus revealing insufficiencies and the need for an integrative effort.

Candido and Morris (2001:825) consider several existing dimensions to propose a synthesised static dimension and a synthesised dynamic dimension (Figures 3.4 and 3.5). The synthesised static dimension (Figure 3.4) is a representation of all organisational aspects relevant for strategy implementation at a certain point in time.

Figure 3.4: Fundamental dimensions of strategy implementation



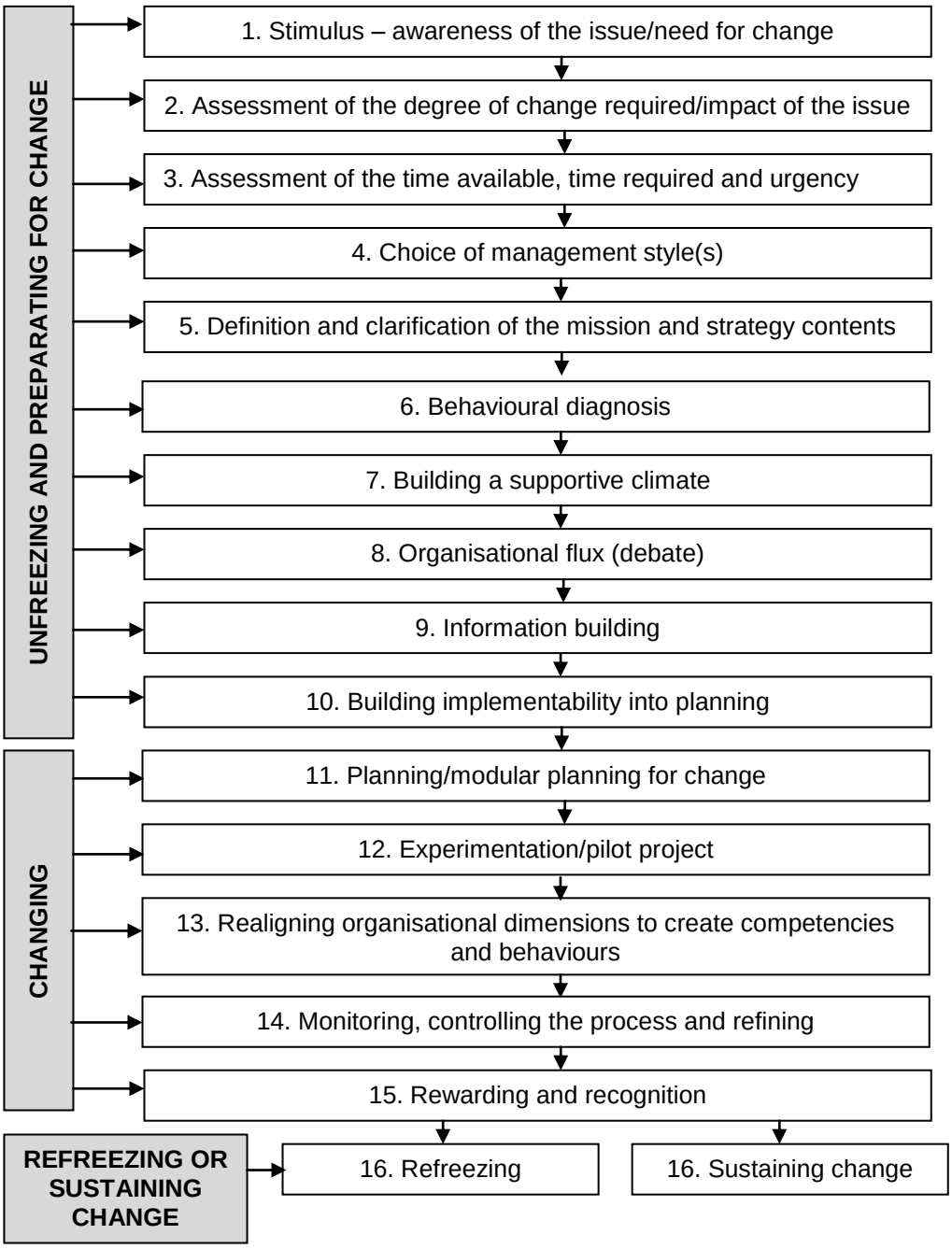
Adapted from: Candido & Morris (2001:831)

The figure shows the dimensions that can be changed at each stage (Candido & Morris, 2001:831). According to Candido (2003:37), resistance to change in the dimension is avoided by a series of preparatory stages in the process, which include extensive communication; internal debate among opposing parties; behavioural and resistance diagnosis; choice of best management styles; building a strong coalition that supports the new strategy; changing the reward systems; providing adequate training to people; and involving all those that will be responsible for implementing the strategy in previously discussing and planning it.

Adjibolosoo (2011:92) asserts that no social, economic or political organisation can function or implement strategies effectively without a network of committed staff. Such staff must strongly believe in and continually affirm the ideals of society. Strategy implementation must be driven by a strategy champion, someone other than the CEO (Irwin, 2011:1). Furthermore, the strategy champion does not

necessarily have to implement plans, but must oversee that intended strategic plans get implemented. The synthesised dynamic dimension on the other hand (Figure 3.5) is a generic process of strategy formulation and implementation that explicitly addresses the requirements for success, including avoidance of resistance to change.

Figure 3.5: Dynamic dimensions for strategy implementation

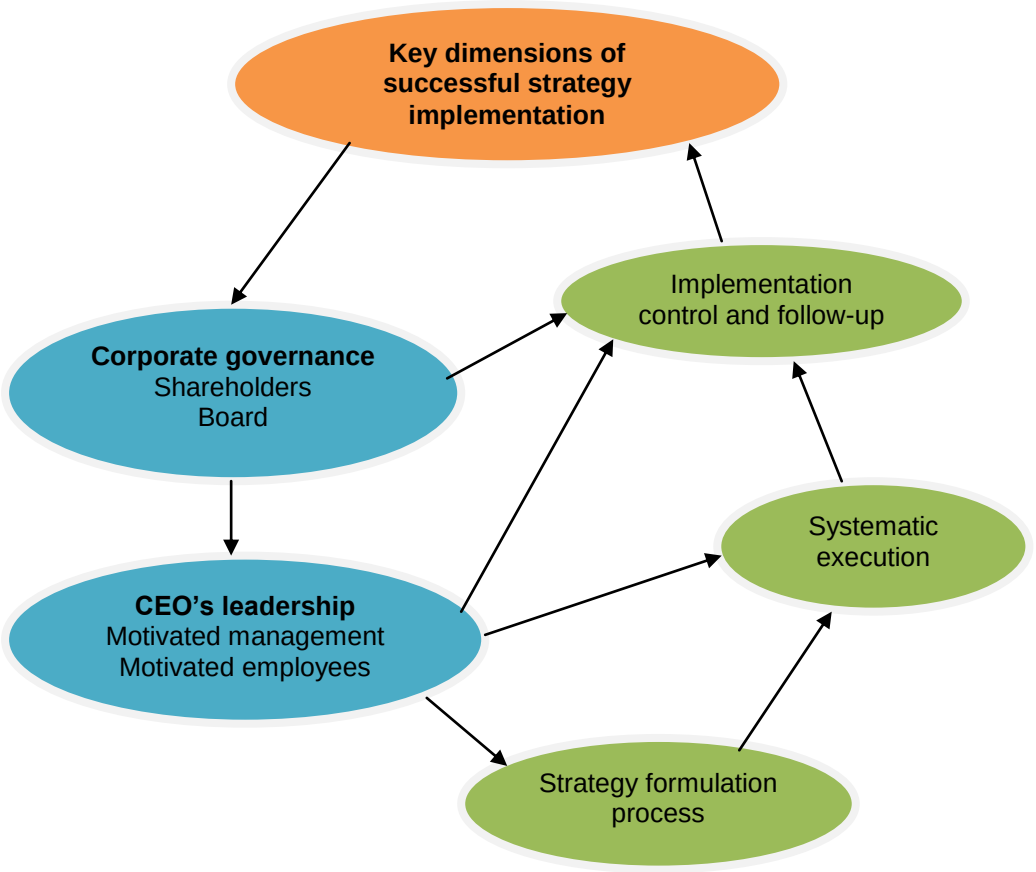


Adapted from: Candido & Morris (2001:832)

Candido (2003:37) indicates that the dynamic dimension (shown in Figure 3.5) involves a process for strategy implementation that avoids resistance to change. The authors argue that in order for strategy implementation process to bring out the required change in the organisation, all the above 16 steps (shown in the diagram) have to be considered.

It is however important to note that while the two kinds of dimensions – static and dynamic – address the implementation problem from different perspectives, they are not contradictory to each other but the dimensions are complementary and have to be integrated in order to provide a better understanding of strategy implementation (Candido & Morris, 2001:830). Brenes, Mena and Molina (2007:25) on the other hand outline the five key dimensions of successful implementation of business strategy as shown in Figure 3.6.

Figure 3.6: Key dimensions of successful strategy implementation



Adapted from: Brenes *et al.* (2007:25)

Figure 3.6 shows that corporate governance (board and shareholders) is responsible of putting in place a suitable CEO who provides the right leadership and ensures motivated management and employees. The CEO and the management team are responsible for crafting appropriate strategies as well as systematic execution. The corporate governance, CEO, management and employees are also responsible for monitoring implementation control and follow-up.

Strategy implementation must be driven by a strategy champion, someone other than the CEO (Irwin, 2011:1). Furthermore, the strategy champion does not necessarily have to implement plans, but must oversee that intended strategic plans get implemented. Sun (2005:45) is of the opinion that strategic initiatives implemented are often not integrated in the achievement of mission and vision statements and are often not measured. However, strategic initiatives implemented can be monitored and measured using a balanced scorecard, which is an integrated strategic performance tool that use metrics to measure the outcomes of key performance areas. Barnat (2005:1) urges organisations to identify action plans to achieve strategic objectives, and time lines by which progress towards achieving these objectives can be measured.

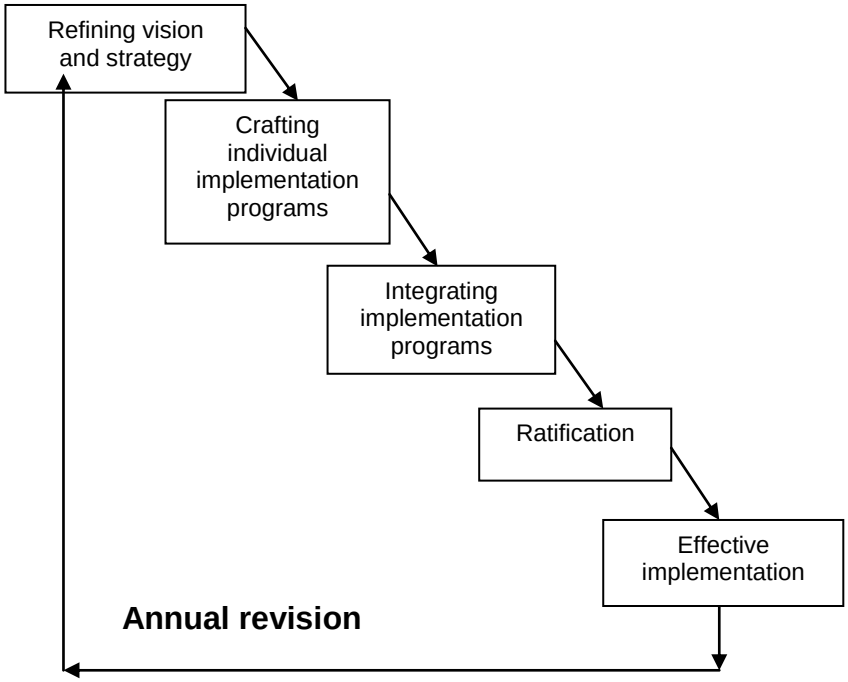
Brenes *et al.* (2007:26) however argue that all the five dimensions must be managed comprehensibly to align them with the organisation‘s strategic choices. It can therefore be seen that if all the dimensions shown in the Figure 3.6 play their role effectively, it can lead to successful strategy implementation in an organisation.

The next section discusses the process of strategy implementation.

3.7 STRATEGY IMPLEMENTATION PROCESS

Michael (2005:14) identifies five stages in the process of strategy implementation while Miller (2008:55) summarises the process of strategy implementation into three main stages. Figure 3.7 presents the five stages identified by Michael (2005:14).

Figure 3.7: Strategy implementation process



Source: Michael (2005:14)

As can be seen in Figure 3.7, there are five stages in the strategy implementation process according to Michael (2005:14). These are: refining vision, crafting individual integrating, implementation, ratification and effective implementation. The next sections highlight these stages.

3.7.1 Step 1: Refining vision and strategy

According to Michael (2005:14), good strategy implementation starts having a draft vision statement, a set of broad strategies, preliminary performance measures, preliminary resources required and expected results, critical issues, and the underlying (strategic) rationale for these decisions. However, Robinson and Ginder (2005:3) advise that employee involvement at this early stage of refining vision and strategy is a critical aspect that contributes to the success of the implementation process. Kennedy (2005:11) agrees with this view, and adds that to ensure successful employee involvement, a systematic approach must be designed, in which all steps are clearly defined and communicated to all parties in the organisation. The second step is crafting individual implementation programmes, which is highlighted and discussed next.

3.7.2 Step 2: Crafting individual implementation programmes

Michael (2005:14) explains that implementation only works when there is a clear and shared understanding of who does what, when, and at what cost. Gupta, Tewari and Sharma (2006:55) add that collaboration among strategy managers is critical, as they will often be competing for the same resources (people, money, equipment). Programmes are often interdependent, and tradeoffs are to be expected. The third step is integrating implementation programs which is highlighted and discussed next.

3.7.3 Step 3: Integrating implementation programmes

According to Michael (2005:16), once each strategy manager has fleshed out the respective programmes, they need to ask the following questions:

- Is it all feasible?
- Is it affordable?
- Are the original, strategic goals being observed?
- Can the organisation manage the timing or sequence of activities described?

According to Kennedy (2005:9), engaging and integrating all employees in the in the implementation process yields positive results at the workplace. However, the critical issue is to find time for all the employees to get involved in the continuous team activities. Thorp (2005:102) insists that the entire strategic team must present to the board (or management decision-makers) the fruits of their efforts. The fourth step is ratifying the strategies and implementation programmes, which is highlighted and discussed next.

3.7.4 Step 4: Ratifying the strategies and implementation programmes

According to Michael (2005:16) the management teams (CEOs and middle management) present their consensus results to the board or management decision-makers in a meeting which is called the ‘’ratification reunion”. In this ratification reunion meeting the organisation's vision, values, and conclusions regarding strategic context may be revised, resource decisions made, plans approved or endorsed and a communication programme outlined (Venkatesh 2005:59). According to once the organisation management and board have formally approved the implementation programmes, Thereafter the management team will integrate the

strategic plans into the budget, align managerial systems (including information systems, metrics, and rewards) to facilitate implementation and communicate the completed strategic plan to stakeholders (Michael 2005:16). According to Gupta *et al.* (2006:36), after the ratification, a concise and succinct presentation of the organisation's new vision and strategies will be conveyed to stakeholders. The fifth step is effective implementation, which is highlighted and discussed next.

3.7.5 Step 5: Effective implementation

The greatest challenge managers face when translating “strategy” into action, is communicating and monitoring implementation in terms that everyone can understand (Michael 2005:20). Kennedy (2005:16) suggests that any implementation methodology used must be flexible enough to ensure that the following key issues are adequately addressed:

- ensure all senior management actually understand the strategy;
- get all employees to contribute and participate in implementation efforts;
- ensure that strategy integration into existing improvement initiatives of the organisation, and
- develop the in-house capability to sustain the gains made by implementing the strategy.

As depicted in Figure 3.7, the senior management hopes for a smooth implementation trajectory (the “ideal” line), but progress usually tracks closer to the “reality” line. In the long slog of phase 2, surprises, setbacks, resource constraints, and an uneven tempo buffet implementation teams. Kotter and Schlesinger (2009:77) stress that it is essential at this point to revisit the original strategies and the programmes developed, and re-tune them. Strategy implementation must be driven by a strategy champion, someone other than the CEO (Irwin, 2011:1). The strategy champion does not necessarily have to implement plans, but must oversee that intended strategic plans get implemented.The management process to obtain the desired results, such as designing the organisation's structure, allocating resources, developing information and decision process, managing HR and rewards, approaches to leadership, and staffing is essential (Adjibolosoo 2011:92).

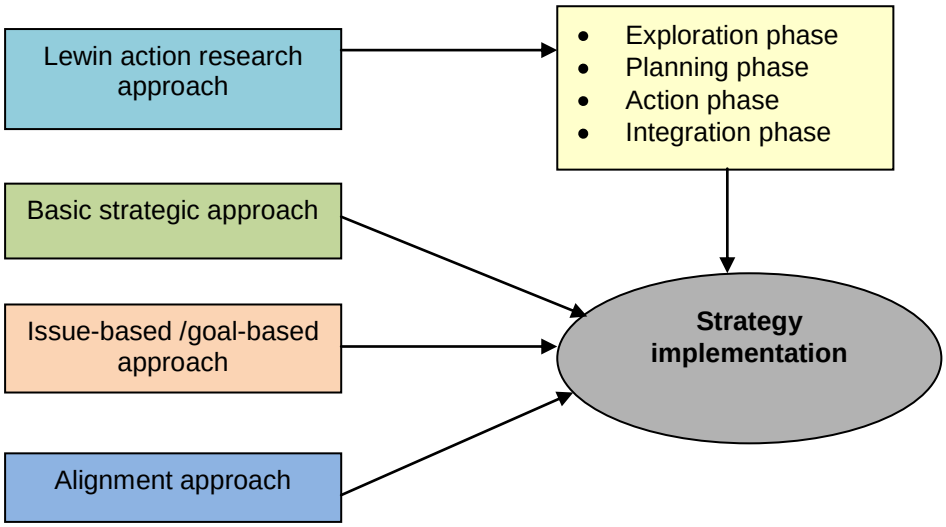
According to Govindarajan (2008:112) a reward and compensation system that ties individual and group rewards specifically to success in implementation, is again, one excellent method for underscoring how valuable these contributions have been. Miller (2008:56) adds that a formal review and presentation of overall implementation results, in advance of new assignments or initiatives, can do wonders to encourage and reinforce staff morale, paving the way for future commitment.

All the above discussed steps are critical if success is to be achieved in the strategy execution. The next section discusses the various approaches to implementation of new strategies in organisations.

3.8 APPROACHES TO IMPLEMENTATION OF NEW STRATEGIES

There is no one perfect strategic planning and implementation approach for any organisation. Each organisation ends up developing its own approach to strategic planning, often by selecting a model and modifying it to suit a certain strategic implementation process (David, 2007:59). Figure 3.8 shows a range of approaches to implement organisation strategies.

Figure 3.8: Approaches to strategy implementation



Adapted from: Anthanassiou & Nigh (2009:92); Bullock & Batten (2005:104); Lewin (2006:98); Robbins & Coulter (2005:226)

As shown in Figure 3.8, various approaches to strategy implementation provide a range of alternatives which organisations can use to implement their own strategy. These approaches are elaborated on in the next section.

3.8.1 Lewin action research approach

The action research approach designed by Lewin (2006:98) states that meaningful change in the implementation efforts is a result of a combination of changing attitudes, behaviour and research. It involves diagnosing current problems and applying interventions that resolve these problems. According to Bullock and Batten (2005:104), data must be collected to understand the problems more effectively and to evaluate how well the theory will work in place. Planned implementation of strategies can be realised in four major phases, according to Anthanassiou and Nigh (2009:87), as follows:

- *exploration phase* where a need for change is identified and a search for consultation to assist with the planning and implementation of change takes place;
- *planning phase* involves data gathering to understand problem, establishing correct diagnosis and changing goals;
- *action phase* where changes implemented based on the planning will move the organisation from its current to the desired or intended state; and
- *integration phase* which takes place once the changes have been implemented successfully. It is concerned with consolidating and stabilising changes so that the desired effect becomes the day-to-day operation in the organisation.

Barnat (2005:1) urges organisations to identify action plans to achieve strategic objectives and time lines by which progress towards achieving these objectives can be measured. Duff (2013:1) suggests that management should have information sessions with employees about new strategic processes and procedures to be implemented. Another approach is the basic strategic approach which is highlighted and elaborated next.

3.8.2 Basic strategic approach

The basic strategic approach is a strategy implementation approach typically followed by small organisations' top management that might implemented it in the first year of existence when it has not made profit, to get a sense of how planning is conducted (Bullock & Batten, 2005:104; David 2007:76). According to Bullock and Batten (2005:104), the basic strategic planning process includes:

- identifying organisation's purpose (mission statement);
- selecting the goals the organisation must reach if it is to accomplish its mission;
- identifying specific approaches or strategies that must be implemented to reach each goal; and
- identifying specific action plans to implement each strategy being met and whether action plans are being implemented.

Chaffee (2005:78) supports this view and adds that the most important indicator of success of strategy implementation in any organisation is the positive feedback from the organisation's customers. Another approach is the Issue-based or goal-based approach which is highlighted and elaborated next.

3.8.3 Issue-based/goal-based approach

According to Robbins and Coulter (2005:226), organisations that begin with the basic planning approach often evolve to using this more comprehensive and more effective type of planning. Hamel and Prahalad (2006:76) support this and outline key aspects to effective planning as:

- a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis;
- strategic analysis to identify, prioritise or address major issues, goals, strategies or programmes;
- action plans with regard to objectives, resource needs, implementation roles and responsibilities and updated mission and vision;
- develop the yearly operating document and budget; and
- conduct the organisation's year-one operations and evaluate strategic planning document.

The foregoing discussion suggests that for strategy implementation to be successful, the strategy must be operationalised. Another approach is the Alignment approach which is highlighted and elaborated next.

3.8.4 Alignment approach

To ensure strong alignment among the organisation's mission and its resources and to effectively operate the organisation is the purpose of the alignment approach according to Anthanassiou and Nigh (2009:92). This approach is useful for organisations that need to fine-tune strategies or is experiencing a large number of issues around internal efficiencies (David 2007:59). Organisations have strategic drivers that compel them to perform better such as their vision, mission and strategy (Bateman & Snell, 2002:117-119).

Hunger and Wheelen (2008:4) define a vision as a "big picture" that energises employees, illustrating what an organisation expects to achieve. Zimmerer and Scarborough (2006:72) find that the best way to realise a vision is to develop a written mission statement that communicates the vision to all employees of the organisation. A vision provides employees of the organisation with an inspiring, clear, and stable picture of the future and provide customers and external stakeholders with a mark of the organisation's identity (Almog-Baraket 2012:432). Kantabutra (2010:378) states that strategy and planning, acquiring support, communication, organisational alignment, empowerment and motivation are the factors that determine the realisation of an organisation's vision. Visions motivate employees, create long-term partnerships to produce the appropriate resources and enable the organisation to change over time and reflect stability, implying no radical changes over time (Almog-Baraket (2012:433-434).

According to Hunger and Wheelen (2008:4), an organisation's mission is its purpose, or its reason for existence. A mission statement creates an organisational identity that embraces a core set of values and behaviour that defines what is acceptable in the organisation. Slater *et al.* (2006:1222) point out that a rigid mission may stifle exploration and innovation, whereas a flexible mission enables the organisation to adapt and change, thereby enhancing an organisation's competitive advantage. Fugazzotto (2009:288) maintains that mission statements define purpose, give

shape to the strategic planning process, and help determine the organisational structure.

Zimmerer and Scarborough (2006:363) distinguish goals from objectives. They state that goals are broad, long-range statements of what an organisation plans to achieve in the future, that guide its overall direction and explain its reason for existence. Objectives are short-term, specific performance targets that are attainable, measurable, realistic and time- bound. However, Bateman and Snell (2002:115) as well as Hunger and Wheelen (2008:5) concur that goals and objectives are major targets or end results that relate to the long-term survival, value, growth, and prosperity of an organisation.

From the above discussion of the approaches, it is clear that for strategy implementation to succeed, the management team of state corporations needs to adopt a suitable approach that will work for a particular strategy. However, key to them all is proper planning of the strategy and subsequent alignment of the strategy to the organisation's mission. Adequate resource allocation is also key to effective strategy implementation.

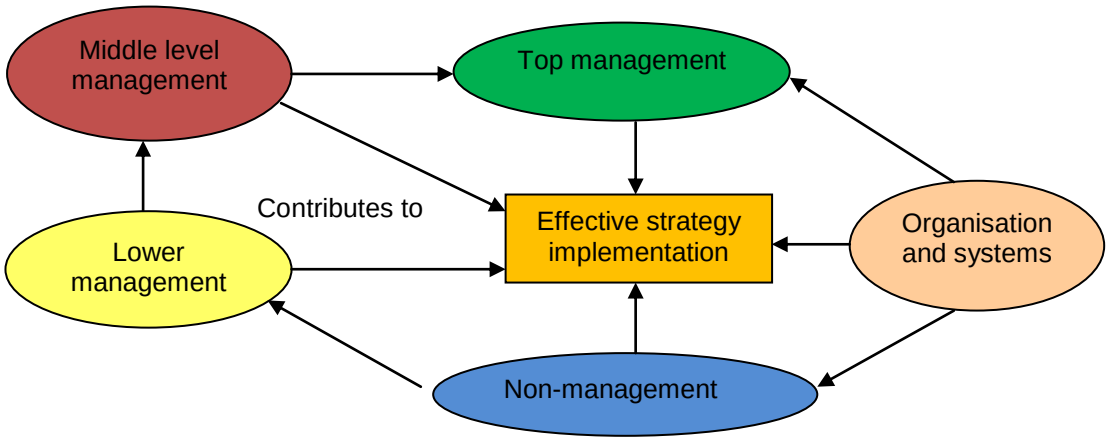
The next section discusses the various levels of strategy implementation in organisations.

3.9 LEVELS OF STRATEGY IMPLEMENTATION IN ORGANISATIONS

Harrington, Jackson and Staude (2006:400) observe that for a strategy implementation process to succeed, there must be coherence among the various levels of strategy executors (top management, middle management, lower management and non-management) in an organisation. According to Peng and Litteljohn (2005:554), effectiveness of strategy implementation is, at least in part, affected by the skills, attitudes, capabilities and experiences of people involved in the process. Viseras, Baines and Sweeney (2005:78) add that in addition to people, also the organisation itself and systems is important for successful strategic planning and implementation. Harrington *et al.* (2006:400) reports that total involvement of the senior management level of an organisation during strategy implementation has positive effects on the strategy implementation success, organisation profits, and

overall organisation success. Further to these findings, the individual groups of strategy executors at different hierarchical levels are shown in Figure 3.9.

Figure 3.9: Levels of strategy executions



Adapted from: Viseras *et al.* (2005:78)

As can be seen in Figure 3.9, there are different levels of strategy execution which will be highlighted in the following sections**.**

3.9.1 The role of top management in strategy implementation

Top management plays a crucial role not only in strategy formulation but also in strategy implementation (Smith & Kofron, 2006:77). According to Schaap (2006:14), top management refers to senior-level leaders including presidents, board of governors, owners and other high-ranking executives as well as the senior-level managers. Several researchers (Hrebiniak & Snow, 2002:50; Smith & Kofron, 2006:141; Schmidt & Brauer, 2006:99) have emphasised the impact of top management on strategy implementation. These researchers point out the important figurehead role of top management in the process of strategy implementation.

Schmidt and Brauer (2006:77) for example discuss the board of governors as part of top management, and view them as one of the key subjects of strategy implementation. They examine how to enhance the board's effectiveness in guiding strategy execution. Schaap (2006:48) similarly shows that effective senior

management leadership directly relates to successful strategy implementation. However, this is subject to the level of training of the senior management on strategic planning and implementation, which influences the performance targets set for the organisation.

Having discussed the role of top management, the role of middle-level management in strategy implementation is discussed next.

3.9.2 Role of middle-level management in strategy implementation

Middle management plays a pivotal role in the execution of strategy in an organisation. Various researchers and authors have discussed the role of middle management in the execution of strategy. Their views and approaches to strategy implementation can be divided into the following three categories:

- The first perspective emphasises the match of strategy and middle managers' leadership style and assumes that personality is the primary determinant of strategy implementation actions (Govindarajan, 2008:93; Guth & MacMillan, 2006:66; Heracleous, 2004:83; Judge & Stahl, 2005:56);
- The second perspective considers the effect of context on behaviour (Waldersee & Sheather, 2006:59).
- The third perspective analyses the impact of relationships between top management and middle management on strategy implementation (Qi, 2005:888; Floyd & Wooldridge, 2007:555, 2007:528).

Govindarajan (2008:41) considers a more comprehensive set of managerial background and personality variables and analyses the individual managerial characteristics such as functional background, industry familiarity, locus of control, problem-solving style and competitive strategy. The study finds that:

- greater research and development (R&D) experience and greater internal locus of control on the part of the Strategic Business Unit’s (SBU's) general managers contribute to implementation effectiveness in the case of a differentiation strategy, but hamper it for a low-cost strategy;
- experience in general management and industry familiarity is beneficial in a universalistic sense;

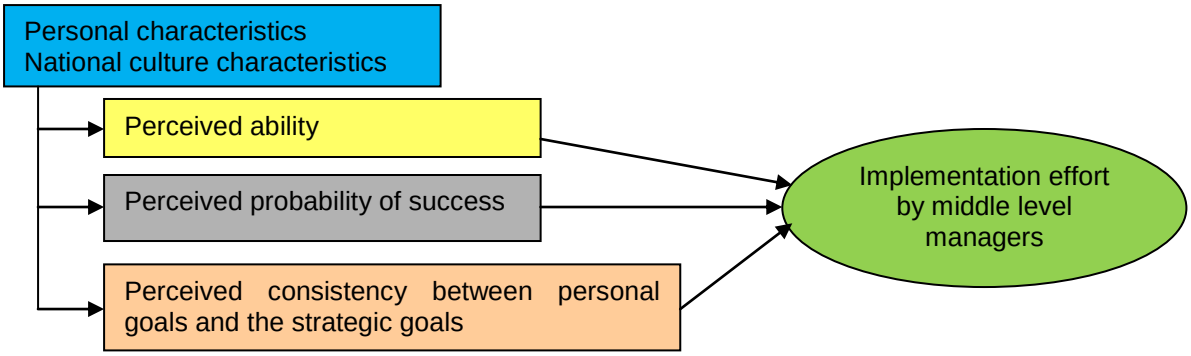
- experience in finance and accounting surprisingly has a negative effect on performance.

Guth and MacMillan (2006:61) found that:

- the level of effort of middle management level is related to the organisation's potential to perform;
- there is a perception that successful performance will lead to a desired outcome; and
- middle-level managers who believe their self-interest is being compromised can re-direct a strategy, delay its implementation or reduce the quality of its implementation.

Judge and Stahl (2005:38) have set up a conceptual model of implementation effort by middle managers in a multinational context. They refine Guth and MacMillan's (2006:58) insights by identifying the relative importance of the three determinants of implementation as shown in Figure 3.10.

Figure 3.10: Model of implementation effort by middle-level managers



Adapted from: Judge & Stahl (2005:38)

As seen in Figure 3.10, there are three determinants of implementation: perceived ability, perceived probability of success, and perceived consistency between personal goals and the strategic goals. As a further extension of the model, Judge and Stahl (2005:40) find that the personal characteristics of the middle managers influence their perceptions and that national culture characteristics influence the

perceptions of middle managers. Heracleous (2004:74) argues that if middle management does not think the strategy is the right one, or does not feel that they have the requisite skills to implement it, then they are likely to sabotage its implementation.

On the other hand, Waldersee and Sheather (2006:54) believe that the approach of matching strategy and managers' styles ignores the causal role of the organisational context or the interaction of personality and context on implementation actions. It is widely accepted that different strategies need to be implemented in different ways. Qi (2005:68) argues that if middle managers receive direction and support from their top management, they will provide support for the strategy. According to Floyd and Wooldridge (2007:576), top management should expect middle-level managers to question strategic decisions. Floyd and Wooldridge (2007:522) also found that managers with formal positions in boundary-spanning sub-units report higher levels of strategic influence activities than others as it arises from their ability to mediate between internal and external environments.

It can therefore be seen that middle-level managers' positive effects on implementation of strategies in an organisation depend on top management support and whether employees are committed to implement the strategies. The next section discusses the role of lower and non-management in strategy implementation in organisations.

3.9.3 Role of lower and non-management in strategy implementation

According to Noble (2009:81), lower management and non-management include mainly the junior staff within an organisation. Alexander (2005:44) suggests that there are many problems when dealing with lower management and non-management which more than half of the organisations experience frequently during implementation of strategies. These include:

- insufficient capabilities by the involved employees to perform their duties/jobs;
- lower-level employees are inadequately trained, and
- departmental managers provide inadequate leadership and direction.

These three HR problems are the most frequent strategy implementation problems. Nutt (2006:52) suggests that managerial tactics and leadership style can play a crucial role in overcoming the lower-level "obstructionism" that is prevalent (to some degree) in many strategy implementation efforts. Alexander (2005:44) disagrees with this view and posits that if lower-level management and non- management personnel are not aware of the same information, or if information must pass through several (management) layers in the organisation, consensus regarding that information may never be reached and successful strategy implementation hindered.

From the above discussion, it is clear that for strategy implementation to be effective, it has to involve all the levels of staff in the organisation. The next section discusses the challenges facing organisations in implementing new strategies.

3.10 CHALLENGES OF STATE CORPORATIONS IN KENYA

State corporations in Kenya face several challenges. These challenges revolve around employee productivity and job performance; performance management; the complexity of the external organisational environment; organisational control and decision-making, and governance.

3.10.1 Employee productivity and job performance

One of the most important measures of economic performance is productivity. Productivity is defined as the ratio between the output of a process and inputs of resources (labour, land or capital) needed for that process (Samuelson & Nordhaus, 2004:30). Productivity grows when outputs are increased with the same or reduced levels of input. It is also increased when output levels are maintained with reduced levels of inputs (D'Amato & Zijlstra, 2008:36). On the input side, Kenyan public enterprises face challenges in the areas of labour and capital. As far as labour is concerned, the challenges appear to be in governance, the fostering of innovation, and the changing of employee attitudes towards effective service delivery (Ministery of State for Public Service, 2010:10). On the capital input side, the embracing and the effective use of technology appear to be challenging (Ministery of State for Public Service, 2010:12).

The Federation of Kenya Employers (FKE) reports that low levels of productivity measured in output and innovation, are damaging the much-needed growth in organisations as well as in the public sector (World Bank, 2010:8). Continuous efforts are therefore required to improve the output of employees in order to improve the effectiveness of public enterprises in delivering services to the public. The individual outputs of employees are dependent on their individual job performance. The job performance of an employee involves various job behaviours and attitudes, such as work quality, work quantity, learning ability, interpersonal relations, job interest, initiative, conduct, perseverance, attendance and appearance of employees (Adjibolosoo, 2011:92-93; Mulz, 2010:5). An improvement in productivity at the individual employee's level will result in better productivity of the organisation itself (Mohammadian, Arayest, Mohammadian, Azizpour & Zanganeh, 2011:761).

3.10.2 Performance management

There is a general perception across the world that the public sector is lethargic in performance compared to the private sector (Henry, 2001:35). It has been reported that one of the main reasons for this lethargy is the absence of effective performance management systems (Halligan, 2008:156). In recognition of the importance of performance management, the Kenyan government has introduced the balanced score card (BSC) performance measurement tool (Republic of Kenya, 2004:8). In accordance with the BSC, employees enter into performance contracts with their managers. This tool measures the individual performances of employees as well as the performances of the state corporation. The results from this measurement are used to rank the government ministries and the public enterprises on how they score over a specified reporting period.

While the BSC has been operational in Kenyan public enterprises for the past four years, it seems not to be fully understood or fully accepted by all the stakeholders (Government of Kenya, 2008:40). This might be an indication of the incompetence of managers in helping their subordinates to understand and support the BSC. It could even suggest that some managers are deliberately sabotaging the performance management system. The present study explores whether internal, market and external issues are indeed affecting successful strategy implementation in state corporations in Kenya.

3.10.3 Complexity of external environment

According to Henry (2001:45), unlike the private or corporate world, the state corporations operate under a different external environment that affects their performance. Furthermore, unlike the private organisations whose external environment amounts to little more than the marketplace itself, state corporations must endure "an environment comprised of far more complex, aggressive and intrusive forces, among them politics, culture, law, economics and organisation inter-dependences not present in the corporate world" (Henry, 2001:66-67). The Kenyan situation is no different from what Henry (2001) observes.

From the legal framework viewpoint, there is heavy control on state corporations, particularly the commercial ones, through the State Corporations Act, Public Procurement Act, and others. This over-controlled environment stifles flexibility and innovativeness. From an interdependence point of view, the state corporations in Kenya have multiple requirements to report to the parent ministry, the treasury, the inspectorate of state corporations and the performance contracting secretariat. There are many principals to report to. (State Corporation Advisory Committee, 2009:10). All these challenges affect successful strategy implementation in state corporations in Kenya.

3.10.4 Controls and decision-making

State corporations are also characterised by more control and bureaucracy than private corporations. This is so because private corporations have the bottom line or profitability as the measure of performance, while most state corporations do not have a profit motive but a social one. State corporations therefore have to institute internal rules and controls for spending, compliance, monitoring and producing of reports. This in turn calls for more layers of staff, making the state corporations more bureaucratic (Henry, 2001:55).

Against the above-mentioned background, decision-making in state corporations is also slower than in private corporations, because more transparency in state corporations is required owing to public scrutiny. Decisions are therefore made after a series of consultative meetings, unlike the private sector where consensus is not

required to the same level as in state corporations. This consultative process that is often intense, sporadic, highly interactive, collegial and slow, can disrupt the state corporations and reduce the quality of decision-making in the state corporation (Hoogervorst, Van der Fliet & Koopman, 2004:298). Hence positive impact on strategy implementation may not be guaranteed.

3.10.5 Corporate governance

The premier governance training institution in Kenya defines corporate governance as "the processes, systems, practices and procedures – the formal and informal rules that govern institutions, the manner in which these rules and regulations are applied and followed and the relationships that these regulations create and the nature of these relationships" (Private Sector Corporate Governance Trust, 2009:1). Corporate governance spells out how an organisation should be led, referring to the manner in which (Private Sector Corporate Governance Trust, 2009:1):

- the power of corporations is exercised in the stewardship of the corporation's total portfolio of assets and resources with the objective of maintaining and increasing shareholder values and satisfaction of all stakeholders in the context of the organisation's mission; and
- a balance between economic and social goals and between individual and communal goals is created, while the efficient use of resources, accountability in the use of power and stewardship are encouraged to align the interests of individuals, corporations and society.

Kenyan state corporations are challenged as far as corporate governance is concerned. Managers of Kenyan state corporations are often taken to court for fraud and financial mismanagement (Government of Kenya, 2010a:5). To reduce and eventually eliminate corruption, the Kenyan Anti-Corruption Commission was established in 2003 and the Economics Crime Act enacted. In 2005, Kenya became a signatory to the United Nations Convention against Corruption (United Nations, 2005:55).

3.10.6 Regulatory and supervisory framework

The regulatory framework in which Kenyan state corporations operate contains challenges of multiple registrations and accountability, as well as a multiplicity of accountability agencies. In Kenya, state corporations are established under the State Corporations Act (SCA) Cap 446 (Republic of Kenya, 1987:69), in other words they are registered as state enterprises. State corporations are also established in terms of their specific Acts of parliament. Some public enterprises are banks which have to be incorporated as companies because of the nature of the business they are involved in, and because they may be partly privatised. This requires them to be registered as companies under the Company's Act Cap 486 Laws of Kenya (Republic of Kenya, 1987:10).

The State Corporations Act Cap 446 (Republic of Kenya, 1987:69) grants the President of Kenya the role of assigning ministerial powers, appointment of chairpersons of the board and the board members, and revocation of these appointments. The State Corporation Act Cap 446, section 26 recognises the establishment of the State Corporations Advisory Committee (SCAC). The functions of the SCAC as outlined in section 27 of the SCA include advising the president, in consultation with the attorney general and the treasury, on the establishment, reorganisation or dissolution, remuneration and categorisation of state corporations, as well as reviewing and investigating the affairs of state corporations and functions (Republic of Kenya, 1987:75).

With regard to reporting on the periodic performance of state corporations, there is a complex reporting structure. State corporations present performance review reports on a quarterly basis to their parent ministry, as well as to the Inspectorate of State Corporations (ISC). ISC is the supervisory agency that advises the Kenyan government on matters relating to the effective running of state corporations. The Controller and Auditor General (Corporations) (CAGC) also needs to audit the accounts of state corporations annually in accordance with Part VII of the Exchequer and Audit Act and section 14 (3) of the SCA Cap 446 (Republic of Kenya, 1987:76). The CAGC has the statutory obligation to report the results to the shareholders, who

are the taxpayers or the Kenyan public, through the relevant parliamentary committee, namely the Public Investment Committee (Republic of Kenya, 1987:82).

While the above-mentioned reporting structure is guided by the principle of separation of duties between government agencies and is therefore part of good corporate governance, it results in many centres of reporting. Though there is no empirical evidence, the researcher observes that this multiplicity of reporting often presents challenges to the chief executive officers of state corporations. For example, when major structural and governance changes in state corporations are required, or when changes in any of the provisions of the enabling Acts are pursued, this change process can be lengthy, and can at times outlive the three-year tenure of a chief executive officer. This makes carrying through meaningful transformational changes a challenge, particularly for state corporations that compete directly with private sector players that are more agile.

The current regulatory and supervisory framework for Kenyan state corporations is a given, but the success of state corporations depends on how managers govern and lead within this framework. The influence of the regulatory and supervisory framework on the strategy implementation of Kenyan state corporations is therefore part of the investigation of the present study. The study focuses on how internal market and external factors affect strategy implementation in state corporations.

3.10.7 Organisational culture

An important challenge which state corporations in general are facing concerns their organisational culture. The organisational culture could encourage employees to be open to change which requires continuous learning. According to Armstrong (2005:557), continuous learning is a deliberate form of learning from everyday experience, challenges and activities. This is premised on the fact that every task an individual performs provides a learning opportunity. Organisational learning is beneficial to both organisation and staff, as a lot can be learnt in a short time within the workplace without staff taking real time off to go to a classroom (Armstrong, 2005:559). Managers, however, often leave learning to chance in the form of unplanned and unsystematic training (Armstrong, 2005:561). The present study

explores what role a continuous learning culture could play in successful strategy implementation of state corporations.

The second cultural ingredient that organisations should aspire to is summed up in the attitudes and behaviours surrounding innovation and creativity. Innovation and creativity is also related to change. According to Peters and Waterman (2004:45), these attributes are often found in organisations with an entrepreneurial culture which explore new ways of meeting the changing needs of customers. The present study explores to what extent the fostering of an organisational culture would affect strategy implementation in Kenyan state corporations.

The third organisational cultural ingredient that often separates a state corporation from a private company is having a market-orientated culture driven to achieve increased sales and bigger marketshare (Henry, 2001:76). Some state corporations (for example public broadcasting and electricity generation and telecommunications) are often in direct competition with private companies in delivering these services. The present study therefore explores what role market-orientated culture could play in successful strategy implementation of state corporations.

3.10.8 Formulation and implementation of strategies

The formulation and execution of long-term, medium-term and short-term plans are critical to achieve the goals of any organisation. According to Bossidy and Charan (2002:255), execution is the discipline of getting things done, and is usually the missing link between the formulated strategy and reality. To ensure success in organisations, formulation and execution of strategies cannot be separated, as indeed these are the key roles of a manager (Martin, 2010:65). Ngarachu (2009:156) states that African countries are known for the formulation of strategies, but they lack achieving timely action, or they procrastinate in executing these strategies. This issue appears to be both a matter of leadership and of strategic management, therefore both these issues are among others being explored in an effort to improve strategy implementation in state corporations in Kenya.

3.11 SUMMARY

This chapter has reviewed and discussed strategy implementation in detail. The objective was to understand the concept and other inter-related aspects of strategy implementation. This review has discussed the processes of strategy implementation which include refining vision, crafting individual integrating, implementation, ratification and effective implementation as well as a ratification phase, middle phase of implementation and final phase. These processes are critical if success is to be achieved in strategy execution. The chapter has shown that an annual recap of status, progress, successes, obstacles, and responses to the challenges faced, helps to reinvigorate the team, and re-establishes the integrity of the programmes and the strategy implementation process.

Other issues discussed in the chapter included the fundamental dimensions of strategy implementation, the tactics, approaches, levels of execution of strategy and challenges faced in the implementation of strategies in an organisation. Strategy implementation having been discussed in detail, the next chapter reviews and discusses the internal factors affecting successful strategy implementation in state corporations in Kenya.

CHAPTER FOUR

INTERNAL FACTORS INFLUENCING STRATEGY IMPLEMENTATION

4.1 INTRODUCTION

In Chapter three, the concepts of strategy and strategy implementation were presented and discussed in detail. It was indicated that strategy implementation is the application of the management process to obtain desired results, such as designing the organisation's structure, allocating resources, developing information and decision processes, and managing human resources (HR) and rewards, as well as approaches to leadership and staffing. In short, it is the process that turns strategies and plans into actions in order to accomplish the strategic objectives and goals of an organisation.

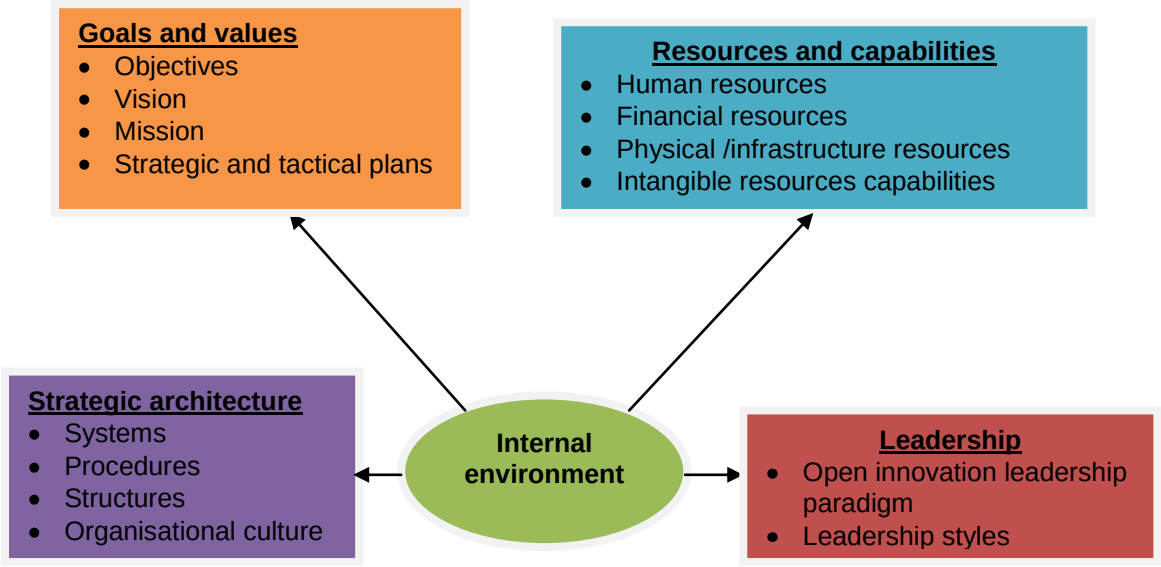
Effective strategy implementation requires the integration of organisational architecture and leadership (Louw & Venter, 2010:21). Managers can directly or indirectly influence the internal environment (Bosch *et al.,* 2006:43).

This chapter addresses the internal environmental factors influencing strategy implementation, which is the first secondary objective of the study. The internal or micro business environment represents all the interacting variables within the organisation that have a positive or negative effect on the establishment, survival, growth and goal achievement of an organisation. In the next section, the internal environment will be put into context, after which the factors in terms of goals and values, resources and capabilities, leadership and strategic architecture will be explored.

4.2 THE INTERNAL ENVIRONMENT IN CONTEXT

Figure 4.1 illustrates the relationship between the organisation and its internal business environment.

Figure 4.1: The organisation and its internal environment



Adapted from: Albert & Whetten (2010:76); Venter & Louw (2010:21)

As depicted in Figure 4.1, the internal environment cosists of goals and values, resources and capabilities, strategic architecture and leadership. According to Thompson *et al.* (2007:234) the interacting variables in the internal environment have either a positive or a negative effect on the survival, growth and goal achievement of the organisation. The management team (leadership) can influence this environment. Louw and Venter (2006:33) define strategy as "the overall scheme for leveraging resources to obtain a competitive advantage". The strategic architecture relates to the systems, procedures, structures and organisational culture in the organisation that can affect strategy development, analysis and implementation and the monitoring of how successful strategies have been implemented.

In the following section the first component of the internal environment, goals and values that may affect strategy implementation, will be discussed.

4.3 GOALS AND VALUES

Zimmerer and Scarborough (2006:363) distinguish goals from objectives. They state that goals are broad, long-range statements of what an organisation plans to achieve in the future, that guides its overall direction and explains its reason for existence.

Objectives are short-term, specific performance targets that are attainable, measurable, realistic and time-bound. Bateman and Snell (2008:115) concur with Hunger and Wheelen (2008:5) that goals and objectives are major targets or end results that relate to the long-term survival, value, growth, and prosperity of an organisation. Goals evolve from the vision and mission of the organisation (Bateman & Snell, 2008:120). Objectives state what is to be accomplished and when this should take place, and they should be quantified if possible. The achievement of objectives results in fulfilment of an organisation's mission. In chapter three, the vision and mission were discussed. To be able to realise their missions, organisations need to have strategic and tactical plans in place.

4.3.1 Strategic versus tactical plans

According to Bateman and Snell (2008:115), once the goals and objectives are identified, they need to be reduced to specific objectives and involve shorter periods of time as planning moves from the strategic to the operational level. Tactical plans focus on the major actions that a unit in the organisation must take to fulfil its part of the strategic plan (Campbell, Stonehouse & Houston, 2009:11). Operational planning, on the other hand, identifies the specific procedures and processes required at lower levels of the organisation, and focuses on routine tasks such as delivery schedules and HR requirements (Campbell *et al.,* 2009:11).

4.3.2 Values

According to Sward (2006:48) an organisation's values are important and lasting beliefs or ideals shared by the members of the organisation or culture about what is good or bad and desirable or undesirable. Values have a major influence on a person's behaviour and attitudes, and serve as broad guidelines in all situations. A different definition is given by Sliger and Broderick (2008:40) who describe value as an informal term that includes all forms of parameters that determine the health and well-being of the organisation in the long run. These authors expand the concept of value in an organisation beyond economic value (also known as economic profit, economic value added, and shareholder value) to include other forms of value such as employee value, customer value, supplier value, channel partner value, alliance partner value, managerial value, and societal value. Many of these forms of value are not directly measured in monetary terms.

Sward (2006:48) maintains that it is most helpful to an organisation's employee body to clearly understand all its values. It is the manager who is usually charged with the task of communicating the values to all employees. Lally (2007:8) relates value to strategy, and suggests that managers are good at creating strategies based on market conditions, but neglect alignment it with values, staff, and so on. Sward (2006:48) concedes that managers should also work diplomatically with senior management in order to facilitate certain changes that require approval. Lally (2007:8) concludes that managers must facilitate changes in organisational structures, compensation, and values, so that they all line up with the strategy.

It appears that to achieve organisational strategic objectives, organisations must have a vision, mission, strategies and values to achieve its objectives. The vision provides a road map for employees. The strategy determines the establishment, survival, growth and prosperity of the organisation. Values render employee commitment to the job, which ultimately enhance strategy implementation. However, organisational resources and capabilities are required to enable the implementation of strategies. The next section outlines the resources and capabilities that are critical to strategy implementation in organisations.

4.4 RESOURCES AND CAPABILITIES

Ethiraj, Kale, Krishnan and Singh (2005:27) refer to resources as all assets, capabilities, organisational processes, organistional attributes, information, knowledge and organisational reputation. Capability refers to an institution's capacity to deploy the resources. Once a strategy has been chosen (in the strategic selection stage), management's attention turns to evaluating the resource implications of executing the strategy (Campbell & Goold, 2007:102). According to Harvey (2004:104), management must ensure that the strategy-executing levels have all the resources needed to implement the planned strategy. Many authors have identified four main types of resources needed by an organisation to implement planned strategies. Table 4.1 shows the resources and the many authors who have described each of the resources.

Table 4.1: Types of resources needed to implement planned strategies

Resources	Authors
Human	Adjibolosoo (2011:92); Akhtar, Ding & Ge (2008:20); Aswathappa (2010:7); Chen & Huang (2009:104); Chow & Liu (2007:51); Darrock (2005:102); David (2007:65); Kotter & Schlesinger (2009:108); Lopez-Cabrales, Pérez-Luňo & Cabrera (2009:488); Olson *et al.* (2006:1237); Rao (2010:2-3); Rapert, Lynch & Suter (2006:209); Rapert, Velliquette & Garretson (2004:221); Robinson & Ginder (2005:3); Wang & Shyu (2009:1792) ; Waseem (2010:3267)
Financial	Campbell *et al.* (2009:9); David (2007:65); Dollinger (2006:60); Geuna (2001:607); Geuna & Martin (2003:303); Harvey (2004:104); Jongbloed & Koelman (2003:109); Salmi & Hauptman (2006:221); Salmi & Hauptman (2006:301), Schaap (2006:54); Serpa (2005:430); Taylor & Taylor (2003:332) ; Thompson *et al* (2007:114)
Physical/ Infrastructure	Kaplan & Norton (2008:65); Campbell *et al.* (2009:10); David (2007:69); Dollinger (2006:58-59)
Intangible	Campbell *et al.* (2009:10); David (2007:71); Dollinger (2006:62); Geuna & Martin (2003:303); Robinson & Ginder (2005:3); Smeby & Svervetry (2005:597)

These four resources will be discussed in detail in the following sections.

4.4.1 Human resources

Akhtar *et al.* (2008:20) refer to HR as assets that are valuable, rare, difficult to imitate and supported by the organisation, which can provide a sustained competitive advantage. In the context of a transitional economy such as Kenya, these resources include experienced and talented managers, qualified technocrats and competent professionals who strive to implement the organisational strategy successfully. Organisations have been challenged to improve technical expertise and knowledge of high-end technology so as to find and use the opportunities in the competitive environment (Ehlers & Lazenby, 2004:63)

Aswathappa (2010:7) refers to Human Resource Management (HRM) as the application of management principles to the management of employees in an organisation. Rao (2010:2-3) concurs that HRM means employing and developing people and maintaining and compensating them for their services commensurate with the job and organisational requirements. People with the relevant knowledge, skills, abilities and creativity can be used by the organisation to correctly deal with specific challenges faced by organisations, thereby increasing chances of successfully implementing strategies.

HRM makes a difference in terms of productivity, profitability and turnover. The services that the HR will yield depend on the capacities of the people using them, but

the development of capacities of people is partly shaped by the resources that people deal with (Darrock, 2005:102). The proper management of HR requires questioning the skills-base of the organisation in terms of (David 2007:65):

- what skills the organisation already possesses;
- whether the skills-base is sufficient to meet the needs of the chosen strategy;
- whether the skills-base can be flexed or stretched to meet the new requirements.

Wang and Shyu (2009:1791) believe that highly trained, skilled and motivated employees are likely to impact positively on strategy implementation. For organisations to make the best use of the available HR it is necessary to have HR practices in place which are aimed at tapping into the human potential to enhance successful strategy implementation.

4.4.1.1 Human resource practices

Waseem (2010:3267) defines HR practices as the set of practices adopted by an organisation to use its human capital and social capital by developing their knowledge and skills, increasing their motivation and nurturing effective social interactions. According to Chow and Liu (2007:51), HR practices form a set of distinct but interrelated activities that are directed at attracting, developing and motivating an organisation's human assets and include staffing, training and development, performance appraisal, performance-based pay (reward), information sharing and participation. HR practices can influence employee behaviour in a desired direction towards innovation, an indicator of successful strategy implementation (Lopez-Cabrales *et al*., 2009:488) which can lead to a sustainable competitive advantage.

4.4.1.2 Employee involvement

Rapert *et al.* (2004:221) claim that involvement of all employees in decision-making in an organisation is an essential part of the strategic management process. Rapert *et al*. (2006:209) suggest that to ensure successful employee involvement, a systematic approach must be designed in which all steps are clearly defined and communicated to all parties. Robinson and Ginder (2005:3) add that total

involvement of an organisation's employees generates pride and job satisfaction as well as financial gains for the organisation. On the other hand, Olson *et al.* (2006:1237) disagree with this view of employee involvement and argue that involving employees in the strategic process does not mean that all decisions are made by individual workers or small groups of employees. Top management must play the key and leading role in the decision-making process. Kotter and Schlesinger (2009:108) in their turn assert that using the input from employees helps to ensure that the organisation is maximising the use of its HR. Johnson (2005:98) posits that many employees will think of a better way to do things, but will keep it to themselves if they think it is useless to bring up the idea. This includes how they manage financial resources.

4.4.2 Financial resources

According to Schaap (2006:54) financial resources are a matter of the way an organisation is financed, for instance by means of a bank loan, mortgage or overdraft amongst others. Financial resources determine the acquisition of other resources such as HR, machinery and equipment, materials, markets and information. (Dollinger, 2006:60). Financial resources are thus the funds available for the implementation of organisational strategies (Thompson *et al.*, 2007:114) and are indispensable to implement a complete strategic plan (Harvey, 2004:104).

It must be noted that there are great differences between funding systems for government and non-government institutions because the main funding source for government institutions is its annual budgets (Salmi & Hauptman, 2006:221). Furthermore, public funding can be either direct, or performance-based, for specific purposes such as projects and tax benefits, or from external institutions such as the World Bank and the International Monetary Fund. According to Geuna (2001:607), the availability of funding from the different sources has an overall effect on the success of a strategy being implemented.

Several authors (David, 2007:65; Harvey, 2004:104; Jongbloed & Koelman, 2003:109; Salmi & Hauptman, 2006:301) comment that different funding systems have diverging impacts, yet they seem to come in "packages" from which policy-makers are free to choose not only the funding policy but also the unintended

impacts. This has an overall effect on the success of the strategy being implemented. Jongbloed and Koelman (2003:119) posit that since financial resources play a key role in strategy implementation, there is a need for a proper audit to ensure that the management accounts for all funds allocated for a specific strategy. According to Geuna and Martin (2003:303) and Taylor and Taylor (2003:332), failure by an organisation or country to systematically control and audit the use of the financial resources can result in a poor strategy implementation performance, ineffective operation and overall inefficiency in the service delivery of the organisation.

It can therefore be seen that financial resources play a critical role in all aspects of an organisation, including strategy implementation, hence the need to properly manage this important resource. Apart from financial resources, organisations also require physical resources to enable them to achieve their intended objectives. Having financial resources makes it possible to obtain physical resources.

4.4.3 Physical or infrastructure resources

According to Kaplan and Norton (2008:65), physical resources include a wide range of operational resources concerned with the physical capability to deliver a strategy, the lack of which will result in no or ineffective strategy implementation. David (2007:69) classifies physical resources into various categories as shown in Table 4.2.

Table 4.2: Physical or infrastructure resources

Infrastructure	Issues to address
Production facilities	• Location of existing production facilities, capacity, investment, and maintenance requirements • Current production processes in terms of quality, method and organisation • Determination whether production requirements of the strategy can be delivered by existing facilities
Marketing facilities	• Marketing management process • Distribution channels
Information technology	• IT systems • Integration with customers and suppliers

Source: David (2007:69)

As can be seen in Table 4.2, the physical or infrastructures resources which include the production facilities, marketing facilities and information technology, must be managed optimally to guarantee effective strategy implementation. Kaplan and Norton (2008:66) observe that the physical or infrastructures resources should provide a supporting work environment such as neat and clean space, a pollution-free environment, safe working practices, proper lighting and temperature, and good working relationships for optimal functioning of the employees. All these measures will keep employees motivated to work and ensure their safety.

Apart from the physical resources mentioned, technical resources, intangible and legal entities are also needed by organisations in order to produce the required goods and services. In the next section, intangible resources will be discussed.

4.4.4 Intangible resources

According to Geuna and Martin (2003:303), intangible resources include goodwill, reputation, brands and intellectual property. Goodwill is the difference between the value of the tangible assets of an organisation and the actual value of the organisation (what someone would be prepared to pay for it) while reputation is a matter of whether an organisation has a track record of delivering on its strategic objectives. If goodwill is present, it could help gather the necessary support from employees and suppliers. Robinson and Ginder (2005:3) agree with this view and posit that goodwill and intellectual property are protected by patents and trademarks which are elements in the strategy execution.

Dollinger (2006:62) explains that technical resources comprise processes, systems or physical transformations. The processes, systems, and procedures will be discussed in a separate section in section 4.3.1. According to Campbell *et al.* (2009:10), technical resources, also referred to as intellectual resources, are inputs that cannot be seen or felt, but are essential for continuing organisational success, such as:

- know- how;
- legally defensible patents and licenses;
- relational capital, for example reputation, brands, customer and employee

loyalty;

- networks with the distribution channel;
- the ability of managers to work together, and
- relationships between customers and producers.

Resources such as these mentioned above can be viewed as “software” resources of the organisation. According to David (2007:71), it is easy to ignore the intangible resources of an organisation when assessing how to deliver a strategy, but they are crucial to effective strategy implementation.

The above discussion of resources has shown that it is not possible to implement a strategy which requires more resources than the organisation can make available. However, all the four types of resources, namely human, financial, physical and intangible, must be made available and managed optimally for strategy implementation to succeed. The various units of the organisation must have enough resources to carry out their part of the strategy plan. This includes having enough skilled employees and enough financial resources to implement strategies. Too few resources will tend to stifle the ability of the organisation to implement the strategy. Too much funding wastes the organisation’s resources and impairs financial performance. Resource allocations indicate whether the management is committed to strategy implementation. It should be possible to implement the chosen strategy with the resources available.

For organisations to be able to manage these resources, they must pay attention to strategic architecture. In the next section, strategic architecture, the second important issue in effectively implementing strategies, will be discussed.

4.5 STRATEGIC ARCHITECTURE

As was previously mentioned, effectively implementing strategies requires the alignment of leadership activities and strategic architecture (Louw & Venter, 2010:21). It was indicated that strategic architecture comprises systems, procedures, structures, and organisational culture in an organisation.

4.5.1 Systems and procedures

Mintzberg and Quinn (2007:155) define systems as all the procedures, formal and informal, needed for daily operation of an organisation, namely, capital budgeting systems, training systems, cost accounting procedures, and budgeting systems, amongst others. Koontz and Weihrich (2010:54) define procedures as plans that establish a required method of handling future activities of the organisation. Procedures are guides to actions, and detail the exact manner in which certain activities must be accomplished. According to Teece and Pisano (2006:15), in addition to the legislation and common law which governs the workplace, employers may also set in place policies and procedures to guide the behaviour of all the employees.

Carroll (2004:210) explains that a system consists of an integrated collection of personnel, knowledge, abilities, motivations, equipment, machinery, methods, measures, processes and task activities. Kanji (2005:717) adds that a direct linear relationship exists between these forces within the system but does not imply interdependencies or interactions. The systems theory focuses mainly on complexity and interdependence within a system (Schiefer, 2006:198).

Kanji's (2005:717) view does not capture the complexity of many organisational systems. However, a more comprehensive view is that of Schiefer (2006:198) who divides an organisation into subsystems such as strategic, technological, human cultural, structural and management systems that are in dynamic interaction with each other. Proper functioning of these subsystems is critical if a strategy's implementation process is to succeed. In support of this view, Aaltonen and Ikavalko (2005:417) assert that a careful follow-up of the working procedures and linking up of all the organisational systems is essential for the smooth flow in the process of strategy implementation.

According to Teece (2007:1341), a key strategic function of management is to find new value-enhancing systems inside the organisation which will enable valuable assets owned by the organisation, such as knowledge, to create value that cannot be replicated in the market, thereby positively impacting strategy implementation. Robbins and Coulter (2005:169) mention that the organisational culture in an

organisation determines to a large extent how the members act and interact with each other based on their shared meanings and beliefs.

4.5.2 Organisational culture

Pearce and Robinson (2008:149) view organisational culture as a set of important assumptions (often unstated) that members of an organisation have in common. According to Geuna and Martin (2003:304) and Jongbloed and Vossensteyn (2004:211) organisational culture affects not only the way managers behave within the organisation but also the decisions they make about the organisation's relationships with its environment and its strategy. These authors further propose that it is the strategy implementer's task to bring the chosen strategy into alignment with the corporate culture of the organisation. In support of this opinion, Wheelen and Hunger (2004:321) advise that it is important that the culture of an organisation be compatible with the strategy being implemented because where there is incompatibility between strategy and culture, it can lead to severe organisational resistance to change, as well as de-motivation, which can frustrate the strategy implementation efforts. However, when culture influences the actions of the employees to support current strategy, implementation is strengthened.

In support of the role played by organisational culture in an organisation, Armstrong (2005:321) points out that an organisational culture:

- provides the social context in which an organisation performs its work;
- guides the organisation's members in decision-making;
- determines how time and energy are invested;
- helps in deciding which options are looked on favourably from the start, and
- determines which types of people are selected to work for the organisation. .

Serpa (2005:425) considers organisational culture to be "social glue" that binds the organisation to its values and beliefs, and to the ways in which it establishes organisational strategies and practices. Management is key to determining the organisational culture and ethical climate in which an organisation operates, since they set standards by both word and deed.

McDemott and O'Dell (2009:65) conducted a study in five American companies to establish the impact of culture on organisational planning, implementation and knowledge-sharing. The results showed that that culture plays an important role in the success of planning and implementation efforts. The study suggested that the approach, as well as the tools and structures to support strategic implementation decisions and knowledge-sharing should match the adopted management style.

Lasher and Sullivan (2004:60) argue that organisational culture can be either strength or a weakness. In the next sections the role of organisational culture in creating employee commitment and consensus is discussed.

4.5.2.1 Consensus and commitment

Rapert *et al.* (2006:74) treat consensus and commitment as two key strategic outcomes related to organisational culture. Strategic consensus, as an outcome, refers to the degree to which the members in a functional area agree that a chosen strategy is the most appropriate goal for their organisation. While strategic commitment reflects the functional areas' identification with, involvement in, and dedication to, strategic decisions, strategic consensus reflects the belief that the strategy is the appropriate one to pursue (Rapert *et al*., 2006:87).

a) Commitment

Shared understanding without commitment may result in a "counter effort" and negatively affect performance (Rapert *et al*., 2006:88). Guth and MacMillan (2006:66) and McDermott and O'Dell (2009:81) regard shared understanding of middle management and those at the operational level of the top management team's strategic goals as of critical importance to effective implementation (Rapert *et al*., 2004:321). Alexander (2005:54) posits that obtaining employee commitment and involvement can promote successful strategy implementation (on the basis of telephone interviews with CEOs). If middle and lower-level managers and key subordinates are permitted to be involved with the detailed implementation planning, their commitment will be likely to increase. Middle managers with low or negative commitment to the strategies formulated by senior management can create significant obstacles to effective implementation. Table 4.3 depicts three central commitment factors which directly influence strategic outcomes.

Table 4.3: Commitment factors directly influencing strategic outcomes

Commitment type	Description
Organisational	Extent to which a person identifies with and works towards organisation-related goals and values
Strategy	Extent to which a manager comprehends and supports the goals and objectives of a strategy
Role	Extent to which a manager is determined to perform his/her individual implementation responsibilities well, regardless of beliefs about overall strategy

Adapted from: Alexander (2005:54); Heracleous (2004:76); Noble & Mokwa (2009:66)

These three dimensions of commitment shown in Table 4.3 must be carefully considered to ensure strategy implementation success (Noble & Mokwa, 2009:66). Both strategy commitment and role commitment influence role performance. However, a study by Lasfer (2005:87) has shown no relationship between organisational commitment and role performance in organisations. These results highlight the complexity of commitment, and show that the study of commitment to an organisation alone does not fully explain this complicated variable.

b) Consensus

Dess and Priem (2005:365) define consensus as the level of agreement among the dominant coalition on factors such as goals, competitive methods, and perceptions of the environment. Many authors (Dess & Priem, 2005:332; Dooley, Fryxell & Judge, 2007:107; Noble, 2009:91; Rapert *et al*., 2006:69; Floyd & Wooldridge, 2007:521) have focused on the role of consensus in strategy implementation. These authors contend that organisations must achieve consensus both within and outside their organisation in order to successfully implement business strategies. According to Noble (2009:91), the consensus about an organisation's strategy may differ across levels. Floyd and Wooldridge (2007:522) agree about the existence of an "implementation gap", in which strategies are conceived by top management and there is little awareness of it at lower levels. According to Floyd and Wooldridge (2007:522), consensus has four levels, as depicted in Table 4.4.

Table 4.4: Levels of consensus in organisations

Levels of consensus	Description
Strong consensus	Managers have both, a common understanding of, and a common commitment to, the strategy
Blind devotion	Managers are committed to something, but do not share an understanding what that "something" is
Informed skepticism	Managers share an understanding of the strategy, but are not really committed to it, in others words they are well informed but unwilling to act
Weak consensus	There is neither shared understanding nor commitment, but improving understanding and commitment can close this dangerous "implementation gap''

Adapted from: Floyd & Wooldridge (2007:122)

Dooley *et al*.'s (2007:108) findings show that decision consensus appears to result in subsequently higher levels of commitment to strategic decisions among the members of the decision-making team. Bukusi (2006:211) considers that the structure of an organisation helps employees to become more committed and able to reach consensus in pulling together their activities. To obtain commitment and consensus require effective communication. In the next section the importance of communication in strategy implementation is discussed.

4.5.3 Communication

Communication is one of the most important components of the strategy implementation process. According to Cole (2003:61), communication involves understanding of people, listening, explaining, getting others to talk, being tactful and tolerant of others' mistakes, giving honest praise and honest criticism, and keeping everyone informed. Sababu (2005:98) reiterates that the success of strategy implementation is enhanced by incorporating continuing and open communication among employees involved in the strategic implementation process. Ram and Charan (2009:49) agree with Sababu (2005:98) but suggest that the most effective method of communication during strategy implementation involves slogans, posters, events, memos, videos and websites amongst others.

Johnson (2008:22) agrees with this approach, and adds that the communication mode used to pass information to others plays an important role in adaptability. It determines whether the entire implementing team "buys into" the strategy itself and

the implementation models adopted. In support of this view, Thompson *et al.* (2007:115) emphasise that communicating the progress of strategies is crucial for the participants to be fully involved. Where the participants excel, they should be congratulated, and where weakness is evident, the strategic managers should offer the necessary remedial assistance.

Communication is intended to keep the employees informed of the organisation's news. Barret (2007:2) reiterates that meaningful communication is one of the characteristics of successful strategy implementation. Forman and Argenti (2005:258) introduce the issue of corporate communication within a department or unit which serves as the "antenna" of an organisation, receiving reactions from key specific action teams/areas regarding strategy implementation and passing them to other departments in the organisation. Peng and Litteljohn (2005:545) indicate that IT is central to the success of strategy implementation and building a corporate reputation.

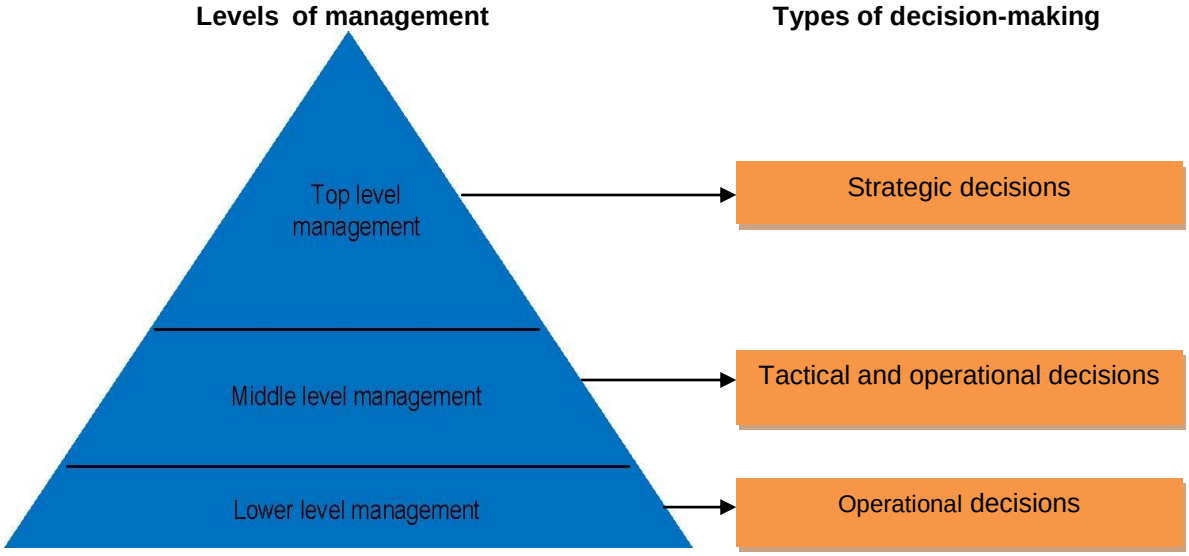
A study by Schaap (2006:14) reinforced findings that frequent communication up and down in an organisation enhances strategic consensus by fostering shared attitudes and values. In particular, Rapert *et al.* (2004:305) concur that when vertical communication is frequent, strategic consensus (shared understanding about strategic priorities) is enhanced, and strategy implementation performance improves.

4.5.4 Structure

Kinsey (2005:190) defines an organisational structure as the established pattern of relationships between the component parts of an organisation, outlining communication, control and authority patterns. According to Robbins (2003:76), a structure defines how tasks are formally divided, grouped, and coordinated. An organisational structure allocates special value-developing tasks and roles to employees, and states how these tasks and roles can be correlated so as to maximise efficiency, quality, and customer satisfaction – the pillars of competitive advantage. Mintzberg and Quinn (2007:155) stress that since organisational structures specify the allocation of responsibilities for specific tasks, these tasks should be organised in a systematic manner so that they can be carried out efficiently. An organisational structure clearly shows some tangible evidence of who

reports to whom, and ultimately leads to the formation of different levels of management in the organisation, as shown in Figure 4.2.

Figure 4.2: Levels of management



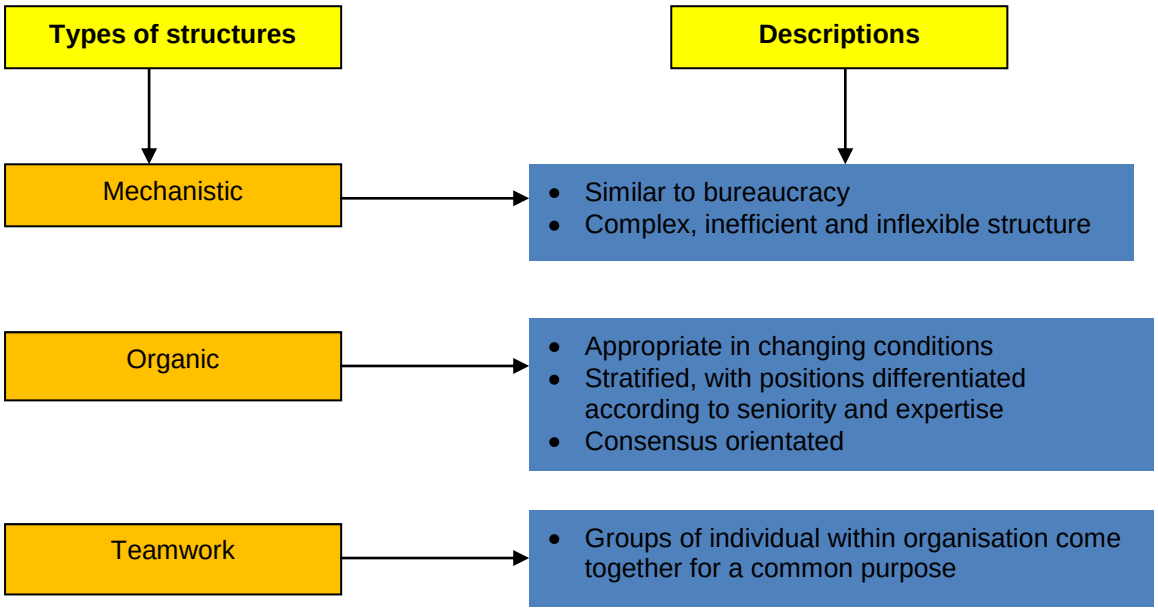
Adapted from: Koontz & Weihrich (2010:15)

Figure 4.2 shows that an ideal organisational structure has three levels of management. As can be seen in Figure 4.3, top-level management makes strategic decisions in the organisation; middle-level management makes operational decisions, and lower-level management is involved in the implementation of the decisions made at higher levels. This ultimately defines the structure of the organisation. The structure of the organisation should therefore be compatible with the chosen strategy, and if there is incongruence, adjustments should be made either for the structure or the strategy itself. Authors such as Kennedy (2005:10), Rich (2004:203) and Robbins (2003:77) have described different types of structures in organisations.

4.5.4.1 Types of structures in organisations

Several authors (Bukusi, 2006:211; Kennedy, 2005:10; Rich, 2004:205; Robbins, 2003:77; Robbins & Coulter, 2005:332) have identified three main types of organisational structures, as depicted in Figure 4.3.

Figure 4.3: Descriptions of the types of structures



Adapted from: Bukusi (2006:211); Kennedy (2005:10); Rich (2004:205); Robbins (2006:77); Robbins & Coulter (2005:332)

The three types of structures, namely, mechanistic, organic and teamwork structures, are discussed next in greater detail.

a) Mechanistic structures

The characteristics of a mechanistic structure are similar to those of a bureaucracy in their complexity, inefficiency and inflexibility (Greenberg & Baron, 2003:565). According to Rich (2004:203), mechanistic structures are appropriate in relatively less flexible and stable conditions. Bukusi (2006:211) supports this view and argues that a mechanistic organisation is unable to deal adequately with rapid change; it is therefore more appropriate for stable environmental conditions. An example may be a traditional high-class hotel with an established reputation and a specific type of customer. This structure is not sustainable in the long run, because the business

environment is dynamic and keeps on changing. However, an organisation with unpredictable demands made on it, offering a range of different services and with many different types of customers, requires the flexibility of an organic structure. Robbins and Coulter (2005:332) add that as technology becomes less stable and more dynamic, organisational structures are evolving from mechanistic to organic.

b) Organic structures

Rich (2004:203) describes organic structures as fairly fluid structures appropriate to changing conditions which may be required when new problems and unforeseen circumstances arise. Although the organic structure is not hierarchical in the same sense as the mechanistic structure, Kennedy (2005:10) emphasises that it is still stratified, with positions differentiated according to seniority and greater expertise. In support of this view, Robbins and Coulter (2005:332) consider that the development of shared beliefs in value and goals of the organisation in an organic structure runs counter to the cooperation and monitoring of performance achieved through the chain of hierarchical command in mechanistic structures.

c) Team-work structures

Rich (2004:205) advocates a team-work structure, and maintains that the development of team structures within an organisation represents the most visible element of the empowerment approach. All employees must be supported by their managers. Kennedy (2005:11) defines a team as a group of individuals in an organisation who come together for a common purpose. Rich (2004:206) adds that the teamwork approach requires managers to address various aspects such as the purpose of the team, motivation of team members, life cycle of the team, barriers to teamwork, and empowerment.

Kennedy (2005:11) considers that a team produces not only performance improvement for an organisation, but also restoration, management, reporting, and a host of other routines that are undertaken by the team members concerned. The definition does not limit the team to conducting maintenance activities but can also include wider efforts such as quality assurance, personnel matters, team briefings regarding an organisation performance, and many other routines. On their part,

Mintzberg and Quinn (2007:165) consider cross-functional teams, seeing their role to be the most effective medium to implement key strategies in the workplace.

According to Krajewski and Ritzsman (2006:143), a cross-functional team is a group of people with different functional expertise on any level within the organisation working towards a common goal and may include people from finance, marketing, operations, and HR departments. Members may also come from outside an organisation (in particular, from suppliers, key customers, or consultants). In addition, Mintzsberg and Quinn (2007:165) indicate that cross-functional teams often function as self-directed teams and decision-making may depend on consensus, but often is led by a manager/coach/team leader. According to Parcon (2006:43), the impact of engaging and empowering all employees in a team positively changes the culture of a workplace, and this helps in implementation of strategies in organisations.

Therefore, the fundamental challenge for managers is to select and adopt an organisational structure that suits the functions and the core objectives of the organisation. There is also a need to put controls in place that will guarantee effective implementation of the chosen strategies in the organisation. The above discussion shows that all the tasks and responsibilities for specific tasks in the implementation of a strategy need to be organised in a systematic manner, so that they can be carried out efficiently. Carefully following the working procedures and proper coordination of all the subsystems in the organisation is crucial, since inefficiencies in one subsystem may spill over to other subsystems and inhibit strategy execution efforts.

Another issue that has been linked to effective strategy implementation is corporate governance.

4.5.5 Corporate governance

Corporate governance is the structure and process used to direct and manage the business affairs of an organisation in order to enhance organisational prosperity and corporate accountability, with the ultimate aim of realising long-term shareholder value, whilst taking into account the interests of other stakeholders (Pearce &

Robinson, 2008:231). Keasey, Thompson and Wright (2007:90) state that corporate governance includes the structures, processes, cultures and systems that engender the successful operation of organisations. Maati (2009:45) views corporate governance as the whole set of measures taken within the social entity of an enterprise, to favour economic agents to take part in the productive process, in order to generate organisational surplus, and to set up a fair distribution between the partners, taking into consideration what they have brought to the organisation.

According to Berglof and von Thadden (2006:345), corporate governance has dominated policy agendas in developed market economies for more than a decade, and it is gradually becoming the top policy agenda on the African continent. Developing countries, to which Kenya is no exception, are now increasingly embracing the concept of good corporate governance, because of its ability to impact positively on strategic management processes and overall sustainable growth of organisations.

Parkinson (2003:159) emphasises that good governance generates investor goodwill and confidence. Claessens, Djankor, Fan and Lang (2002:77) maintain that better corporate frameworks benefit organisations by means of greater access to financing, lower cost of capital, better performance, and more favourable treatment of all stakeholders. Other researchers (Byrd & Hickman, 2006:55; Ezzamel & Watson, 2007:76; Ferris, Jagannathan & Pritchard, 2007:23; Hermalin & Weisbach, 2006:87; Kaplan & Norton, 2008:65; Kirkbride & Letza, 2005:90; Lasfer, 2005:87) find a positive relationship between the number of non-executive directors and corporate financial performance.

Systems, processes and procedures provide an orderly way of implementing organisational strategies. However, the culture of the organisation needs to be compatible with the strategy being implemented. When culture influences the actions of employees to support current strategy, implementation is strengthened. The structure of an organisation should be consistent with the strategy being implemented. Changes in an organisation's strategy bring about internal problems which require a new structure if the strategy is to be successfully implemented. Not all types of organisational structure are equally effective in implementing strategies.

The structural design of an organisation assists employees in coordinating activities that promote effective strategy implementation.

For organisations to be able to manage these resources and capabilities and impact positively on strategy implementation, there must be leadership to provide direction. In the next section, organisational leadership is discussed.

4.6 LEADERSHIP

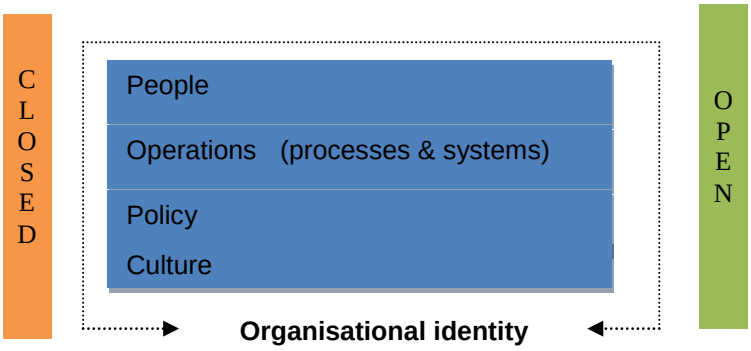
According to Bennis and Nanus (2003:77), leaders articulate and define what has previously remained implicit or unsaid; they invent images, metaphors and models that provide a focus for new attention. Handy (2004:68) explains that a leader shapes and shares a vision which gives point to the work of others. Pearce and Robinson (2008:201) add that leadership is needed for effective implementation of a strategy, as this ensures that the organisational effort is united and directed towards achievement of its goals.

Bukusi (2006:66) reiterates that leadership is considered one of the most important elements in affecting organisational performance. Management should cultivate team spirit and act as a catalyst in the whole strategy implementation process (Mintzberg & Quinn 2007:188). As much as possible, the leadership of an organisation should fill relevant positions with qualified people committed to the strategic change efforts. Furthermore, leadership should be at the forefront in providing vision, initiative, motivation and inspiration in the organisation. Albert and Whetten (2010:76) argue that to maintain common goals during a strategy implementation process, a clear vision from a strong leader becomes pivotal, which requires leaders to be open-minded.

4.6.1 Open innovation leadership paradigm

An open innovation leadership paradigm is illustrated in Figure 4.4.

Figure 4.4: Open innovation leadership paradigm



Source: Albert & Whetten (2010:76)

An open innovation leadership paradigm is a new organisational identity that keeps all activities focused on one common end point during the complex implementation process (Albert & Whetten, 2010:76). As can be seen in Figure 4.5, the open Innovation leadership paradigm contains all important elements of the implementation process, namely people, operations, policy and culture. Figure 4.4 also shows that effective strategy implementation may require a complex process of organisational change, from a relatively closed status to a predefined state of openness in terms of the four identified elements.

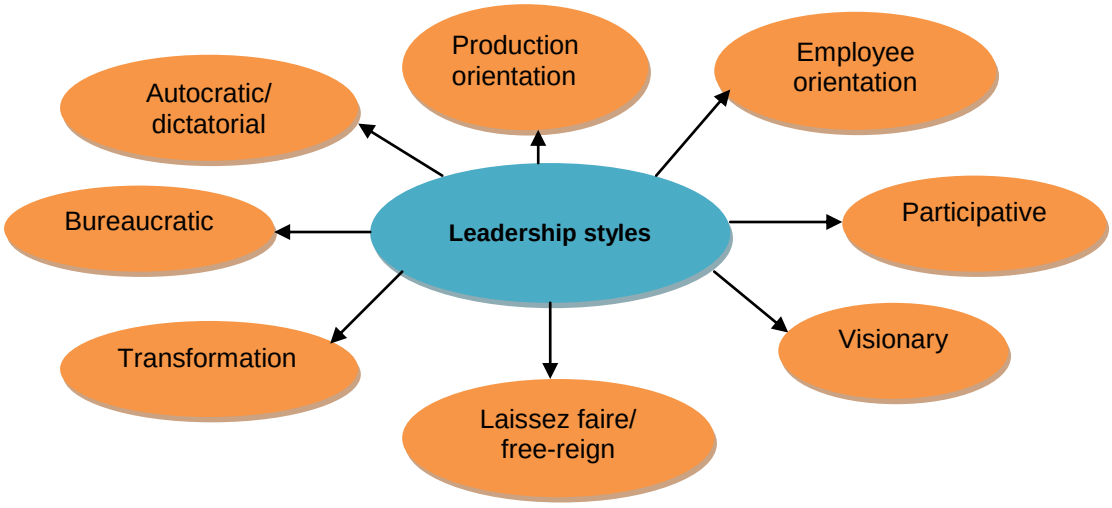
According to Albert and Whetten (2010:78), managing input in an open innovation paradigm is an important aspect of leadership in strategy implementation. Dutton and Dukerich (2010:56) support this view and add that a systematic approach is instrumental in the management of the implementation process of open innovation strategy. There must be concrete plans of action on the different levels of the (internal) organisation in order to create the right circumstances, as well as commitment to implementing strategies in a transparent and predictable way.

Taylor, Machado and Peterson (2008:373) further point out that leadership sets values and direction, and positions the organisation strategically. Good leadership provides organisations with a clear focus and a well-defined goal, and is linked to characteristics such as credibility and being a visionary (Andrews & Boyne, 2010:444). However, different leaders display different leadership styles, as indicated in the following sections.

4.6.2 Leadership styles

The various leadership styles used by organisations in the implementation of strategic decisions are depicted in Figure 4.5.

Figure 4.5: Leadership styles



Adapted from: Drazin & Howard (2004:32); Handy (2004:76); Pearce & Robinson (2008:169)

The various styles of leadership indicated in Figure 4.5 will be discussed in the following sections.

4.6.2.1 Employee-orientation style

According to Kouzes and Posner (2005:333), in employee orientation style, the leader emphasises the relationship aspect of the jobs to the individual. Drazin and Howard (2004:32) contend that effective managers are considerate, helpful and supportive of subordinates, including helping them with their career and personal problems. Schaap (2006:21) adds that an employee-orientated leader has complete confidence and trust in all matters regarding his subordinates. Govindarajan (2008:111) proposes that effective managers set goals and provide guidelines, but then give their subordinates plenty of leeway as to how the goals will be achieved.

4.6.2.2 Production-orientated style

Handy (2004:76) states that the production-orientated leader emphasises production and technical aspects of the job. This leader looks on employees as tools to accomplish the goals of the organisation. Kouzes and Posner (2005:335) agree with Handy (2004:76) and add that a production-orientated leader ties together work, working conditions and work methods to produce better and higher-production performance than in an employee-orientated style. According to Kouzes and Posner (2005:221), task-orientated leaders spend time guiding subordinates in setting task goals that are challenging but achievable.

4.6.2.3 Autocratic/dictatorial style

According to Pearce and Robinson (2008:169), an autocratic style, also called a dictatorial style, is one in which the leader takes all the decisions himself without consulting his subordinates. The leader demands complete loyalty and unquestioning obedience from his followers. Kouzes and Posner (2005:343) agree with Pearce and Robinson's (2008:169) description and clarify that autocratic leadership is characterised by maximum possible centralisation of authority, close supervision, unilateral decision-making and one-way communication. It is boss-centred leadership.

Handy (2004:76) concludes that an autocratic leader is generally disliked because there is no scope for initiative and self development, subordinates often become hostile, and attention is focused only upon pleasing the leader. The subordinates remain uninformed, insecure and afraid of the leader's authority. Rich (2004:229) disagrees with this view, and argues that an autocratic leader is successful especially in an emergency or dealing with undisciplined, illiterate and unorganised people who want to depend completely on their leader. Supporting Rich's view, Kaplan and Norton (2008:124) classify autocratic leaders into two main types, namely strict autocrat and benevolent autocrat. Strict autocrats use negative sanctions and expect unquestioned obedience from the subordinates, while benevolent autocrats use their power and positive rewards to influence the group members. In many situations, a benevolent autocrat is successful in developing sound human relations and getting higher productivity.

However, Olson *et al.* (2006:1243) insist that dictatorial “boss-worker” managers of the past must give way to employee empowerment and involvement. This employee involvement and empowerment step requires some traditional barriers to be broken down. When an organisation does not empower their employees, they provide their competitors with a big advantage in cost, quality and timely delivery. It is therefore clear that leadership styles should correlate with the people-task division, which has a direct relationship with strategy implementation and overall organisation performance.

4.6.2.4 Laissez faire/free-reign leadership

According to Handy (2004:76), in laissez faire or free-reign leadership, the leader leaves it to the subordinates to decide and control themselves, believing that they are competent and motivated. The leader does not use his power, leaves the group entirely to itself, acts merely as an umpire or consultant to the group, and abdicates his authority. In support of this role, Kouzes and Posner (2005:343) explain that the leader does not interfere in the activities of his subordinates but believes that people will perform better if they are left free to make and enforce their own decisions. Schaap (2006:29) agrees with these ideas, and remarks that free-reign leadership ignores the manager's contribution just as autocratic leadership ignores the contribution of the group. This discussion shows that free-reign leadership is a subordinate-centred leadership. Such a permissive style of leadership can be successful where the subordinates are highly competent and fully dedicated to the organisation.

4.6.2.5 Bureaucratic leadership

According to Sayles (2003:109) a bureaucratic leader depends upon rules and regulations developed by himself. The rules specify the functions and duties of every member of the organisation. The leadership is therefore a routine job. Johnson and Scholes (2006:221) comment that in bureaucratic leadership, there is little scope for initiative, and subordinates like to play it safe. Such a rule-centred leadership often results in red tape and inefficiency. It can therefore be seen that a bureaucratic leader is a creature of the system, existing only to serve it.

4.6.2.6 Participative/democratic leadership

According to Pearce and Robinson (2008:154), decentralisation of authority, participative planning, and two-way communication, amongst others, are the main features of democratic leadership. Drazin and Howard (2004:21) add that a democratic leader permits his subordinates to participate in the process of decision-making. The leader leads by the consent of the group rather than by use of authority. Rich (2004:236) views a democratic leader as a manager who operates according to majority opinion. This leader is prepared to listen to and carry out suggestions of subordinates. Drazin and Howard (2004:21) believe that the role of participative managers is more facilitative than directive, guiding the conversation and helping to resolve differences. Chaffee (2005:32) disagrees with this view and argues that managers are responsible for results and should be accountable. As such, they may make final decisions but take recommendations from the team into account.

4.6.2.7 Visionary leadership

Dutton and Dukerich (2010:61) are of the opinion that effective implementation requires a visionary leader who empowers the organisational members to work fully committed to one common goal. Northouse (2007:104) adds that a visionary leader enhances the motivation, morale and performance of followers by connecting the followers' sense of identity and self to the mission, being a role model who inspires and challenging followers to take greater ownership of their work. In agreeing with this view, Bass (2005:182) states that in understanding the strengths and weaknesses of the followers, a leader is able to align them with tasks that optimise their performance.

4.6.2.8 Transformational leadership

According to Northouse (2007:104), transformational leadership creates new things by changing and transforming individuals' emotions, values, ethics, standards, and long-term goals through the process of charismatic leadership. In addition, Bass and Aviolo (2010:32) observe that transformational leadership is a precondition while managing strategy implementation changes. According to Bass (2005:166), transformational leadership inspires followers to rise above their own self-interest for the sake of the organisation. While charisma of the leader is necessary for the followers to achieve these needs, Northouse (2007:175) argues that other conditions

are also necessary, such as other motivational forces, intellectual stimulation, and individualised consideration.

To summarise, it is important that an organisation's energies and efforts flow in the direction of strategy implementation. The more this is the case, the more the strategy implementation stays on track; this can be influenced by good leadership. Employees can be influenced through different styles, as discussed in 4.6.2. Leadership is thus a process of influencing and motivating employees to act in a particular manner, cultivate a team spirit, and act as a catalyst in the strategy implementation process. Good leadership is therefore essential in ensuring effective implementation of strategies and overall management of an organisation. Most failures of organisational strategies are attributed to poor leadership, as this can harm any organisation. It is the quality of leadership that usually determines the outcome of successful strategy implementation. There is no substitute for effective leadership. However, the employees of the organisation need to align themselves with the leadership and coordinate their activities with those of the entire organisation. Such unity of direction is critical for successful strategy implementation. However, leaders are the driving force behind strategy implementation.

4.7 SUMMARY

In this chapter, internal factors that influence strategy implementation have been discussed. The internal factors have been described as encompassing all the interacting variables in the micro business environment that have positive or negative effects on the establishment, survival, growth and goal achievement of an organisation. The variables in the micro business environment were classified into three main categories, namely, resources and capabilities; strategic architecture (structures, systems and processes); and goals and values. The organisations' management can directly or indirectly influence this environment. In addition, the chapter has shown that the survival, growth and goal achievement of any organisation is dependent on how well strategies are implemented and how best an organisation deals with its environment.

In addition, the chapter has shown that involvement of all human resources in decision-making in an organisation is a critical part of the strategic management

process in order to tap into the expertise and creative capabilities of the entire organisation. This generates pride and job satisfaction for employees in the organisation. In addition, proper communication plays an important role in ensuring strategy adaptability. All in all, good leadership is vital for effective implementation of strategy, as this ensures that the organisation's efforts are united and directed towards achievement of its goals. The leadership should be at the forefront in providing vision, initiative, motivation and inspiration. In addition, it should cultivate team spirit and act as a catalyst in the whole strategy implementation process.

The internal factors influencing strategy implementation having been discussed, the next chapter will discuss the external or extrinsic factors influencing strategy implementation in organisations.

CHAPTER FIVE
EXTERNAL FACTORS INFLUENCING STRATEGY IMPLEMENTATION

5.1 INTRODUCTION

In Chapter four, internal factors influencing strategy implementation were presented and discussed. The chapter reviewed the variables in the internal environment that influence strategy implementation. The aim of the chapter was to find a coherent set of internal variables which may influence strategy implementation in organisations. These variables were classified into three sets, namely, resources, strategic architecture, and goals and values. It has been shown that for organisations to survive and remain competitive, the management needs to be aware of the internal variables because they have a greater control over them. In addition, the discussion on the internal factors has clearly shown that not many organisations that formulate good strategies implement them successfully. Implemented strategies are met with challenges which are eitherresource-based, managerial, or operations-based. These challenges result in failed strategies which deprive the organisation of strategic outcomes and benefits.

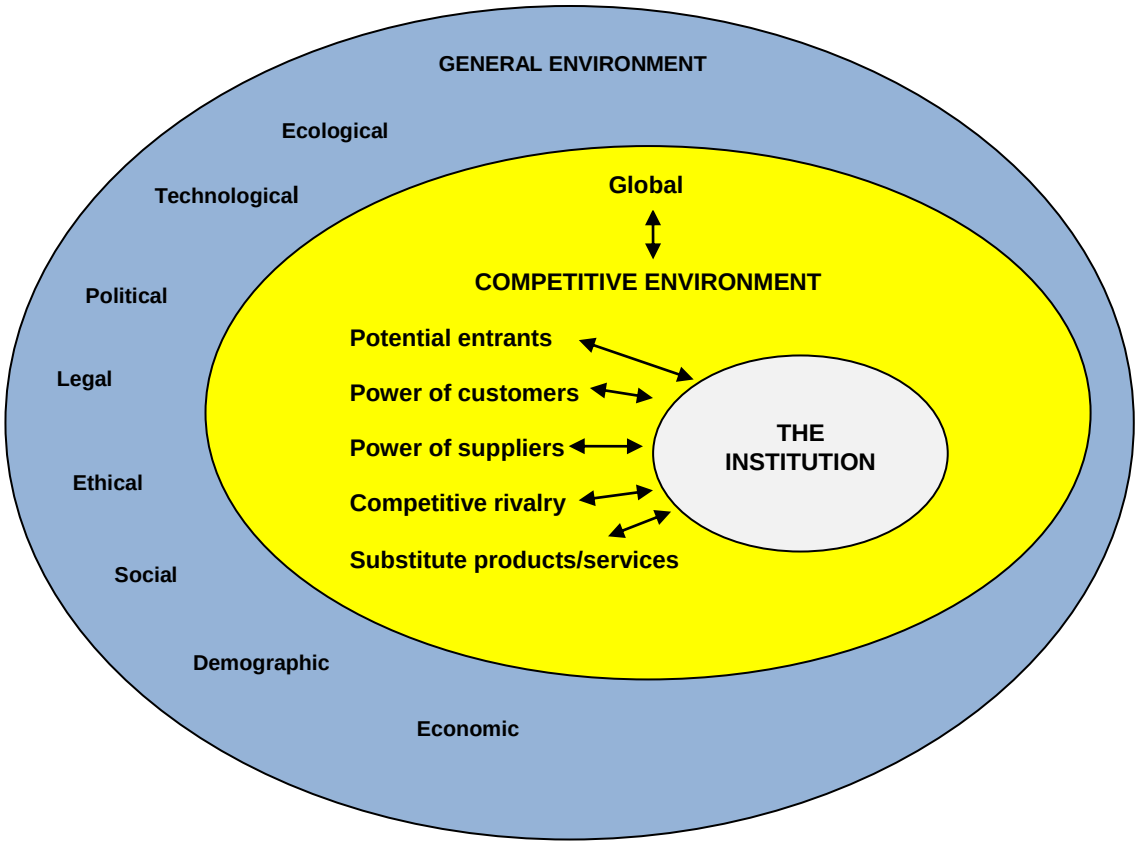
Hansen (2004:2), Kelly (2009:33) and Schoemaker (1995:38) concur that the organisation's external environment consists of both the general environment and the competitive environment. The competitive environment consists of the industry and the markets in which an organisation competes. Schoemaker (1995:37) notes that changes taking place in the general environment affect an organisation's competitive environment.

This chapter broadly captures generic literature from business environments because state corporations, like other organisations, do not operate in an isolated manner. They are inextricably linked to the surrounding environments (also known as the external environment) within which they operate. This chapter addresses the first secondary research objective of this study, which is to carry out an in-depth literature review of secondary sources dealing with the external factors that can affect the successful strategy implementation of state corporations.

5.2 THE EXTERNAL ENVIRONMENT IN CONTEXT

Figure 5.1 illustrates the relationship between the organisation and its external business environment comprising the *market* and *general* environments.

Figure 5.1: The organisation and its external environment



Adapted from: Daft (2010:69); Hansen (2004:2); Kelly (2009:33); Schoemaker (1995:38)

As can be seen in Figure 5.1, mutual relationships exist between these environments. Organisations have little or no control over these environments, but need to constantly monitor and adapt to changes in them. The general business environment comprises all the interacting variables external to businesses, and the markets which have a positive or negative effect on their establishment, survival, growth and goal achievement (Thomson *et al.,* 2007:234). According to Bosch *et al*. (2006:44) and Thomson *et al.* (2007:353), the general environmental variables can pose opportunities or threats, which are outside the organisation and are not typically

within the short-term control of the organisation's management. They form the context within which the organisation exists.

Sababu (2005:66) compares the general business environment with the external surroundings of the human body. Once such variables change, they affect the organisation just as weather changes will result in some people experiencing colds whereas in normal weather conditions they would only adjust between the day and the night changes. Since the days and nights bring routine and obvious changes, the body is normally well balanced to deal with such routine adjustments, just as an organisation will do. Izquierdo, Romero and Talvi (2008:7) find that external factors play a key role in explaining business fluctuations, as changes in the external environment can affect successful strategy implementation.

The market variables depicted in Figure 5.1 will be discussed in detail in the following sections.

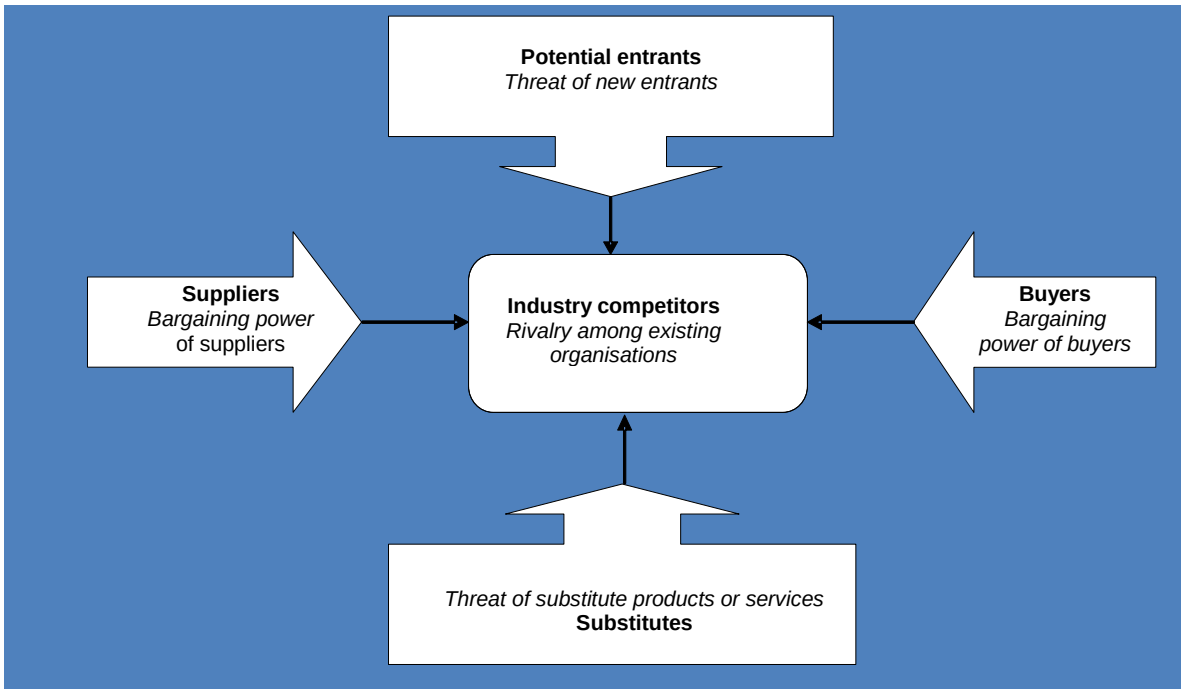
5.3 THE MARKET ENVIRONMENT

The market (task) environment comprises all those interacting variables in the market that have a positive or negative effect on the establishment, survival, growth and goal achievement of business enterprises (Bosch *et al.,* 2006:43). Kotler, Armstrong and Cunningham (2002:87) stress the importance of analysing the competitive forces in developing strategies for competitive advantage as it (Porter, 2004:55):

- illuminates an industry's fundamental attractiveness;
- exposes the underlying drivers of average industry profitability, and
- provides insight into how profitability will evolve in the future

Porter in 1980 identified five forces an organisation should consider when developing its business strategies in order to obtain competitive advantage (Porter, 1980:4). The management of the organisation needs to be well informed about these forces during strategy implementation, since they affect the success of the strategy being implemented. As can be seen in Figure 5.2 to follow, Porter has identified five forces that affect strategy development and consequently strategy implementation.

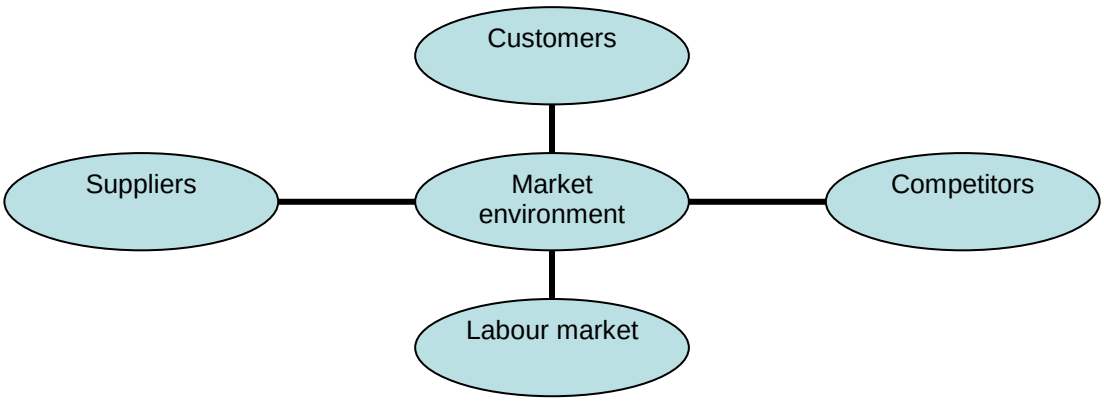
Figure 5.2: Porter's five forces model



Source: Porter (1980:4)

However, Daft (2010:69) identifies four forces as depicted in Figure 5.3. As can be seen in Figures 5.2 and 5.3, Daft (2010:69) and Porter (1980:4) agree on three competitive forces affecting the market environment, namely, customers, suppliers and competitors. Porter (1980:4) adds the threat of new entrants and the threat of substitute products and services as additional forces. Daft (2010:69) adds the labour market as a force that affects the market environment.

Figure 5.3: Components of the market environment



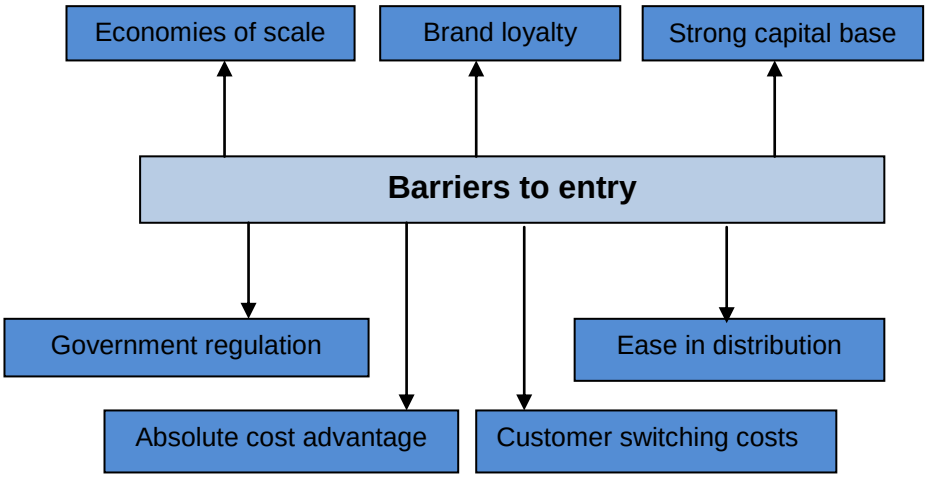
Adapted from: Daft (2010:69)

It must be noted that the potential of these forces differs from industry to industry (Porter, 2004:86). In the following sections these six forces will be elaborated on.

5.3.1 Risk or threat of new entrants

According to Porter (2004:76), entry of new players increases the industry's capacity, brings competition for market share, and lowers the current costs. In a liberalised economy, free entry and exit in any industry ensure improved quality and a constant flow of goods and services on offer (Daft, 2010:69). Porter (2008:79) maintains that in an industry dominated by competition, the higher the competition, the easier it is for other organisations to enter the industry. The various barriers to entry are depicted in Figure 5.4.

Figure 5.4: Barriers to entry



Adapted from: Porter (2008:79)

As can be seen in Figure 5.4, seven barriers to entry were identified by Porter (2008:79). According to Hellriegel *et al.* (2012:200), a decrease in unit costs as volumne of goods produced increased indicates *economies of scale*. These authors indicate that a potential entrant must assess whether the market share earned will give sufficient output volumne to justify the output cost per unit. High *brand loyalty* means that a potential entrant must commit to building a network of distributors and dealers, and spend enough money on advertising and sales promotion to build its own clientele. (Thomson *et al.,* 2007:85).

There is a large amount of *capital equirements* needed to purchase inventory, supplies, advertising and so on which may be an effective barrier to entry ry, a potential new entrant may not have sufficient capital to enter the industry (Hellriegel *et al.,* 2012:200). *Government regulations* are able to control entry into an industry through licensing and permit requirements (Jongbloed, Enders & Salerno, 2008:305). *Switching costs* are the one-time costs that customers will incur when buying from a different supplier (Porter, 2008:86) and when high can deter new entrants. The same *distribution* channels may also not be available to new organisations entering an industry (Thomson *et al.,* 2007:85). Existing organisations in an industry are often able to achieve *cost advantages* that cannot be costlessly duplicated by new entrants, such as those related to economies of scale and access to distribution channels (Thomson *et al.,* 2007:85).

According to Porter (2008:67), the threat of new entrants results in increased competition for existing organisations. Combe (2006:229) asserts that organisations can create a barrier to new competition through economies of scale. Hellriegel *et al.* (2012:201) indicate that established organizations can earn an acceptable market share by differentiating their products, build customer loyalty and so obtain a competitive edge.

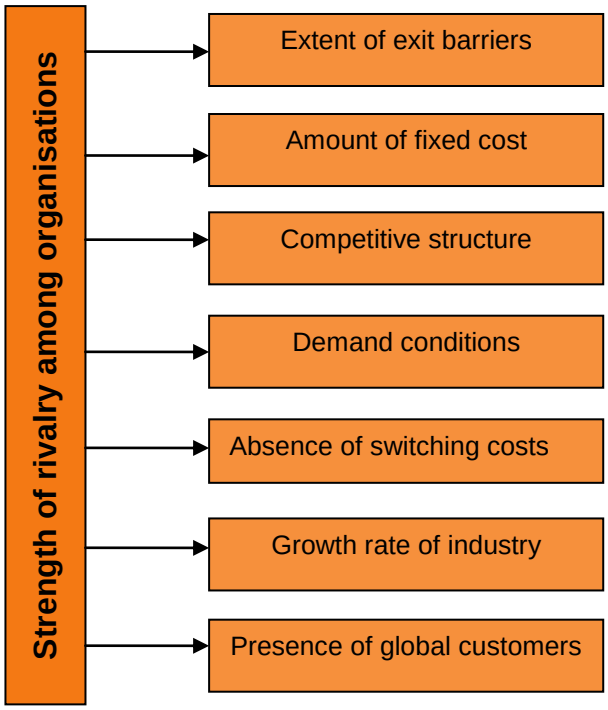
It seems that the threat of new entrants into an industry has a bearing on the possible reduction of profitability for existing organisations as a result of increased competition by new rivals. Entry of new players increases an industry's capacity in terms of competition for market share. Kenyan markets should encourage new players in the market, and so become more competitive.

5.3.2 Rivalry among current competitors

According to Porter (2004:77), rivalry refers to the competitive struggle for market share between organisations in an industry. Thomson *et al.* (2007:238) explain that competitive rivalry force describes the intensity of competition between existing players (organisations) in an industry. High competition results in pressure on prices, as well as margins and profitability for every organisation in the industry. Hellriegel *et al.* (2012:200) outlines rivalry strategies as price-cutting, advertising, promotions, enhanced customer services or warranties and improvement in the

product or service quality. The strength of rivalry among organisations within an industry is a function of various factors depicted in Figure 5.5.

Figure 5.5: Strength of rivalry among organisations



Adapted from: Porter (2004:69)

As can be seen in Figure 5.5, the strength of rivalry among organisations within an industry depends on the *extent of exit barriers* created by economic, strategic and emotional factors (Porter, 2004:70). Similar views are expressed by Jelassi and Enders (2005:38) who explain that exit barriers are strengthened by customer loyalty, which is enhanced by exploiting product differentiation strategies.

When an industry is characterised by high *fixed costs* relative to total costs, organisations produce in quantities that are sufficient to use a large percentage, if not all, of their production capacity, so that fixed costs can be spread over the maximum volume of output (Combe, 2006:233). While this may lower per unit costs, it can also result in excess supply if market growth is not sufficient to absorb the excess inventory (Thomson *et al.,* 2007:88).

The *competitive structure* of industry refers to the degree of competition that an organisation experiences from competitors within the industry (Zhu & Kraemer, 2005:70). In Kenya, technology is changing the competitive landscape in which organisations operate. Organisations that are fast in adopting the use of technology in their operations have a competitive advantage over non-technology adopters (Peace, Weber, Hartzel & Nightingale, 2002:47).

According to Sangeeta, Banwet and Karunes (2004:153), customers may be both internal and external or global. Sangeeta *et al.* (2004:145) note that in a market-orientated environment, internal customers are the ones located within the organisation. It is necessary for organisations to please these customers by meeting their needs since they play a key role in the survival of the organisation. Payne and Frow (2005:118) describe an external or global customer as one located outside the organisation. The organisation should strive to please the global customer by providing quality products or services, since pleased customers make repeat purchases, thereby increasing the demand for products or services.

However, Sultan and Henrichs (2004:32) advocate satisfying all customers both internal and global, since the cost associated with attracting a new customer include advertising and promotion. Mittal, Sarkees and Murshed (2008:43) mentioned that a loyal customers act as word-of-mouth advertisers which means no cost incurred for the organisation.

Although for commodities there is no switching cost, industry rivalry is more intense, and competition is based primarily on price, service, and other features of interest to consumers (Porter, 2004:76). Smith and Colgate (2007:84) are of the opinion that organisations should strive to create brand loyalty to survive in the market since loyal customers have great value in terms of their spending power and positive word-of-mouth advertising. Similar views are expressed by Reynolds (2006:64), who maintains that brand loyalty makes customers wait for a product to become available, and recommend the service provider to other potential customers. This makes it very difficult for a new entrant to overcome and settle in the competition.

The *growth rate of an industry* in a liberalised economy, as well as free entry and exit in the industry, ensures improved quality and a constant flow of goods and services on offer. Auh (2008:65) points out that the financial muscle of an organisation coupled with proper use of the available time and energy resources, plays a crucial role in ensuring that the organisation satisfies its large customer base. In addition, Chow and Liu (2007:54) contend that the rate of growth of any industry will largely depend on the ability of the industry players to satisfy their customers by offering superior quality service and value. Talib Bon and Yi Leng (2009:3937) find that the demand for products and services frequently changes in the marketplace due to seasonality, trends and economics. Auger, Barnir and Gallaugher (2003:146) contend that organisations that operate in a highly competitive environment are faced with various competitive pressures and constraints, to the extent that the Internet provides resources that can assist organisations in obtaining information, or interacting with customers or suppliers.

It seems that organisations should take cognisance of how to deploy a strategy to take advantage of the competitive environment. Kenyan state corporations can gain such competitive advantage by operational effectiveness, offering unique products and providing an excellent service.

5.3.3 Bargaining power of buyers

According to Daft (2010:69), *customers* can be either buyers or users of the ultimate product or service. Their ability to buy or use depends on their purchasing power. The customers market) have specific characteristics, purchasing power and behaviour (Bosch *et al.,* 2006:44). As recipients of an organisation's output, they determine the organisation's success. According to Porter (2004:78), "buyers" are the customers who finally consume the product, or the organisations which distribute the industry's product to the final consumers. Porter (2004:78) indicates that strong buyers can extract profits from an industry by lowering the prices and increasing the costs, or purchasing large quantities and having full information about the product and the market. The buyers' emphasis is on quality products and they can pose a credible threat of backward integration if they start producing their own products. Hellriegel *et al.* (2012:201) warn that large customers pose a threat of backward integration when one or more of its suppliers buy an organisation as a cost-cutting or

quality enhancement strategy. It seems that customers can exert power in terms of ability to demand a price cut and with have access to Internet can get information to obtain quality products from other suppliers when needed.

5.3.4 Bargaining power of suppliers

According to Porter (2004:81), "suppliers" are organisations that provide inputs to the industry. Suppliers supply raw materials to an organisation to produce its output, products for further assembly, services and financing to the organisation (Daft, 2010:69). Depending on the nature of the business sector, businesses as open systems must identify the sources of raw materials or inputs. These inputs may be of high or low quality, cheap or expensive, local or imported, and have a lead time between when ordered and delivered to site (Kotler & Amstrong, 2006:35). The bargaining power of the suppliers refers to the potential of the suppliers to increase the prices of inputs (labour, raw materials, services, etc.) or the costs of industry in other ways. Hellriegel *et al.* (2012:201) mention that the bargaining power of suppliers often controls how much they can raise prices above their costs or reduce the quality of goods and services before losing customers. Thompson *et al.* (2007:234) indicate that suppliers are strong when their products are unique and have a high switching cost. The bargaining power of suppliers can be limited by ease of entry into the industry as it increases competition from existing service providers, and by customers who have access to market information, such as price comparisons. These developments complicate customer retention. (Combe, 2006:232). An organisation that has access to high-quality inputs can supply high-quality products or deliver high-quality services and attract more customers.

5.3.5 Threat of substitute products or services

According to Porter (2004:86), substitute products are products that are able to satisfy customers' needs effectively. According to Porter (2002:61), a threat from substitutes exists if there are alternative products with lower prices or better performance parameters for the same purpose. According to Raskovich (2005:405), the threat of substitutes is determined by amongst other brand loyalty of customers, price of substitutes and current trends.

Raskovich (2005:405) adds that the use of technology has, through its very existence, heightened the threat of substitutes because it has introduced new alternatives to accomplish the same objectives. Technology has provided new channels of communication and transaction between suppliers and customers, and the ease of entry ensures that there are many competitors selling similar types of products (Combe, 2006:233).

The above discussion shows that market forces impact organisations. Whatever the industry, these forces influence the execution of strategies because they affect the prices, the costs, and the capital investment essential for survival and competition in the industry.

5.3.6 Labour market

Lay (2003:7) refers to the labour market as "all the people who are able to work and want jobs in a country or area". The use of a labour market perspective provides a useful framework for strategy implementation. Change in the various sectors of the labour market environment can create many challenges for organisations and effective strategy implementation (Daft, 2010:89). Hellriegel *et al.* (2012:113) indicate that with the rise of unionism employees got the leal right to bargain with empoyers about wages, job security and benefits. This has led to the deterioration of labour management relations and has required organisations to have formal grievance procedures.

Crossman and Clarke (2010:603) further contend that it is in the economic, social and cultural interests of countries to ensure that managers are adequately prepared to function as “global citizens” who are internationally recognised and equipped with the appropriate skills for employment. Managers with international knowledge and experience will have an employability advantage over those with only local knowledge.

According to Nelson (2010:464), the economic changes such as trade, capital market liberalisation, de-industrialisation, technological change and the growth of the knowledge economy, render employee skills obsolete, and make it challenging to find employment owing to a lack of marketable skills. Stoll (2010:66) observes that

inequality in the labour market and economic performance widens as academic achievement and educational attainment levels increase. Stoll (2010:67-68) notes the relationship between supply- side and demand-side factors of labour difficulties. Button, Moore and Rienzo (2006:134) state that larger organisations, in terms of employee numbers, employ minority employees more than smaller organisations do. Furthermore, large organisations pay higher wages and provide better benefits, thereby attracting more employees. Button *et al.* (2006:134) advise organisations to be visible and show concern for workforce diversity, in order to avoid labour discrimination. This is one way an organisational image can be enhanced, ultimately affecting strategy implementation. It seems that the demand for and the supply of some specific jobs creates imbalances in the labour market, ultimately affecting strategy implementation.

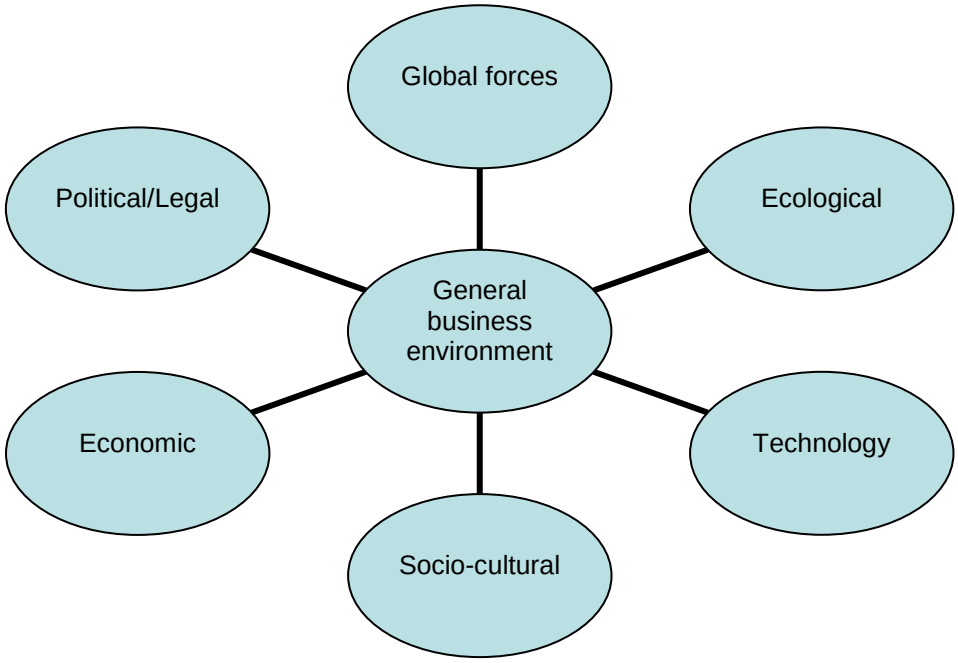
In summary, it seems that the strength of these competitive forces can determine the long-term profitability and competition of any organisation, including those of state corporations. In supporting this view, Robinson (2007:302) points out that these forces provide state corporations with an analysis of their competition, determining how well strategies should be implemented to achieve the required outputs; in other words, they determine the state corporations' competitiveness. From the discussion of the six market forces, it is clear that organisations should limit the impact of the six forces. The threat of new entrants into an industry can reduce profits. New methods, processes and procedures can be used to produce quality products and services to satisfy customer needs. As the key stakeholders, employees can demand higher remuneration, which can affect organisational strategy implementation. The quality and cost of supplies can affect strategy implementation. Ease of entry into most of industries result in competitors selling substitute products. Organisations can retaliate by offering the same products as their competitors, but providing better service. Employees should take cognisance of the demand and the competition for jobs. All these factors can affect organisational strategy implementation, and need to be addressed.

The following section discusses the general environment and its influence on strategy implementation.

5.4 GENERAL ENVIRONMENT

In Figure 5.6, an illustration is provided of the general environmental variables influencing strategy implementation.

Figure 5.6: General environmental variables



Adapted from: Bosch *et al.* (2006:43)

As depicted in Figure 5.6, the general business environment variables comprise political/legal, economic, technological, socio-cultural, ecological and global forces. In Chapter two the external Kenyan environment was discussed in detail. In the present chapter, a more generic discussion of the variables in the general business environment will be given.

5.4.1 Political/legal environment

The political and legal factors that may affect organisational strategy implementation are next discussed.

5.4.1.1 Political forces

Political forces typically represent the government agencies and policies that govern a country's economy. According to Balunywa (2006:346), political and legal factors

such as the government, the political atmosphere, relationship with other countries, the legislature and legislation, can impact organisational strategy implementation. Feng, Kugler, Swaminathan and Zak *(*2008:424) identify three political variables that can affect growth and development in a country, namely political freedom, instability and capacity. According to Feng *et al*. (2008:425-428), political freedom affects the economy not only by a one-time effect on incomes, but across the economy's dynamic growth path. Political freedom reduces political instability by moving protests from the streets to the parliament. Political stability and a positive attitude by elected government towards organisations' business is very important for their progress and prosperity. Sakamoto (2009:801) asserts that the strength and stability of governments affect the policy-making and strategy implementation of organisations. Weak governments may cause low economic growth and unemployment. Milio (2008:922) indicates that changes in presidency, transfers or changes in cabinet members or executives and fragmentation of the political spectrum influence political stability.

According to Kihumaba (2004:69), the functioning of state corporations has an influence on the management of corporate organisations, and influences the way strategies are implemented. In support of this argument, Oliver and Holzinger (2008:501) stress that a stable political environment provides a conducive external environment for organisations to thrive.

c) Political capacity

Governments with a high political capacity possess discretionary tax revenue after funding the means to remain in power. Such expenditures may include persuasion or coercion by maintaining an effective police force. Newton (2006:847) states that employees are more likely to approve of their government if they think the government is open and fair, stable and durable and politicians are accountable. Countries with high political capacity stimulate their economies through public investment, and are likely to achieve sustained growth (Sakamoto, 2009:803). The above conditions encourage employees to commit to their organisations and to affect strategy implementation positively. They provide a conducive working environment, empowerment and opportunities for growth, development and prosperity for both employees and organisations. Robinson (2007:353) notes that the absence of

strong relationships between government and society in the form of active political parties and an engaged civil society may be a factor contributing to the success or failure of state corporations.

d) Government characteristics

According to Hussein (2004:23), government characteristics can be linked to state orientation, and include the three organs of a state: the parliament, the judiciary and the executive. Wheelen and Hunger (2004:121) define a state as "a body politique of a sovereign power devoid of influence from a rival authority". Its duties include being accountable to each citizen from birth to death, governing its resources in a democratic manner, and providing security to its citizens and their property. To ensure proper service delivery and effectiveness, each of the organs of the state should be independent. but working for the common good of the country. Lasher and Sullivan (2004:66) describe a parliament as an organ of the state that represents the cultural diversity of the people. It symbolises the unity of the nation, determines the policy of the nation, and protects the constitution and the democratic governance of the state. The constitution of a state is also referred to as the supreme law of the land (Government of Kenya, 2002:29). According to Wheelen and Hunger (2004:129), the state or government can affect the strategy implementation of an organisation by nationalisation, privatisation and liberalisation among others. Therefore, an organisation's management must be aware of the changing environment, to design strategies to help the organisation adjust to the changing environment.

In the next section, the impact of legal factors on strategy implementation in state corporations is discussed.

5.4.1.2 Legal factors

According to Maconachie and Goodwin (2011:105), a legal factor refers to an authoritative set of rules, accompanied by mechanisms enacted by a public agency such as government, for monitoring and promoting compliance with such a set of rules. The Kenya Law Reform Commission (2010:5) defines law as a set of rules governing society. In Kenya, laws are made by parliament ministers as mandated by an Act of Parliament, by local counties as mandated by the county Government Act,

or may arise from court decisions creating established principles or practices. For court decisions to be relied upon as established principles and practices, the decisions must have been made by courts of record (High Court, Court of Appeal and the Supreme Court). The Kenya Law Reform Commission (2010:8-15) highlights sources of Kenyan Laws as:

- the constitution;
- principles laws such as acts, decrees, statutues and ordinances;
- subsidiary laws such as by-laws, regulations, rules or orders;
- common laws focusing on fairness, justice and reasonableness in social relations;
- case law, and
- customary law and practice governing relationships as established by customers or usage.

Letki (2006:309) points out that numerous dimensions of governance encourage honesty and trustworthiness, with the government's cardinal responsibility of reinforcing the law. The regulatory dimension of governance sets a framework for transactions, while bureaucratic competence and efficiency are relevant for policy implementation and public service delivery.

To summarise, political stability accelerates development and establishes rules and regulations for conducting business. State corporations' management must take into account the basic legal requirements when establishing, growing and developing their state corporations. Political freedom reduces political instability and creates conditions for administrative capacity (management, programming, monitoring and evaluation) to succeed in implementing long-term programmes such as organisational strategies.

Apart from the political and legal factors that may impact strategy implementation in state corporations, the state of a country's economy can positively or negatively affect the strategy implementation process. The next section highlights and discusses the economic variables influencing strategy implementation.

5.4.2 Economic variables

According to Bannock (2005:102) economic variables that influence business operations also affect strategy implementation in the organisation. These include interest rates, money supply, business cycles, taxation changes, economic growth, inflation and exchange rates among others. According to Adalid, Coenen, McAdam and Siviero (2005:14), as the short-term nominal interest rate rises unexpectedly, demand falls short of the potential of acquiring appropriate resources, and inflation falls below the monetary policy-makers' target, with a dynamic adjustment to consumption of goods and services ultimately impacting the productivity of an organisation. Interest rates in a country is influenced by credit rights and the quality of the legal framework; the degree of banking competition; the macroeconomic environment; taxation, including reserve requirements; availability of information about borrowers and banking regulations, and mandated lending (Gelos, 2009:797-799). These factors affect the interest rates charged on borrowed funds, which can affect strategy implementation.

Bourne (2009:3008) indicates that inflation results in a general increase in prices which results in a lowered standard of living (well-being) which requires readjustment of consumer spending and saving patterns, reduced real wage rates, and income-wealth redistribution. A study by Carlstrom and Fuerst (2008:182) finds that the political independence and economic independence of the central bank in a country can account for an improved inflation performance of that country. Boyd, Levine and Smith (2000:2) observe that high inflation rates can have adverse consequences either for an economy's long-term rate of real growth or the long-term level of real activity.

5.4.2.1 Economic growth

According to Olson, Slater and Hult (2005:49), economic forces affect organisations in all their activities, and in particular have a direct impact on the potential attractiveness of various strategies. According to Funk (2007:133), radical economic reforms are one possible way of fighting persistently high unemployment and low economic growth, despite the prevalence of some organisational and political constraints. An organisation needs to diagnose the relationships between its

activities and the key economic variables, which include among others (Maurie & Smithson, 2005:35; Mullei, 2003:22):

- direct taxation on profits of goods sold and that of employees' salaries;
- economic policy of a country;
- stage of trade cycle; and
- economic mood of the country affecting its investments.

These affect the way various strategies are implemented in an organisation. Porter (2002:4) in his work on competitive strategy puts the strategic business decisions of individual organisations in the context of economic forces. It seems that fluctuations in economic variables such as exchange and interest rates, cause inflation and can undermine the state of the economy, ultimately affecting implementation of strategies.

The next section discusses the socio-cultural factors influencing strategy implementation.

5.4.3 Socio-cultural factors

Socio-cultural factors are the larger-scale forces within cultures and societies that affect the thoughts, feelings and behaviour of individuals (Ratnaningsih, Anwar, Suwignjo & Wiguna, 2010:53). Sims (2004:475) adds that the changes in these variables have major impacts on goods, services, markets and customers, as they shape the way people live, work, produce and consume commodities. This has an effect on the implementation of strategic decisions in an organisation. Balunywa (2006:348-349) notes that socio-cultural factors (demographics, fashions and trends, social responsibilities and ethical issues) are issues that affect people and how they live.

Social-cultural factors can work for an organization by creating an environment which is conducive to performance improvement and the management of change, however, if not well managed; it can also work against an organization by erecting barriers which prevent attainment of corporate strategies (Armstrong, 2005:125). The language of the workplace speaks volumes about the company's culture (McShane

& Glinow, 2008:280). Berrocal *et al.* (2005:102) noted that culture influences the emotional adjustment of individuals.

According to Hellriegel *et al.* (2012:192) demograhics relate to information about the size of the population which affects the size of the workforce and domestric markets. The age structure also affects the size of the working population and the sizes of market segments and demand for products. Kotler and Armstrong (2006:70) further include statistics on consumer age, sex, race, religion, education, household size, marital status and consumer lifestyle. According to Ahmad, Omar and Ramatah (2010:235) organisations use lifestyle information to create products and marketing strategies, to meet the needs of each consumer in the macro environment. Grund and Westergaard-Nielson (2006:413) suggest that the conjunction of employees with divergent backgrounds (mainly race, gender and age) can act as a strategic resource for organisations. Furthermore, Grund and Westergaard-Nielson (2006:412) argue that complementariness among the different kinds of human capital of young and older workers is necessary for organisational productivity.

Societal tastes and preferences change, and people do not act in a void but on their understanding of a certain situation. Altman (2006:677) asserts that employees make choices freely, given their preferences and the constraints which they face. Employee tastes and preferences are therefore affected by education, the media, culture, and opinions of family, friends and peers (Altman, 2006:685).

Chitakornkijsil (2011:236) states that social responsibility demands that organisations be responsible for social issues, social problems, political and social goals, as well as societal problems. According to Kreng and Huang (2011:530), an organisation’s image is critical to branding, and organisations therefore seek to influence consumer perceptions of the organisation's image. According to Adewale and Radebe (2012:1695), CSR can increase customers’ brand recognition, improve their attitudes towards the organisation, and potentially affect strategy implementation positively. Organisations that make sustainability an important part of their strategic business approach are better positioned for long-term growth and profitability.

More than ever before, it seems that the success of organisations and the well-being of society are affected by ethical choices made by managers in organisations (Fredrickson & Ghere, 2007:49). According to Avolio (1999:86), ethical values such as honesty, integrity and trustworthiness are some of the important components of a transformational leader's influence. In other words, an ethical organisational culture is created and maintained by the example that leaders set. Yuki (2002:251) concurs that, from a social learning perspective, leaders influence the ethical conduct of followers by role modelling. These factors are dynamic, and dictate the individual's desires, wants, and needs both in developed and developing countries.

The above discussion shows that social cultural factors impact on the organisational planning, knowledge-sharing and strategic decisions of implementation success. Social-cultural variables such as demographics, fashions and trends, social responsibility and ethical issues, can greatly affect strategy implementation. Quality of work life motivates and satisfies employees, ultimately enhancing successful strategy implementation.

The next section discusses the technological factors influencing strategy implementation.

5.4.4 Technological factors

Masedale (2002:77) defines technology as "the utilisation of the materials and processes necessary to transform inputs into outputs". Bateman and Snell (2002:542-543) comment that new technology can completely change the rules of competition in an industry. According to Dutrenit (2005:105), understanding technology requires knowledge, while operating technology requires skills. Technology is created by people and increases job effectiveness and efficiency, but also creates redundancy at times when it is not well planned. As the technology increases, the demand for specialisation also increases. Taylor and Murphy (2004:285) disagree with this conclusion, and argue that new technologies require new work patterns, incentive systems, occupational mobility and fresh attitudes to acceptance of change. In support, Stone (2003:347) adds that technological forecasting can help to improve the effectiveness of the strategic implementation process and overall profitability of an organisation. Furthermore, technology has the

potential to alert strategic managers to both impending challenges and promising opportunities in the organisation.

5.4.4.1 Information and communications technology

Technological leadership can increase an organisation's efficiency relative to competitors. Organisations should stay abreast of technological changes in order to remain competitive. The GOK recognises the pivotal role of globalisation and ICT as the two major forces that are shaping the future of the world (Government of Kenya, 2006b:41). These twin forces contribute to the fading of geographical boundaries, bringing cultures and societies closer to each other.

According to Kinsey (2005:207), communication by email has revolutionised command and control in organisations. According to Yang (2008:1271-1272), managers get information from employees and employees add value to raw information by interpreting and adding context. IT capability contributes to organisational value and performance because, as a tool, IT capability facilitates response to the dynamic marketing environment by disseminating market knowledge. The Internet and email allow information to flow easily and quickly, horisontally across the organisation and vertically up and down the organisational hierarchy (Kinsey, 2005:207). Such flows of information facilitate quick decision-making because employees share information, positively affecting organisational strategy implementation.

5.4.4.2 Technology adaptation

Stone (2003:346) points out that the size of technical change reduces the product and process lifecycle. In addition, Lowson and Burgess (2003:152) argue that creative technological adaptation can suggest better strategy implementation owing to possibilities for new products and for improvements in existing products and techniques. Table 5.1 shows how technological adaptation can have a direct effect on organisational strategies within various operations.

Table 5.1: Effect of technological operations' adaptations on organisational strategies

Operational adaptations	Organisational strategies required
Product processing	Operational specialists must design strategies on: • production process • inventory requirement • required plant capacity • plant layout
Product development	Research and development specialists must come up with ideas for new products. The process involves: • concept generation and screening • product planning and development • actual test marketing
Employment conditions	Human resource strategies must be adapted in terms of: • staff attraction • staff assessment • motivating • retaining the number and types of employees required to manage the organisation effectively
Financing	Finance specialists must: • forecast and plan financing for various investment proposals • secure financing for various investments • control financial resources
Marketing	Marketing specialists must: • determine the appropriate markets for business offerings • develop effective marketing mix strategies for price, product, promotion and channels of distribution
Information processing	IT specialists must accumulate prior knowledge to enhance the ability to: • put new knowledge into memory • recall and use it

Adapted from: Taylor & Murphy (2004:283)

As can be seen in Table 5.1, operational technology adaptations will require various strategic actions within the various functions of an organisation. Organisations cannot grow without new products. In Kenya, using e-mail and the Internet, and their applications can provide organisations with knowledge. Insufficient IT expertise within organisations in Kenya remains a barrier to successful strategy implementation (Kinsey, 2005:207).

Organisations embrace the use of modern technology to provide the required quality goods and services to satisfy consumer demands. Organisational operations can affect or be affected by individuals or other organisations with different interests, aspirations, needs and levels of importance and influence.

In the next section, ecological factors affecting strategy implementation will be discussed.

5.4.5 Ecological factors

According to Charkravarthy (2002:128), ecology refers to the relationships among human and other living things, as well as air, soil and water, which support them. Increasing recognition and need for sound environmental management has arisen as a result of excessive pressures and demands put on natural resources, including fragile ecosystems, leading to environmental problems such as deforestation, wetland drainage, soil erosion and pollution.

The interaction between human activities and the surroundings has a bearing on organisations' strategic decisions. Kouzes and Posner (2005:88) posit that the interaction between an organisation and its surroundings can result in air pollution created by dust particles and other arid gaseous discharges, as well as water pollution when industrial toxic wastes are dumped or leaked into water supplies. One of the basic premises for a need for sustainable development is the recognition that environment and development are not exclusive of one another but are complementary, independent and often mutually reinforcing (National Environment Management Authority, 1997:1). The National Environment Management Authority (1997:4) emphasises that it is the general policy of the GOK that an environmental impact assessment be conducted for planned policies and projects that are likely to or will have a significant effect on the environment, so that adverse impacts can be foreseen, eliminated or mitigated.

David (2007:55) points out that some organisational activities, especially in the manufacturing sector, produce solid waste pollution which is caused by disposal of industrial toxic wastes on land, such as scattered used polythene packages, papers, garbage and so on. This pollution will influence strategic decisions in such organisations. The major concern of organisations is therefore to eliminate pollution and efficiently and effectively manage their surroundings. Effective strategic managers make and implement decisions and design strategies taking into consideration the requirements of ecological preservation.

To summarise, it seems that the major concern of organisations is therefore to eliminate pollution, and efficiently and effectively manage their surroundings. Effective strategic managers make decisions and implement decisions and strategies, taking into consideration ecological requirements.

The next section discusses the global forces influencing strategy implementation.

5.4.6 Global forces

Javalgi, Griffith and White (2003:186) note that globalisation was traditionally viewed as a process through which an organisation moves from operating solely in its domestic market place to international markets. Martell (2010:12) explains globalisation as the intensification of world-wide social relations which link distant localities in such a way that local happenings are shaped by events occurring far away and vice versa. Pan (2006:247) emphasises the effect of the freer and quicker cross-border flow of human activities on economic, political and cultural dimensions, with the flow's consequent impact on the country government's ability to preserve national culture and values. According to Marginson and Sawir (2006:346), globalisation allows for growth in world systems, networks, movements and relationships, not only economically and technologically, but culturally, socially and politically as well. Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw & Oosthuizen (2008:91) point out that global strategies force organisations' management to adapt strategies to world-wide considerations.

According to Crossman and Clarke (2010:602), global leadership involves new world views, mindsets, perpetual acumen and perspectives that simply do not exist in employees who have not gained experience in international contexts. Global organisations can now find high-talented, creative, empathic employees that can create knowledge and operate in diverse international teams. Ruzzier, Hisrich and Antoncic (2006:477) contend that with increased internationalisation of customers and markets, managers in most industries are now concerned with developments in both domestic and international markets. According to Hinson (2006:120), global developments, epitomised by increasing levels of internationalisation and competitive forces, are increasingly driving organisations in all countries towards adopting strategic business practices. In support of this, Hough, Neuland and

Bothma (2004:3) explain that internationalisation can be measured in terms of trade, exports and imports, cross-border investment flows, and alliances and partnerships with foreign organisations.

Lagace and Bourgault (2003:43) agree that the rise in global competition has compelled organisations to increase performance standards in terms of quality, cost, productivity, product introduction time and smooth-flowing operations. Mora (2004:33) adds that globally organisations are pressurized to have low-defect rates, competitive pricing, and improved performance. Hinson (2006:128) differs from this view, and points out that the capacity of an organisation to maintain reliability and continuously improve organisational and manufacturing processes, depends on the way strategic decisions are implemented, which in turn influences the organisation's global competitiveness in the long run.

In summary, globalisation is rendering the world borderless; hence organisations have to develop global strategies, which force their managements to adopt strategies with world-wide consideration. Organisations operating in a global context are looking for high-talented managers who can create knowledge and successfully manage strategy implementation.

5.5 SUMMARY

This chapter has reviewed the variables in the external environment that influence successful strategy implementation. External factors are forces beyond the control of organisational management. The chapter has shown that the pace at which environments change is either slow or rapid but in either case, the changes are effective and have consequences on the strategy implementation of any organisation.

The objective of the chapter was to find a coherent set of external variables, which may influence strategy implementation in organisations. These variables were classified into two sets, namely, market and general environmental variables. The chapter has shown that the market forces influencing strategy implementation vary from industry to industry. Five forces can impact strategy implementation, namely,

rivalry, new entrants to the market, bargaining power of suppliers and customers, the threat of substitute products and the labour market providing skilled employees.

For organisations to survive and remain competitive, managers need to be aware of the general environmental factors, although they have little control over them. They can however design strategies that can work to their advantage, such as global competitive strategies. All in all, the implementation of strategic decisions needs to be done in a timely manner to increase global customer satisfaction. This chapter has therefore shown that variables outside the organisation influence strategy implementation either positively or negatively.

Effective strategic managers make and implement decisions and design strategies taking into consideration ecological preservation requirements. It is clear that for organisations to survive and remain competitive in the global market, the implementation of strategic decisions needs to be done in a timely manner to increase global customer satisfaction. This obviously influences key strategies being implemented in the organisations. All these factors can impact strategy implementation and need to be addressed.

Having discussed strategy implementation in Chapter three and the factors influencing strategy implementation in Chapters four and five, the next chapter will discuss the theoretical models and operationalisation of variables.

CHAPTER SIX
PROPOSED HYPOTHETICAL MODEL

6.1 INTRODUCTION

In Chapter five, external factors that may impact strategy implementation were presented and discussed. The macro environment comprises the interacting variables in the external environment (namely general and market), that have a positive or negative effect on the organisation's establishment, survival, growth and goal achievement. They are the opportunities and threats which are outside the organisation, and are typically not within the short-term control of the organisation's management. In Chapter five, aspects were discussed regarding political or legal variables (government bureaucracy, political stability or instability, political capacity, monetary regulation), economic variables (economic policies, inflation, interest rates, demand, labour supply and demand), socio-cultural variables (demographics, societal trends, social responsibility, ethical issues), technology, internationalisation and globalisation, that may impact strategy implementation in state corporations.

The present chapter presents a framework of the three sets of directional hypotheses formulated and substantiated by secondary sources on the factors affecting strategy implementation in state corporations. The first set of hypotheses relates to the *internal factors* that can affect strategy implementation in state corporations. The second set of hypotheses presents a discussion on *market factors* that may affect strategy implementation in state corporations. The third set discusses the *external factors* that can affect strategy implementation in state corporations. Organisations do not operate in a vacuum, but in an environment in which the highlighted organisational environmental factors can affect their operations.

In the next section, a framework of factors impacting strategy implementation as depicted in Figure 1.4 (Chapter one) is given.

6.2 FRAMEWORK OF FACTORS IMPACTING STRATEGY IMPLEMENTATION

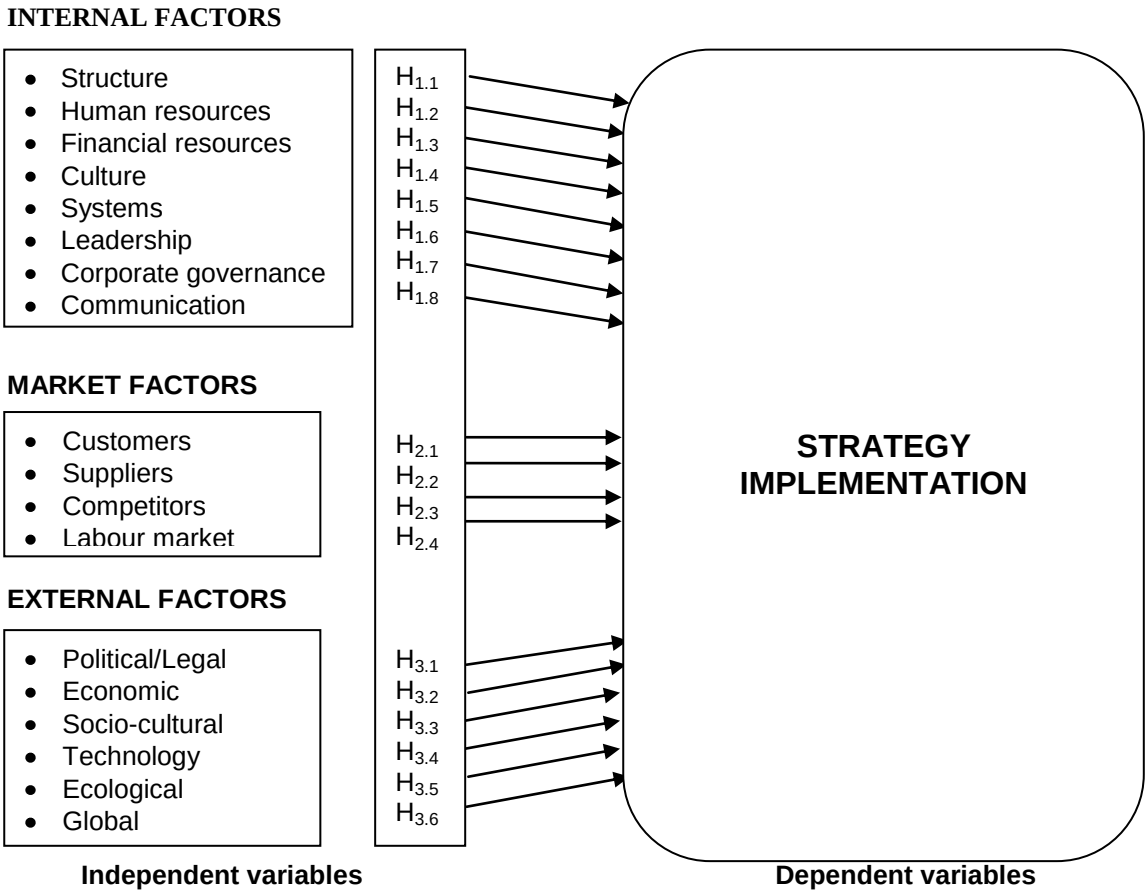
The models of factors impacting strategic implementation in state corporations discussed in Chapter one and the review of related literature conducted in Chapters

three, four and five were used to define a framework of factors impacting the strategic implementation of state corporations as discussed in this section. A clear correlation exists between:

- the planning context environmental scan model;
- Louw and Venter's organisational architectures model;
- the Nortel network external environment model; and
- Zaribaf and Hamid's drivers for implementation outcomes model.

As discussed in Chapter one, the factors depicted in these models affect strategy implementation. The hypothetical model Figure 1.4 in Chapter one shows that internal, market and external factors could affect strategy implementation. Figure 6.1 shows the hypothetical model.

Figure 6.1: Hypothesised model for strategy implementation in Kenyan state corporations



Source: Researcher's own framework

The main aim of this chapter is to operationalise the factors used in the hypothetical model. The next section presents the internal factors affecting strategy implementation in state corporations.

6.2.1 Internal factors affecting strategy implementation in state corporations

The proposed internal factors impacting strategy implementation in state Corporations as indicated in Figure 1.4 in Chapter one are organisational structure, human and financial resources, organisational culture, systems, leadership, corporate governance and communication. In the next section, these individual factors are operationalised.

6.2.1.1 Organisational structure

An organisational structure simply means the formal framework in which jobs and tasks are divided, grouped, and coordinated. Jobs and tasks must be aligned with strategies to ensure effective strategy implementation (Robbins & Coulter, 2005:93). An organisational structure creates clearly defined lines of authority and reports relationships, establishes decentralisation, facilitates communication processes and ensures effective diffusion of knowledge in order to increase the positive impact on strategic implementation in organisations (Adcroft & Lockwood, 2010:482; Kinsey, 2005:190). Thorp (2005:86) states that when the organisational structure is not aligned with its strategy, it results in misalignment, which leads to wasted energy, misuse of human and physical resources, and higher operating costs. According to Parcon (2006:43), the impact of engaging and empowering all employees in a team, changes the culture at the workplace positively, and this helps in implementing strategies in organisations. If an organisation decides to introduce teamwork, it needs to be integrated into the organisational structure, otherwise the effectiveness of teamwork is lost (European Foundation for the Improvement of Living and Working Conditions, 2007:5).

Consequently the following relationship is hypothesised:

$H_{1.1}$: Management perceptions of *organisatonal structure* are related to strategy implementation in state corporations.

6.2.1.2 Human resources

Bosch *et al*. (2006:28) define human resources (HR) as the mental and physical efforts expended by individuals to earn an income and satisfy human needs in the process. These must be managed and aligned with strategies to ensure successful strategy implementation. Organisations need employees with the relevant knowledge, skills, abilities and creativity to implement the chosen strategies (Adjibolosoo, 2011:92). A motivated, committed and flexible workforce is needed to enact changes associated with marketplace demands for new product introductions, cost reduction strategies, and new production technologies (Akhtar *et al*., 2008:15-16).

Wang and Shyu (2009:1791) observe that highly trained, skilled and motivated employees are likely to impact positively on strategy implementation. Employee participation in decision-making is one of the many current forms of employee involvement in workplaces (Singh, 2009:20). HR practices can influence employee behaviour in a desired direction towards innovation in terms of executing tasks in a new way, an indicator of successful strategy implementation (Lopez-Cabrales *et al*., 2009:488).

Consequently the following relationship is hypothesised:

$H_{1.2}$: Management perceptions of *human resources* are related to strategy implementation in state corporations.

6.2.1.3 Financial resources

Financial resources are funds available for the implementation of the organisational strategies and other strategic objectives (Thompson *et al*, 2007:114). According to Robbins (2003:204), strategy implementation requires allocating adequate financial resources in their budget to new strategies. Jongbloed and Koelman (2003:119) posit that since financial resources play a key role in strategy implementation, funds allocated for a specific strategy should be according to a funding model and subjected to a proper audit, to ensure that management accounts for all of it. Insufficient and ineffective administration of financial resources negatively affects strategy implementation in organisations (Owoeye & Oyebade, 2009:15). According to Geuna and Martin (2003:303) and Taylor and Taylor (2003:332), failure by an

organisation or state to systematically control and audit the utilisation of financial resources can result in a poor strategy implementation, ineffective operation and overall inefficiency in service delivery in the organisation. To achieve high levels of profitability in state corporations, managers must effectively and efficiently manage available resources during the implementation of new strategies (Gupta, 2009:27).

According to Salmi and Hauptman (2006:221), there are various funding systems for government institutions, namely, direct, or performance-based, for specific purposes such as projects and tax benefits, or from external institutions such as the World Bank and International Monetary Fund. In state corporations, Harris (2008:33) mentions that different public agencies may compete with each other to get more recognition, budget participation and/or funds from the private sector. Geuna (2001:607) points out that availability of funding has an overall effect on the success of a strategy being implemented. Tuuli and Rowlinson (2009:494) find that management practices such as the provision of access to information, support and resources, empower employees and their teams in pursuit of improved impact on strategy implementation.

Consequently the following relationship is hypothesised:

$H_{1.3}$: Management perceptions of *financial resources* are related to strategy implementation in state corporations.

6.2.1.4 Organisational culture

An organisational culture is considered to be a set of collective norms such as ethics, that govern the behaviour of people in the organisation, or "the social glue that binds the organisation to its values, beliefs and ways in which it establishes and executes organisational practices and strategies" (Pearce & Robinson, 2005:92; Serpa, 2005:425). A suitable organisational culture, together with strong visionary leadership, can contribute to effective strategy implementation (Daft, 2010:72).

Corbett and Rastrick (2003:78) acknowledge corporate culture as an important component of guiding strategic decision-making towards organisational success. It is important that all employees in the organisation are involved and empowered for systematic change to take place, so as to identify crucial and unique issues related

to employees' work (Harvey & Williams, 2010:12). When the organisational culture requires employees to support the current strategy, strategy implementation is strengthened (Wheelen & Hunger, 2004:129). Lasher and Sullivan, 2004:60) agree that a strong organisational culture can facilitate communication, decision-making and control, and can create co-operation and commitment thereby ensuring the smooth implementation of strategies.

Consequently the following relationship is hypothesised:

$H_{1.4}$: Management perceptions of *organisational culture* are related to strategy implementation in state corporations.

6.2.1.5 Systems

Mintzberg and Quinn (2007:155) define systems as all the procedures, formal and informal, needed for daily operation of an organisation, namely, capital budgeting systems, training systems, cost-accounting procedures, and budgeting systems among others. According to Schiefer (2006:198), an organisation can be divided into subsystems such as strategic, technological, human cultural, structural and management systems that interact with each other. Changes in a subsystem can overflow and affect the behaviour of other subsystems, and affect strategy implementation.

According to Teece (2007:1341), a key strategic function of management is to find new value-enhancing systems inside, between and amongst organisations. These systems will enable valuable assets such as knowledge-creating value for the organisation that cannot be replicated by competitors, thereby positively affecting strategy implementation. All employees must be clear about all policies and procedures. Organisations can use lean operational systems if there is an operational need to maximise the value added to each of their activities (Krajewski & Ritzman, 2006:417).

Organisational procedures are strategic alternatives available to the organisation (Teece & Pisano, 2006:5). Aaltonen and Ikavalko (2005:417) consider that a careful follow-up of working procedures and coordination of all the organisational systems is essential for successful strategy implementation. Regular quality assessments of

procedures enhance quality assurance, and improve strategic fit (Bornmann, Mittag & Daniel, 2006:687-688).

Consequently the following relationship is hypothesised:

$H_{1.5}$: Management perceptions of *systems* are related to strategy implementation in state corporations.

6.2.1.6 Leadership

Thompson *et al.* (2007:438) describe leadership as the process of encouraging employees to achieve organisational goals and ultimately inspiring them towards strategy implementation. Pearce and Robinson (2008:201) add that leadership is needed for effective implementation of strategy, as this ensures that the organisational effort is united and directed towards achievement of its goals. Chapleo and Simms (2010:18) contend that managers should consider stakeholder interests when making strategic decisions. Dutton and Dukerich (2010:56) suggest a systematical approach to implement innovative strategies. There must be concrete plans of action at the different management levels in order to create a conducive environment and employee commitment to implement strategies in a transparent and predictable way.

An essential factor in leadership is the capacity to influence and organise clear strategic direction for employees. Handy (2004:68) remarks that a leader shapes and shares a vision which gives meaning to the work of employees. According to Catano and Stronge (2007:38), managers are expected to create change and develop policy while providing employees with a sense of direction and vision for the future. Managers should interact with employees and coordinate their work, to encourage them to support strategy implementation and goals (Ismail, Zainuddin & Ibrahim, 2010:12).

Consequently the following relationship is hypothesised:

$H_{1.6}$: Management perceptions of *leadership* are related to strategy implementation in state corporations.

6.2.1.7 Corporate governance

Corporate governance is the structure and process used to direct and manage the business affairs of the organisation towards enhancing organisational prosperity and corporate accountability, with the ultimate objective of realising long-term shareholder value, whilst taking into account the interest of other stakeholders (Pearce & Robinson, 2008:231). According to Mayer and Alexander (2007:71), corporate governance brings together the interests of investors and managers and ensures that organisations are run for the benefit of investors. Developing countries, of which Kenya is one, are increasingly embracing the concept of good corporate governance, because of its ability to have a good effect on strategic management processes and the overall sustainable growth of organisations (Berglof & Von Thadden, 2006:345). The board of directors must be transparent in disclosing actions or relationships that cause conflicts of interest (Investopedia, 2009:1). Whitehead (2009:1) indicates that board members must be chosen based on their industry-specific skills.

Dahya, McConnell and Travlos (2002:463) shown a positive relationship between top management turnover (a measure of board effectiveness) and financial performance (a measure of management effectiveness), indicating the need for periodically evaluating board effectiveness. Stakeholders such as the board of directors, management and employees can apply risk management to strategically identify potential events that may affect the organisation, and to manage identified risks to achieve the intended strategic objectives (Frigo & Anderson, 2011:22).

Consequently the following relationship is hypothesised:

$H_{1.7}$: Management perceptions of *corporate governance* are related to strategy implementation in state corporations.

6.2.1.8 Communication

According to Cole (2003:61), communication involves understanding of people, listening, explaining, getting others to talk, being tactful, being tolerant of others' mistakes, giving honest praise and honest criticism, and keeping everyone informed. Sababu (2005:98) notes that successful strategy implementation is enhanced by incorporating continuing and open communication among employees involved in the

strategic implementation process. Ram and Charan (2009:49) suggest that the most effective method of communication during a strategy implementation process involves slogans, posters, events, memos, videos and web sites among others. Johnson (2008:22) adds that the mode of communication used to pass information to employees plays an important role in adaptability.

Thompson *et al.* (2007:115) assert that communicating the progress of strategies (feedback) is essential, because when employees excel, they should be congratulated, and where weaknesses are evident, strategic managers should immediately effect changes and communicate them to employees, to ensure successful strategy implementation. Barret (2007:2) emphasises that meaningful communication is critical for successful strategy implementation as it informs, educates, motivates and positions all employees to support strategy implementation. Frequent vertical communication in an organisation enhances strategic consensus through the fostering of shared attitudes and values (Schaap, 2006:14) as it means there is a shared understanding about strategic priorities, which will result in improved strategy implementation performance (Rapert *et al*., 2004:305).

Consequently the following relationship is hypothesised:

$H_{1.8}$: Management perceptions of *communication* are related to strategy implementation in state corporations.

6.2.2 Market factors impacting strategy implementation in state corporations

Figure 1.4 in Chapter one showed that market factors such as customers, suppliers, competitors and the labour market could affect strategy implementation in state corporations. In the following section, these market factors are presented in more detail.

6.2.2.1 Customers

According to Daft (2010:69), customers can be either buyers or users of the ultimate product or service. Customers have specific characteristics, purchasing power and behaviour (Bosch *et al.,* 2006:44). According to Starling (2004:45), focusing on the internal environment when implementing strategies should result in well-managed

relationships to retain government customers and allow for a prompt response to public demands. Burstein (2008:31) declares that considering public opinion is a fundamental requisite for improving government responsiveness, by not merely reacting to popular customer demands, but taking the initiative in proposing solutions for previously identified problems. Starling (2004:48) affirms that knowing the public's preferences helps governments to develop expertise to create more effective programmes for customer satisfaction.

In the rapidly changing and globally competitive environment, organisations must continuously collect information about customer needs and wants to create greater value for customers (Paarlberg, 2007: 202). Morgan and Rego (2006:426) suggest that obtaining customer feedback to set goals and formulate strategies is key to monitor performance. Organisations typically collect feedback data via customer surveys using measures of attribute level and overall satisfaction, behavioural loyalty intentions and actual loyalty behaviours, such as making recommendations.

Consequently the following relationship is hypothesised:

$H_{2.1}$: Management perceptions of *customers* are related to strategy implementation in state corporations.

6.2.2.2 Suppliers

Suppliers are people and organisations who provide raw materials (input) to organisations to produce their output (Daft, 2010:88; Porter, 2004:81). These inputs may require a certain quality and specific lead time between the placement of the order and the time needed for operations (Kotler & Amstrong, 2006:35). Hugo and Badenhorst-Weiss (2011:27) assert that strategic purchasing and supply planning should take place at top management level. Burke, Carrillo and Vakharia (2007:97) are in favour of using multiple suppliers as it is less risky and provides greater assurance of timely delivery.

According to Daft (2010:70), an organisation's strategy may be influenced by the status of its suppliers, which is a critical factor for strategy adoption and implementation. The quality of goods and services received from suppliers also affects strategy implementation. According to Wu and Blackhurst (2009:4594), the

performance of suppliers must also be evaluated in terms of quality and on-time delivery. Most importantly, organisations should have a purchasing and supply policy on ethics, in which guidelines for daily activities are clearly spelled out (Hugo & Badenhorst-Weiss, 2011:94). This ethical code of conduct should be known to all employees, and top management should ensure that they all understand and support the policy.

Consequently the following relationship is hypothesised:

$H_{2.2}$: Management perceptions of *suppliers* are related to strategy implementation in state corporations.

6.2.2.3 Competitors

Competitive pressure refers to the degree of competition that the organisation experiences from competitors in the industry (Zhu & Kraemer, 2005:70). Competitors' pressure is a driving force for strategy implementation (Daft, 2010:70). In Kenya, strategy development and implementation are changing the competitive landscape in which organisations operates (Peace *et al.,* 2002:47). Kotler (2008:210) suggests that an organisation has to be aware and predict the dynamics of rivals' actions, responses and intentions prior to strategy implementation. Kotler *et al.* (2002:89) recommend that an organisation positions itself so to be the least vulnerable to competitive forces while exploiting its unique advantage. Organisations that acquire new strategic assets faster and cheaper than those of their competitors can become industry leaders, with best- practices which can create a long-term competitive advantage for them. (Singh, Sharma & Singh 2011:20).

Consequently the following relationship is hypothesised:

$H_{2.3}$: Management perceptions of *competitors* are related to strategy implementation in state corporations.

6.2.2.4 Labour market

Lay (2003:7) refers to the labour market as "all the people who are able to work and want jobs in a country or area". Button *et al.* (2006:134) advise organisations to adhere to labour marketing policies such as workforce diversity to avoid labour discrimination, as it can ultimately affect strategy implementation. Changes in the

various sectors of the labour market environment can create many challenges for organisations and effective strategy implementation (Daft, 2010:89). State corporations compete with the private sector for highly skilled employees (Harris 2008:33). Nunez and Livanos (2009:476) find that there is a rising mismatch between the demand and supply of some specific jobs, which creates imbalances in the labour market, ultimately impacting organisational strategy.

According to Bassanini and Ernst (2002:34), labour market policies and regulations may have important consequences for the profitability of organisations. Yu and Cable (2013:49) assert that a talented workforce helps an organisation to execute and deliver on strategic objectives. Recruitment linked to labour market requirements should therefore no longer be viewed as just another HR component, but rather as a strategic tool as critical shortages of managers may occur. Selection criteria should change as changes in labour market regulations take place (Collings, Scullion & Morley, 2007:198).

Consequently the following relationship is hypothesised:

$H_{2.4}$: Management perceptions of the *labour market* are related to strategy implementation in state corporations.

6.2.3 External factors impacting strategy implementation in state corporations

The proposed hypothetical model (Figure 1.4) shows that external factors that could impact strategy implementation in state corporations are political or legal, economic, socio-cultural, technology, ecological and global. In the next section, the external factors impacting strategy implementation are operationalised.

6.2.3.1 Political/legal factors

Political or legal factors comprise laws, government agencies and pressure groups that influence or limit organisations and individuals in a given society (Kotler & Armstrong, 2006:85). Government can affect organisations in terms of controlled business monopolies, degree of ownership through controlled share limits, industry structuring and restructuring, asset control and patent rights regulations, among others. Wheelen and Hunger (2004:129) add that government can affect strategy

implementation in organisations by means of political interference in terms of nationalisation, privatisation and liberalisation. In Kenya, according to the State Corporations Act, Chapter 446, the president appoints a board of directors (State Corporation Advisory Committee, 2003:63). Halachmi (2005:503) observes that government inefficiency, ineffectiveness, bureacrucy, lack of openness and not paying attention to public wants and needs cause fiscal stress.

According to Kihumaba (2004:69), a stable political environment in Kenya could create an environment conducive to strategy implementation, which could lead to a thriving organisation. Winters (2004:11) observes that favourable government trade policies are likely to result in economic growth, as they provide opportunities for organisations.

Consequently the following relationship is hypothesised:

$H_{3.1}$: Management perceptions of *political/legal factors* are related to strategy implementation in state corporations.

6.2.3.2 Economic factors

According to Bannock (2005:102), economic variables include interest rates, money supply, business cycles, taxation changes, economic growth, inflation and exchange rates. These economic variables influence organisational operations which in turn affect strategy implementation. Bateman and Snell (2002:48) emphasise that interest and inflation rates affect the availability and cost of capital, the ability to expand, prices, costs, consumer demands for products and services, labour availability, and the ability of organisations to pay. Olson *et al.* (2005:49) argue that economic forces affect organisations in all their activities, and in particular have a direct impact on the potential attractiveness of various strategies.

According to Andreassen (2004:91), proper implementation of government strategies can result in attracting new organisations to the region, which could reduce unemployment. Fair, reasonable and market-related compensation attracts and retains employees, decreases industrial dispute, and motivates employees (Shieh, 2008:828). Manley and Rose (2010:147) advise that employees will not be

motivated if the financial reward offered to them is not proportional to the expected level of performance within the organisation.

Consequently, the following relationship is hypothesised:

$H_{3.2}$: Management perceptions of e*conomic factors* are related to strategy implementation in state corporations.

6.2.3.3 Social-cultural factors

Social-cultural factors include forces such as population demographics, income distribution, beliefs, values, attitudes, lifestyles of people, cultures, demographics, religion and ethics, which can impact strategy implementation (McDermott & O'Dell, 2009:80). Changes in these factors affect all goods, services, markets and customers (Sims, 2004:495). Kotler and Armstrong (2006:595) observe that cultural beliefs, practices and attitudes of employees can affect consumer reactions, and the pace at which changes take place affect strategy implementation (Sababu, 2005:34). Roberson (2013:3) points out that socio-cultural trends give rise to many variations in the workforce. To keep pace with society and the changing business environment, organisations need to be fine-tuned to these developments. Propelled by changes in demographic trends in society, organisations are confronted with a new diverse workforce. Intolerance has been a major source of conflict and social segregation.

Rejecting or excluding others based on their appearance, culture, beliefs, and other characteristics is a widespread social behavioural phenomenon in the workplace and in societies. There is a dire need for tolerance of people from different cultural backgrounds (Aguiar & Parravano, 2013:1). Hellriegel *et al.* (2012:189) recommend that managers encourage employees to tolerate cultural diversity, and find ways of integrating their values and ways of doing things in the workplace. In addition to employers setting policies and procedures to guide the behaviour of employees, there are also common society laws governing the workplace (Teece & Pisano, 2006:5). Employing employees with acceptable morals and values will encourage ethical behaviour and result in increased organisational performance (Shieh, 2008:832). Tower, Plummer, Ridgewell, Goforth and Tower (2010:105) contend that large organisations often adhere to only minimum legal compliance, and report on

equal opportunities in bland overview statements. It is important for organisations to adhere to equity requirements and standards in the workplace.

Consequently the following relationship is hypothesised:

$H_{3.3}$: Management perceptions of s*ocio-cultural factors* are related to strategy implementation in state corporations.

6.2.3.4 Technology factor

Technology can be classified in terms of product, process and information technology (Krajewski & Ritzman, 2006:440). Bateman and Snell (2002:539) emphasise that managers must ensure that they have knowledge of the technology, are able to convert it into practice, and have adequate funding, skilled labour, time and space available. To avoid obsolescence and promote innovation, organisations must be aware of technological changes that influence its industry (Masedale, 2002:55).

Naor (2008:676) notes that information technology has increasingly become important as employees use it to acquire, process and communicate information. According to Kinsey (2005:207), communication by email has revolutionised command and control in organisations. Taylor and Murphy (2004:285) suggest that advanced technologies need more professionally qualified and well-educated employees which in turn can affect strategy implementation. Sekaran (2007:51) notes that managers who are working with and take full advantage of information technology, keep abreast of all the latest innovations.

Busi and Bititci (2006:12) point out that Information and Communications Technology (ICT) and in particular the Internet, make organisational collaboration possible in practice. However, Internet access can be interrupted and is influenced by power failures. One of a wide range of new and emerging technologies which could significantly minimise the occurrence and impact of electricity power failures, is distribution generation technology (Andersson, Donalek, Farmer, Hatziargyriou, Kamwa, Kundur, Martins, Paserba, Pourbeik, Saz-Gasca, Schulz, Stankovic, Taylor & Vittal, 2005:1926). Kenyan organisations that adopt technology in their operations have a competitive advantage over non-technology organisations (Peace *et al.,*

2002:47). The GOK recognises the pivotal role of ICT as shaping the future of the world (Government of Kenya, 2006b:41).

Consequently the following relationship is hypothesised:

$H_{3.4}$: Management perceptions of *technology* are related to strategy implementation in state corporations.

6.2.3.5 Ecological factors

Ecology refers to the relationships among human and other living things, air, soil and water (Charkravarthy, 2002:128). There is increasing recognition and a need for sound environmental management and policies has arisen as a result of excessive pressures and demands put on natural resources which will influence strategic decisions (Kouzes & Posner, 2005:92). Effective strategic managers make and implement decisions and strategies taking into consideration ecological requirements (David, 2007:55).

Langelo (2012:1) indicates that air pollution from the chemicals that come off furnishings, office equipment and building materials can be reduced with the help of indoor plants. In the current economic climate, organisations are being more open-minded about being environmentally friendly, especially with regard to cost- saving initiatives such as energy-saving devices or alternative energy sources such as solar or wind-generated power (Dimmer, 2009:1). Energy conservation has become a very relevant social issue. In the workplace, the emphasis is mainly on optimising formalised production processes and investing in energy-efficient equipment. Although technological solutions (e.g. energy-efficient appliances and bulbs) can help reduce CO^2 emissions, behavioural changes are necessary to achieve sufficient reductions (Schwartz, Betz, Ramirez & Stevens, 2010:452).

More advanced cutting-edge technology nowadays enables organisations to move to a 100% paperless administrative environment while saving large quantities of energy, paper and ink (Harrington, *et al.* 2006:62). Weber (2011:63) points out that the transition from a paper-based work environment to a largely paperless environment has still a long way to go. Organisations need to ensure that they preserve nature by reducing their use of paper in the workplace. Businesses can

find cheaper ways to communicate, such as replacing paperwork with computers and storing information in computer databases, hence centralising their ICT systems so as to eliminate the high cost of running each department independently (Harris, 2008:39). Sias, Pedersen, Gallagher and Kopaneva (2012:253) highlight the fact that electronic communication has changed the landscape of organisational communication. The importance of physical proximity to workplace friendship is diminishing in this electronically connected workplace. E-mail, phone, and texting are central to communication among workplace friends and should be encouraged.

Consequently the following relationship is hypothesised:

$H_{3.5}$: Management perceptions of *ecological factors* are related to strategy implementation in state corporations.

6.2.3.6 Global forces

Globalisation can be defined as the intensification of world-wide social relations which link distant localities in such a way that local happenings are shaped by events occurring far away and vice versa (Martell, 2010:12). Organisations are driven by increasing levels of internationalisation and global competitive forces towards adopting strategic business practices (Hinson, 2006:120). Hellriegel *et al.* (2008:91) are of the opinion that organisations can compete globally if they adapt their strategies in terms of world-wide consistency, standardisation and low costs.

Marginson and Wende (2007:3) concur that globalisation has enabled the flow of employees, information, knowledge, technologies, products and financial capital among organisations. Busi and Bititci (2006:10) emphasise that organisations should form a network and become more collaborative with benefits of sharing risks, resources and knowledge (Tsai, Edward & Sengupta, 2010:17). Crossman and Clarke (2010:601) observe that organisations are promoting cross-cultural comparisons and learning from international best-practice examples. Haste (2009:207) argues that a teamwork approach will be desirable to collaborate in projects across international and cultural boundaries.

Consequently the following relationship is hypothesised:

$H_{3.6}$: Management perceptions of *global factors* are related to strategy implementation in state corporations.

In the next section, strategy implementation is operationalised and discussed in detail.

6.3 STRATEGY IMPLEMENTATION

Strategy implementation refers to a set of decisions and actions that result in implementation of formulated long-term plans designed to achieve organisational objectives (Pearce & Robinson, 2005:68). According to Robbins (2003:204), strategy implementation involves the application of a management process to obtain the desired results such as designing the organisation's structure, allocating resources, developing information and decision process, managing HR and rewards, approaches to leadership, and staffing. Adjibolosoo (2011:92) stresses that to implement strategies effectively require committed staff. Strategy implementation must be driven by a strategy champion, someone other than the CEO who does not necessarily have to implement plans, but must oversee that employees implement intended strategic plans. (Irwin, 2011:1).

Sun (2005:45) is of the opinion that implemented strategic initiatives are often not integrated in the achievement of mission and vision statements and are often not measured. However, they can be monitored and measured using a balanced scorecard which is an integrated strategic performance tool that uses metrics to measure the outcomes of key performance areas. Barnat (2005:1) urges organisations to identify action plans to achieve strategic objectives, and time lines by which progress towards achieving these objectives can be measured. Duff (2013:1) suggests that management should have information sessions with employees about new strategic processes and procedures to be implemented. An obstacle is that strategies may be formulated in the strategic plan, but no tactics to convert it into action have been defined (Wilkie, 2005:1). This then results in the implementation of just some plans, and not all the intended strategy.

6.4 SUMMARY

This chapter has discussed the theoretical models of strategy implementation and outcomes. It has shown and discussed different models for strategy implementation and outcomes. The emphasis of the models is that the strategy implementation process should factor in the effects of all aspects of the organisation environment. Strategy implementation should also be a concerted effort of all the staff in an organisation, who should work in harmony.

From this chapter, it is clear that the key question an organisation should seek to answer is not whether to implement strategy, but what measures should be put in place to guarantee effective strategy execution in the organisation. Effective strategy execution has an effect on business practices, and effective strategy implementation increases the organisation's competitive advantage.

The discussion of the theoretical models has culminated in the formulation of a hypothetical model which captures the factors influencing successful strategy implementation in Kenya's state corporations. The chapter has also formulated study hypotheses which were derived from the hypothetical model and substantiated by secondary sources. It is clear that the state corporations in Kenya will survive and succeed in the long run if the management develops and cultivates the culture of effectiveness in strategy implementation.

The next chapter discusses the research methodology and research paradigm adopted in the study.

CHAPTER SEVEN
RESEARCH METHODOLOGY

7.1 INTRODUCTION

Chapter six has addressed the theoretical models and constructs of strategy implementation and outcomes. Three sets of factors were formulated and substantiated by secondary sources on the factors that impact successful strategy implementation. The model depicted the operationalisation of variables from the three sets of factors that may impact strategy implementation. Internal variables included structure, HR, financial resources, culture, systems, leadership, corporate governance and communication. Market variables included customers, suppliers, competitors and labour market. External variables, namely, political/legal, economic, socio-cultural, technology, ecological and globalisation were also included.

Research is all about finding out “something” whose absence may distort the ability to make informed decisions. Business research is a social science which deals with human beings and organisations (Nwoka, Kiabel & Briggs, 2009:435). Business researchers need to appreciate that business decisions are taken within a broad social and historical context, which gives substance, direction, and ultimately meaning to the work of an individual researcher. Reality is therefore not straight forward.

Kothari (2004:10) defines research methodology as a way to systematically solve a research problem. The various steps that are generally adopted in studying the research problem, along with the logic behind it, are used. The chapter describes and discusses the research paradigms, research approaches, research strategies, time horizons, population, sampling, data collection methods, pilot study, reliability and validity of research data, and data analysis.

This chapter addresses the research design and methodology adopted in the study. It discusses the research paradigms, research methodologies, data collection and data analysis methods that are most suitable to meet the primary and secondary research objective outlined in Chapter one. The chosen research design enabled the

researcher to address the research objectives and to test the hypotheses formulated and operationalised in Chapter six.

The chapter commences with an introduction, which is followed by an explanation of the research aim and objectives, and thereafter the research design where the epistemologies or research paradigms (positivistic and phenomenological) are discussed in detail and a justification of the chosen paradigm is given. The other sections of the chapter include types of research, population and sampling, data collection methods, data analysis and statistical procedures, reliability and validity of the measuring instrument, credibility of research findings, significance of the study, and ethical considerations.

The next section highlights the research aim and objectives of the study.

7.2 RESEARCH AIM AND OBJECTIVES

The aim of this research was to assess the factors affecting successful strategy implementation in Kenya's state corporations, with a view to proposing a structured framework for overcoming the challenges inherent in strategy implementation in Kenyan state corporations. The specific objectives were:

- to undertake a detailed theoretical investigation regarding the external, market and internal factors affecting strategy implementation;
- to propose a conceptual model regarding the factors impacting successful strategy implementation;
- to test the proposed model empirically by assessing the factors affecting successful strategy implementation in Kenyan state corporations, and
- to provide guidelines for overcoming the factors hindering successful strategy implementation in Kenyan state corporations.

The next section highlights and discusses the research paradigms and specifies the applicable research paradigms in this study.

7.3 RESEARCH DESIGN

According to Leedy and Ormrod (2005:4), a research design is a systematic process of collecting and analysing information and data in order to increase the understanding of the phenomenon being investigated. The research design should constitute a logical sequence that connects the empirical data to a study's initial research questions and ultimately to its conclusions (Yin, 2004:25). It consists of two different, but related, sets of activities namely (Creswell, 2002:78):

- the first set of activities (also termed as the conceptual part) is concerned with the question to be answered in the research in order to reach the research goal; and
- the second set of activities is related to how to collect relevant data to answer the research question.

The researcher should comply with a scientific methodology that is defined as an informal and strict set of rules that has evolved to ensure the integrity, reliability and reproducibility of the research work (Remenyi, Williams, Money & Swartz, 2008:74). The explication of research design is important because it aids the assessment of the whole process of research (Eisenhardt, 2009:532). The present research investigates and analyses how the independent variables classified under internal, market and external enabling environment affect strategy implementation (dependent variable) in Kenya. To achieve this, the data from the state corporation managers was collected and presented.

7.3.1 Research paradigms

According to Collis and Hussey (2003:47), there are two extreme philosophical views regarding knowledge and reality, that is; positivism and phenomenology (realism). Hussey and Hussey (1997:45) posit that positivism is founded on the belief that the study of human behaviour should be conducted in the same way as studies conducted in the natural sciences. On the other hand, Hussey and Hussey (1997:48) define phenomenology as a science of phenomena. A phenomenon is a fact or occurrence that appears or is perceived of the cause in question. The phenomenological paradigm is concerned with understanding human behaviour from

the participant's own frame of reference. This will need to involve examination of the relationship between the researcher and that which is being researched.

There is polarity between the two approaches as indicated by Yin (2004:55) who argues that in the quantitative research (positivistic) approach our beliefs is constrained by facts, while in interpretive (anti-positivistic) or qualitative research, beliefs determine what should be regarded as facts. In the following sections these two research paradigms will be further explored.

7.3.1.1 Quantitative paradigm

The positivistic or quantitative approach attempts to explain social phenomena by assigning numerical values to the observed phenomena and counting the frequency of those phenomena, while some conclusions about the characteristics of the population may be inferred (Collis & Hussey, 2003:52). Struwig and Stead (2001:5) add that the positivism research paradigm entails a deductive approach to determine the relationship between theory and research with a precise measurement of quantitative data. Hussey and Hussey (1997:45) argued that positivists' law provides the basis of explanation, permit the anticipation of phenomena, predict their occurrence and therefore allow them to be controlled. The positivism paradigm establishes the causal relationship between the variables by establishing causal laws and linking them to a deductive or integrated theory. In addition, the positivistic approach seeks the facts or causes of social phenomena. Ciborra (1998:7) argues that in positivism, logical reasoning is applied to the research so that precision, objectivity and rigour replaces hunches, experience and intuition as the means of investigating research problems.

In quantitative research, an investigator relies on numerical data (Charles & Mertler, 2002:35). These authors use positivistic claims for developing knowledge, such as cause and effect thinking, reduction to specific variables, hypotheses and questions, use of measurement and observation, and the test of theories. The researcher has to isolate variables and causally relate them to determine the magnitude and frequency of relationships. In addition, the researcher has to determine which variables to investigate and choose instruments, which will yield highly reliable and valid scores.

In the quantitative approach, clearly constructed hypotheses are formulated about the relationship between two or more variables. Data about these variables are collected by methods such as questionnaires, focus groups, interviews, case studies and experiments. Multiple regression analysis, structural equation analysis and the Pearson product-moment correlational analysis are used to measure the relationships between the variables (Struwig & Stead, 2001:4). In quantitative research the researcher is independent and takes the role of an objective analyst. Knowledge can be revealed or discovered through the use of a scientific method (Blumberg, Cooper & Schindler, 2005:18). The aim of quantitative research is to make comparisons, describe trends and test relationships or hypothesis. However the quantitative paradigm cannot evaluate complicated business relationships by means of testing of hypotheses (Hjorland, 2005:143). It does not provide rich information as it is merely in quantitative terms.

7.3.1.2 Qualitative paradigm

Qualitative (phenomological) research is concerned with a qualitative phenomena (Kothari 2004:3). Qualitative research is “an inquiry process of understanding” where the researcher develops a “complex, holistic picture, analyses words, reports detailed views of informants, and conducts the study in a natural setting” (Creswell, 2008:15). In this approach, the researcher makes knowledge claims based on the constructivist (Guba & Lincoln, 2002:95) or advocacy or participatory perspectives (Mertens, 2003:74).

The qualitative research paradigm suggests that social reality is within the unit of research, and that the act of investigating reality has an effect on that reality. Researchers applying the phenomenological approach focus on the meaning rather than the measurement of social problems. (Collis & Hussey, 2003:57). Qualitative research concerns itself with approaches such as ecological psychology, symbolic interactionism and postmodernism (Struwig & Stead, 2001:5). According to Collis and Hussey (2003:11), qualitative research is especially important in behavioural sciences and business where the aim is to establish the underlying motives of human behaviour. Bless, Higson-Smith and Kagee (2006:43) contend that qualitative research uses qualifying words or descriptions to record aspects of the world. This paradigm employs statistical methods, such as observation, archival source analysis,

interviews, focus groups and content analysis (Struwig & Stead, 2001:5). Qualitative research includes designs, techniques and measures that do not produce discrete numerical data (Mugenda & Mugenda 2010:176).

7.3.1.3 Differences between the qualitative and quantitative paradigms

Table 7.1 outlines the features of positivist (quantitative) and phenomenological (qualitative) paradigms.

Table 7.1: Features of the main research paradigms

Features	Positivistic paradigm	Phenomenological paradigm
Basic beliefs	• The world is external and objective • Observer is independent • Science is value-free • Focus on facts	• The world is socially constructed and subjective • Observer is part of what is observed • Science is driven by human interests • Focus on meanings
Researcher	• Look for causality and fundamental laws • Reduce phenomena to simplest events	• Try to understand what is happening • Look at the totality of each situation • Develop ideas through induction from data
Preferred methods	• Formulate hypotheses and test it • Operationalising concepts to be measured • Taking large samples	• Using multiple methods to establish different views of phenomena • Small samples investigated in-depth or over time

Source: Mangan, Gardner & Lalwani (2004:567)

Based on the information in Table 7.1, it was noted that there are differences between the qualitative and quantitative paradigms. Table 7.2 indicates the fundamental differences between the two research paradigms.

Table 7.2: Differences between the qualitative and quantitative paradigms

Quantitative paradigm	Qualitative paradigm
Quantitative data	Qualitative data
Large samples	Small samples
Testing hypotheses	Generating theories
Highly specific and precise data	Rich and subjective data
Artificial location	Natural location
High reliability	Low reliability
Low validity	High validity
Generalisation is from sample to population	Generalisation is from one setting to the next

Source: Collis & Hussey (2003:155)

As can be seen in the Table 7.2, the quantitative research paradigm is applicable to phenomena that can be expressed in quantitative data (Kothari, 2004:3). The qualitative research paradigm is applicable to phenomena that can be expressed in qualitative data.

7.3.1.4 Chosen paradigm

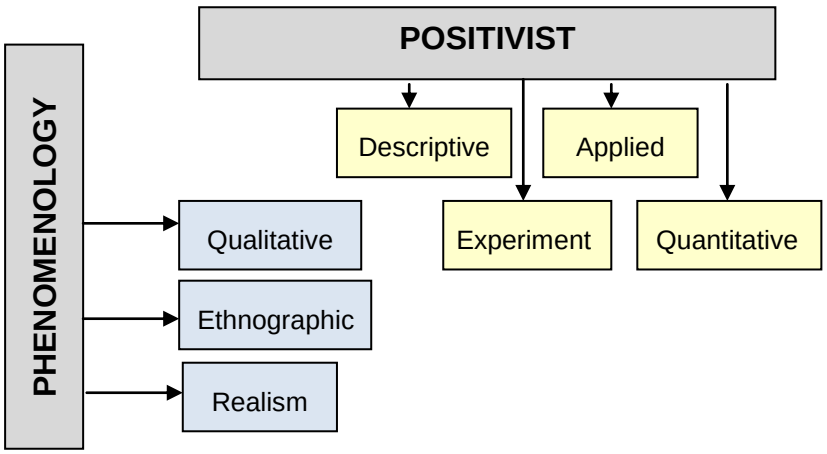
The research objective of this study is to assess the factors affecting successful strategy implementation in state corporations in Kenya. With the intention of achieving this objective, the two research paradigms were considered. As the aim was to quantify the significance of the relationships and influence among the stated variables, the positivistic or quantitative approach was chosen.

Within the two research paradigms, there are different types of research approaches.

7.3.2 Research approaches

The appropriate research approach enables the researcher to take a more informed decision about the research design and its entire configuration. It clearly brings out the kind of evidence gathered, from which sources and how such evidence is interpreted, in order to provide answers to the research question (Saunders, Lewis & Thornhill, 2007:106). Figure 7.1 summarises the different research approaches within the positivist (quantitative) and phenomenological (qualitative) paradigms.

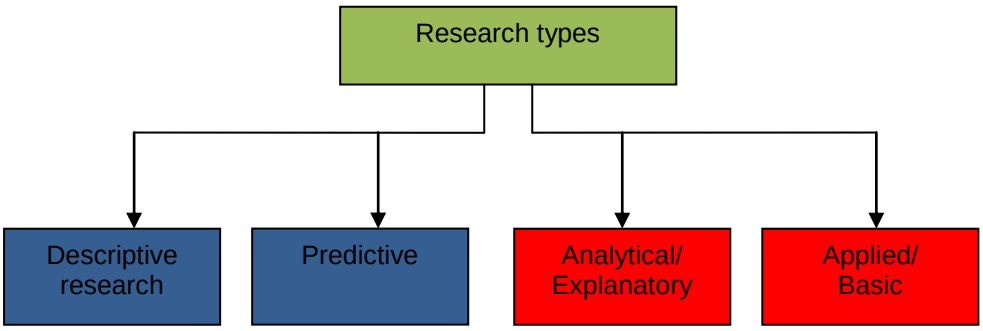
Figure 7.1: Paradigms and research approaches



Adapted from: Ticehurst & Veal (2000:18)

The different approaches within the two paradigms are clearly indicated in Figure 7.1. Collis and Hussey (2003:11) and Kothari (2004:3) identify the following research approaches: descriptive, predictive, analytical or explanatory, applied or basic research as depicted in Figure 7.2.

Figure 7.2: Types of research approaches



Adapted from: Collis & Hussey (2003:11); Kothari (2004:3)

In the following sections these research approaches are elaborated on.

7.3.2.1 Descriptive research

According to Shields and Hassan (2006:313), descriptive research refers to the type of research question, design, and data analysis applied to a given phenomenon. It describes the characteristics of a population or phenomenon being studied. Shields and Rangarajan (2013:109) agree with this view and posit that descriptive research addresses the "what" question but does not answer questions about how/when/why the characteristics occurred. According to Kothari (2004:3), the characteristics used to describe the situation or populations are known as descriptive categories. The description is used for frequencies, averages and other statistical calculations. However, Shields and Hassan (2006:313) advise that the best approach, prior to writing descriptive research, is to conduct a survey investigation. Qualitative research often has the aim of description and researchers may follow-up with examinations of why the observations exist and what the implications of the findings are.

According to Shields and Rangarajan (2013:111), descriptive research encompasses gathering data that describes events. Descriptive research organises, tabulates, depicts, and describes the data collection. It uses visual aids such as charts and graphs to help the reader to understand data distribution. In support of this view Patton (2006:98) argues that since the human mind cannot extract the large mass of raw data, descriptive statistics are very important in reducing the data to manageable form. The research uses description as a tool to organise data into patterns that emerge during analysis when in-depth, narrative descriptions of small numbers of cases are involved.

According to Collis and Hussey (2003:11), descriptive research describes phenomena as they exist. While inferential statistics try to determine cause and effect, Descriptive statistics tell what is. A different view is expressed by Kothari (2004:2) who pointed out that descriptive research includes surveys and fact-finding investigations of a different nature and the researcher has no control over the variables. Therefore, the purpose of the research in question goes well beyond the description of the research objectives as already mentioned in the research objectives.

7.3.2.2 Predictive research

Predictive research forecasts the likelihood of a similar situation occurring elsewhere, in other words, it aims to generalise findings (Collis & Hussey, 2003:12). Shields and Rangarajan (2013.65) add that a predictive research begins with finding out what will happen given that some baseline information is already known, and usually involves some form of human behavior or condition. Hunt and Tyrrell (2004:16) further add that predictive research requires high levels of inferences and goes beyond analytical research because it is rooted in theory and explanation.

The present study aimed at generalising the research findings to the entire target population. Though this study is rooted in dimensions of theory and explanation, it will not predict future developments in the state corporations. According to Collis and Hussey (2003:12), predictive research answers all the “how”, “why” and “where” answers to current events and to similar events in the future.

7.3.2.3 Analytical or explanatory research

In this approach, the researcher uses empirical data sets and analyse these to make critical inferences in analytical or explanatory research (Kothari, 2004:3). In agreeing with this view, Yates, Moore and Starnes (2008:66) agued that explanatory research answers the questions of "why" and "how" something happened. It establishes a cause and effect relationship between two variables. However, Collis and Hussey (2003:11) describe analytical research as an advanced version of descriptive research.

7.3.2.4 Basic or applied research

According to Roll-Hansen (2009:34), basis or applied research is a systematic inquiry involving the practical application of science. It accesses and uses some part of the research communities' (the academia's) accumulated theories, knowledge, methods, and techniques, for a specific, often state-, business-, or client-driven purpose. According to Collis and Hussey (2003:13), b*asic research* is conducted primarily to improve understanding of general issues, without emphasis on immediate application. Shields and Rangarajan (2013:54) concede that applied research deals with solving practical problems and generally employs empirical methodologies. In addition, Day (2006:43) argue that since applied research take place in a real world setting, strict research protocols may need to be relaxed. Applied research is geared towards the application of its findings to solve specific, existing problems.

7.3.2.5 Chosen research approach

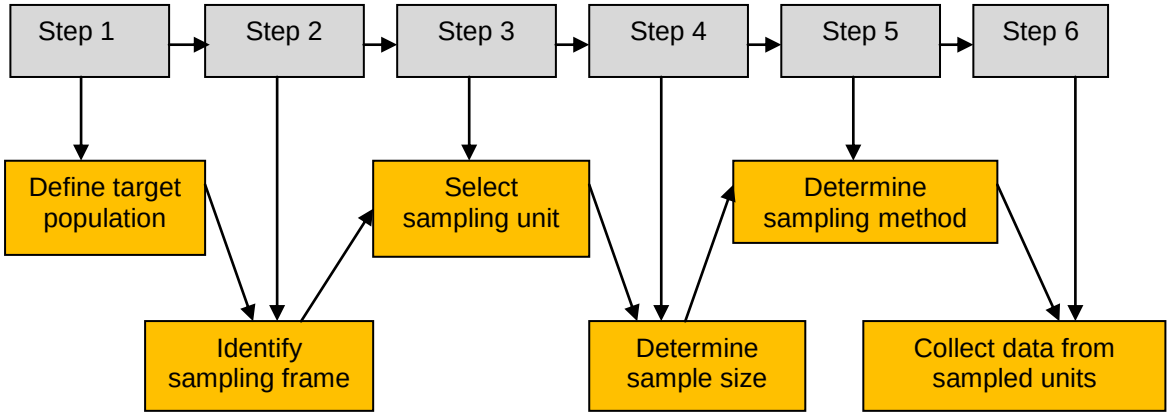
The research on strategy implementation in Kenyan state corporations aims at testing empirically a hypothetical model for strategy implementation as presented in Figure 1.4 of Chapter one. The research will investigate and analyse how the independent variables influence strategy implementation in state corporations (dependent variable). It is therefore concluded that this research will be analytical, that is, it will go beyond exploring and describing the phenomena, but will predict what may happen in future if strategy implementation is enhanced in state corporations. Since this research relies on theories and models sourced from secondary sources, as evident from section 1.6 of Chapter one, this research will use deductive reasoning. This research is classified as "applied" because its

findings are expected to provide strategic guidelines on how future strategies should be implemented in the Kenyan state corporations. In the next section, population and sampling are discussed.

7.4 POPULATION AND SAMPLING

Churchill (1995:557) outlines the procedure for drawing a good sample as depicted in Figure 7.3.

Figure 7.3: Procedure for drawing a sample



Adapted from: Churchill (1995:557)

The research followed the above procedure as shown in Figure 7.3 and will be discussed in the sections that follow.

7.4.1 Population

Mugenda and Mugenda (2010:30) define a population as a complete set of individuals, cases or objects with some common observable characteristics. However, Wegner (2001:169) warns that it is not always practical to gather data on every possible observation in a population, hence the need for sampling the population. The population of interest for this research will be the management team of all the 104 state corporations in Kenya. The management of state corporations were selected because they are the strategy implementers in the state corporations, and therefore well acquainted with strategy implementation processes, challenges, barriers and failures in the state corporations.

7.4.2 Target population

According to Mugenda and Mugenda (2010:33), target population refers to all the members of a real or hypothetical set of people, events or objects to which the researcher wishes to generalise the results of the research. Therefore, the target population for this research was the top- and middle management of the state corporations in Kenya. Top and middle-level management were selected because they are the people involved in strategic and tactical decision making in the state corporations and are well conversant with the strategy implementation process.

7.4.3 Sampling design

According to Orodho (2002:65), sampling involves selecting a given number of subjects from a defined population so as to represent the entire population. For most research it is impossible and impractical to include in the sample every person in the population. Sampling is the part of statistical practice concerned with the selection of individual observations intended to yield some knowledge about a population of concern, especially for purposes of statistical inference (Palit, 2006: 3511).

Wegner (2001:172) advises that the size of sample should be determined by adequacy and resource considerations. According to Aosa (2006:125) adequacy means the sample should be big enough to enable reasonable estimates of variables to be obtained, capture variability of responses and facilitate comparative analysis. Any statements made about the sample should also be true of the population. This study used probabilistic, also known as probability, sampling techniques.

7.4.3.1 Probability sampling techniques

According to Wegner (2001:171), probability sampling is based on the fact that any element or member of the population is chosen on a purely random basis. However, according to Saunders *et al.* (2007:171), in a probability sampling technique, the subjects of the sample are chosen on the basis of known probabilities. It uses methods such as simple random-, systematic- and stratified sampling.

a) Simple random sampling

A simple random sample is an unbiased surveying technique. In simple random sampling each possible sample combination within the population has an equal probability of being picked and included in the sample (Kothari, 2004:74). Amin (2005:64) argues that in small populations and often in large ones, Simple random sampling is typically done "without replacement", That is, one deliberately avoids selecting an element of the population more than once. Yates *et al.* (2008:56) support this view but argue that although simple random sampling can be conducted with replacement, it is less common. Denscombe (2008:39) adds that sampling without replacement is no longer independent, but still satisfies exchangeability. Furthermore, for a small sample from a large population, sampling without replacement is more or less the same as sampling with replacement, since the odds of choosing the same individual twice is low.

b) Systematic sampling

Kothari (2004:74) describes systematic sampling as a technique where only the first unit of a sample is selected randomly and the remaining units of the sample are selected at fixed intervals. This method involves the selection of elements from an ordered sampling frame. According to Black (2004:41), the most common form of systematic sampling is the equal probability method. In this approach, the selection of elements is conducted in a cyclical fashion by again going back to the top of list once all elements had an opportunity of being chosen. Sekaran (2007:273) posits that the sampling should starts by selecting an element from the list at random and then every k^{th} element in the frame is selected thereafter. However, Black (2004:45) warns that systematic sampling should only be applied if the given population is logically homogeneous because systematic sample units are uniformly distributed over the population. Therefore the researcher must ensure that the chosen sampling interval does not have a pattern, as this will eliminate being chosen at random.

c) Stratified sampling

According to Sekaran (2007:272), stratified sampling involves a process of stratification or segregation, followed by random selection of subjects from each stratum. Särndal, Swensson and Wretman (2003:66) define stratification as the process of dividing members of the population into homogeneous subgroups known as strata which are mutually exclusive. Hunt and Tyrrell (2004:14) argue that when

subpopulations within the population vary, it is advantageous to sample each subpopulation (stratum) independently. The strata should be collectively exhaustive by not excluding any population element. Kothari (2004:77) adds that the sample drawn from each stratum can be either proportionate or disproportionate to the number of elements in the stratum. According to Sekaran (2007:273) once the population is stratified, simple random sampling or systematic sampling can be applied within each stratum. This often improves the representativeness of the sample by reducing the sampling error. However, Särndal *et al.* (2003:66) posit that stratified sampling produces a weighted mean that has less variability than the arithmetic mean of a simple random sample of the population.

A summary of the probability sampling methods is provided in Table 7.3.

Table 7.3: Summary of probability sampling methods

Sampling method	Description	Authors
Simple random	Each element within the population has an equal probability of being included in the sample	Amin (2005:64); Denscombe (2008:39); Kothari (2004:74); Yates *et al.* (2008:56)
Systematic	The first unit is picked randomly and the remaining units sampled at fixed intervals	Black (2004:45); Sekaran (2007:272); Yates *et al.* (2008:57)
Stratified	• Subjects are segregated followed by random selection in each stratum • Samples are drawn either proportionately or disproportionate to the number of elements in the stratum	Hunt & Tyrrell (2004:14); Kothari (2004:77); Sekaran (2007:272); Särndal *et al.* (2003:66)

Source: Own compilation

All these probabilistic sampling techniques outlined in Table 7.3 are important for valid statistical deduction since they avoid bias. The next section discusses non-probability sampling.

7.4.3.2 Non-probability sampling

A non-probability sampling technique is a technique in which the items or individuals included are chosen without regard to their probability of occurrence but based on convenience, judgement or quota (Sekaran, 2007:276). Non-probability sampling techniques cannot be used to infer from the sample to the general population since its disregards the probability of occurrence. These non-probability sampling methods are discussed below.

a) Convenience sampling

According to Leedy and Ormrod (2001:207), convenience sampling involves selecting cases or units of observation as they become available to the researcher. A convenience sample is a simple method. Wiederman (2009:59) asserts that it is a suiable method to use if data collection is expensive. According to Lucas (2013:54), since members of the population are chosen based on their relative ease of access, this method is biased because researchers may approach some respondents and on purpose avoid others. In addition, respondents who volunteer for the study may differ from non-participants considerably.

b) Purposive/judgmental sampling

Purposive or judgmental sampling allows a researcher to use cases that have the required information with regard to the objectives of the study (Mugenda & Mugenda, 2003:50). According to Marshall (2006:522), the researcher chooses the sample based on who they think would be appropriate for the study. However, Small (2009:12) is of the view that this method should mainly be used when there are a limited number of people that have expertise in the area being researched.

c) Quota sampling

Quota sampling includes various groups or quotas of the population in the study, based on some criteria (Mugenda & Mugenda, 2003:50). Berg (2006:76) concedes that the researcher selects a quota of the sample from specified sub-groups of the population. In supporting this view, Black (2004:43) argues that this method is similar to stratified sampling, but in quota sampling the selection of the sample is non-random. According to Small (2009:15), one of the disadvantages of the non-random sampling method, is that the sampling error cannot be assessed.

e) Snowball sampling

According to Kothari (2004:58), snowball sampling is applicable where the characteristics of the population are not fully known. Zikmund (2004:58) posits that a few identified subjects nominate others that they know have the required characteristics. The first respondent refers a friend which in turn refers it to another friend, and so on. This process is followed until the researcher has the required sample size. Berg (2006:43) asserts that such samples are biased because they

give people with more social connections an unknown but higher chance of selection.

A summary of the non-probability sampling methods is provided in Table 7.4.

Table 7.4: Summary of non-probability sampling methods

Sampling method	Description	Authors
Convenience	The cases or units of observation are sampled as they become available to the researcher	Leedy & Ormrod (2001:207); Lucas (2013:54); Wiederman (2009:59)
Purposive/judgmental	Select cases that have the required information needed by the researcher	Marshall (2006:522); Mugenda & Mugenda (2003:50); Small (2009:12)
Quota	• The population is classified per groups or quotas based on some set criteria • Sample selection is non-random	Berg (2006:76), Black (2004:43); Mugenda & Mugenda (2003:50); Small (2009:15)
Snowball	The few identified subjects nominate others know have the required characteristics until the required sample is achieved	Berg (2006:43); Kothari (2004:58); Zikmund (2004:58)

Source: Own compilation

These non-probability sampling methods shown in Table 7.4 are used when a researcher is not concerned about selecting a sample that is representative of the population, ultimately not making inferences or generalisations about the population (Mugenda & Mugenda, 2003:50).

In this study, the simple random probability sampling method was used. This was used to select the specific top and middle level managers in the state corporations in Kenya. In this method, any employee in top and middle level management had equal probability of being selected in the sample since samples was chosen on a purely random basis. However, the selection of top and middle categories of management was done using purposive or judgmental sampling. This allowed a researcher to use respondents that have the required information related to the objectives of the study (Mugenda & Mugenda, 2003:50). It is envisioned that top and middle level management would provide the information needed for the study (Marshall, 2006:522), especially with regard to strategy implementation since they are the strategy implementers in the organisation.

In the following sections the sampling frame of the study is outlined.

7.4.4 Sampling frame

The sampling frame is the list of elements from which the sample is actually drawn. For the present research, the sampling frame consists of all 104 functional state corporations in Kenya (see Appendix 3). According to Kothari (2004:88), an optimum sample is the one that fulfils the requirements of efficiency, representativeness, reliability and flexibility. This sample should be in a range of 10%-30%. Based on this, 30% of the state corporations (that is, 31 state corporations) were sampled randomly from the 104 state corporations in Kenya. The sampling frame was obtained from the only available database of state corporations in Kenya namely, the Kenya National Bureau of Statistics (KNBS). The rationale of identifying the specific state corporations from the sampling frame was based on the use of the systematic sampling technique. In this case, the first state corporations from the list were identified, and thereafter every third state corporation was selected until the required sample of 31 corporations was obtained.

7.4.5 Inclusion and exclusion criterion

The criterion for inclusion and exclusion of individual respondents in the sample was based on the position held in the state corporation, that is, any individual in top or middle-management levels was targeted in the study since they are the decision makers and strategy implementers in the state corporations. Any individual in the sampled state corporation who was not either top or middle level manager was technically excluded from the sampling frame. The state corporations from the sampling frame were contacted to obtain data bases (organisational chart) of the top and middle-level managers. The specific respondents from the corporation were selected using the simple random sampling technique. However, willingness to participate in the study as well as availability of the respondents, were also considered.

7.4.6 Sample size determination

Leedy and Ormrod (2005:211) state that a sample should be carefully chosen as it should be representative of the characteristics of the whole population. A sample is a subset of the population. Collis and Hussey (2003:155) hold the view that a good

sample must be chosen at random, be large enough to satisfy the needs of the investigation being undertaken, be unbiased, and be representative of the population from which it is drawn. Collis and Hussey (2003:160) propose three main considerations to bear in mind when deciding on the sample size:

- the kind of statistical analysis which is planned;
- the expected variability within the samples and the results based on experience (the greater the expected variation, the larger the sample), and
- the traditions in the particular research area regarding appropriate sample size.

According to Kenya National Bureau of Statistics (2010:87), there are a total of 104 state corporations in Kenya (see Annexure 3), therefore, 30 state corporations representing about 30% of the total number of state corporations were sampled. Kothari (2004:88) is of the opinion that a sample should be in a range of 10%-30% of the target population. According to Ticehurst and Veal (2000:162), the minimum sample size for exploratory factor analysis must be a function of the number of items in the questionnaire times the rating scale (five in this study). Since there were 97 items in the questionnaire, a sample size of 485 respondents was required (that is, 97x5=485). Questionnaires were distributed to at least 16 managers from each of the 30 sampled state corporations to enable the statistical testing of the hypotheses.

The next section discusses in detail the data collection methods.

7.5 DATA COLLECTION METHODS

"Data" refers to all the information a researcher gathers for his or her study (Mugenda & Mugenda, 2010:12). Data may also be viewed as known facts or items used as a basis for inference or reckoning. Both primary and secondary research methods were used to collect data relevant to this study.

The next section discusses primary data collection methods. The research instrument, including its structure, is also explained.

7.5.1 Secondary data collection

Mochmann (2011:32) defines secondary data as the data collected by someone other than the user. Common sources of secondary data for social science include censuses, organisational records and data collected through qualitative methodologies or research. According to Bishop (2007:213), secondary data analysis saves time that would otherwise be spent on collecting data. In support of this argument, O'Sullivan and Rassel (1999:432) concede that secondary data collect quantitative data that provides larger and higher quality data that would be impossible to collect by only one researcher. Authors such as Kothari (2004:43); Sekaran (2003:34) and Zikmund (2004:58) consider secondary data as essential, since new surveys may not adequately capture past changes and/or developments.

An initial step in conducting this research was to undertake a comprehensive international and national literature search on strategy implementation, especially in state corporations. The secondary sources included bibliographies, abstracts, newspapers, reference books and textbooks, conference proceedings, reports, theses, periodicals and academic journals. A computer/Internet search using online databases such as SABINET, EBSCOHOST, Emerald and Google Scholar was conducted to obtain relevant secondary information at a national and international level. This was supplemented by a detailed library search for relevant books, articles and other appropriate literature on successful strategy implementation and outcomes. The information gathered was used to supplement the primary data collected using the questionnaire.

7.5.2 Primary data collection

Zikmund (2004:58) defines primary data as data gathered and assembled specifically for the project at hand. The ultimate goal in conducting primary research is to learn about something new that can be confirmed by others and to eliminate biases in the process (Driscoll, 2011: 3). Various methods of collecting primary data are available, namely, self-administered questionnaires, observations and interviews. Self-administered questionnaires are common instruments for collecting raw data beyond the physical reach of the researcher. In self-administered questionnaires, respondents are requested to complete a well designed questionnaire. In the present study a self-administed questionnaire was used to collect primary data from the

targeted respondents. In this study, primary data was collected from the top and middle-level managers in the state corporations.

Various data collection methods exist. In the following section these various types of data collection methods are elaborated on in more detail.

7.5.2.1 Data collection methods

Various authors (Collis & Hussey, 2003:49; Kothari, 2004:43; Sekaran, 2003:34) have outlined different methods of data collection to include:

- survey;
- interview;
- direct observations;
- experiments;
- case study, and
- action research.

In the following sections these data collections methods are discussed.

a) Surveys

In business research, surveys are the most common method of generating primary data (Zikmund, 2003:66). A survey can also be defined as a research technique where information is collected from a sample of individuals by means of a questionnaire (Eybers, 2010:130). In other words, a survey is a systematic method for gathering information from individuals for the purposes of describing the attributes of the larger population of which the individuals are members.

The survey method of data collection requires the application of questionnaires and that the population being studied is accurately described with a sample that is representative of the population (Struwig & Stead, 2001:41). Bryman and Bell (2003:49) describe survey research as a cross-sectional design in which data is collected predominantly by questionnaire or by structured interviews on more than one case and at a single point in time. Denscombe (2008:31) indicates that surveys are popular as they have a wide and inclusive coverage, can be done in a short time

at fairly low cost, lend itself to quantitative data, and provide empirical data to emphasise tangible things that can be measured and recorded.

Based on the above features, surveys are appropriate for investigating the factors impacting successful strategy implementation in state corporations in Kenya. Kothari (2004:118) mentions that there are possible relationships between economic, psychological and other issues in the universe that can be studied by conducting surveys to collect data necessary to solve a specific problem. In the next section, interviews as a data collection method are discussed.

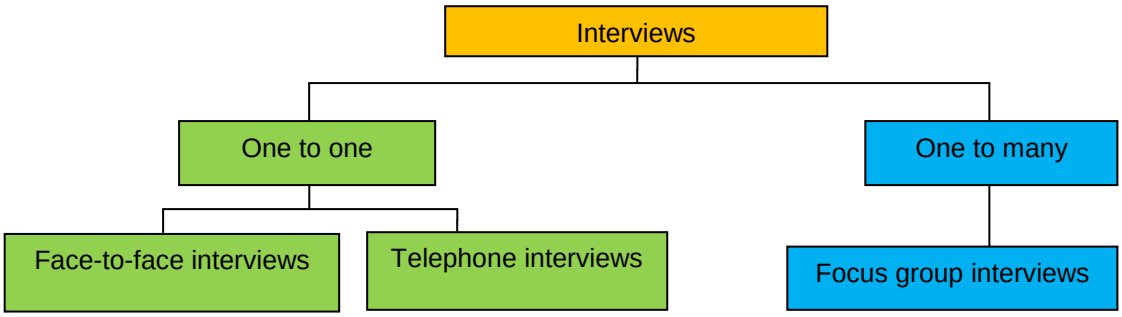
b) Interviews

Bryman and Bell (2003:32) describe interviewing as a technique for collecting data involving a specific instrument called a structured interview schedule or interview guide. Kothari (2004:43) objects that interviewing is a more expensive method than questionnaire administration because the researcher has to be physically present, especially in face-to-face interviews. Different types of interviews exist, such as (Denscombe, 2008: 178; Saunders *et al*., 2007:263-264; Sekaran, 2007:225-230):

- A *structured* interview where the researcher has a predetermined list of questions to which an interviewee is invited to offer limited-option responses;
- A *semi-structured* interview where the researcher has a list of themes and questions to be covered, and has flexibility to allow the interviewee to raise issues and elaborate points of interest, and
- An *unstructured* interview which is informal and used for in-depth exploration of an area of general interest and which allow the interviewees to use their own words and develop their own thoughts.

Saunders *et al*. (2007:265) differentiated between the types of interview according to the form of interaction between the researcher and the respondents, as shown in Figure 7.4.

Figure 7.4: Forms of interviews



Adapted from: Saunders *et al.* (2007:265)

According to Saunders *et al.* (2007:265), interviews may be conducted on a one-to-one and one-to-many face-to-face basis. However, certain situations may require a researcher to conduct an in-depth interview with a group to explore aspects of the research investigation. Denscombe (2008:175) explains that interviews are used for more complex and subtle phenomena in which a researcher needs to gain insight into things like people's opinions, feelings, emotions, experiences, sensitive issues and privileged information. Sekaran (2007:232) points out that interviews allow the researcher to pick verbatim, adapt and clarify questions and ensure that the responses are properly understood, by paraphrasing the questions. In Figure 7.4, telephone, face-to-face and focus group interviews were indicated. In the following sections these interviews methods are elaborated on.

(i) Telephone interviews

According to Beck (2005:411), telephone interviews are largely neglected in the qualitative research literature and are often portrayed as a less attractive option as compared to face-to-face interviewing. Barriball, Christian, While and Bergen (2006:115) affirm that the absence of visual cues in telephone interviews results in loss of contextual and nonverbal data and compromise rapport, probing, and interpretation of responses. However, Burke and Miller (2007:33) disagree with this view and argue that telephone interview allows respondents to feel relaxed and able to disclose sensitive information. There is no evidence that telephonic interviews produce lower quality data.

According to Warren (2006:143), telephone interviewing is more advantageous than face-to-face due to remotely extended access to participants. In support of this argument, various authors (such as Denzin & Lincoln, 2007:98; Garbett & McCormack, 2007:95; Mann, 2005:132; Warren, 2006:143), have outlined the following advantages of telephone interviewing:

- Wide geographical access as anybody anywhere can be interviewed if they have telephone or computer access;
- Researchers can contact hard to reach populations;
- Access to individuals on closed or limited access sites such as hospitals religious communities, prisons, the military and cults;
- Facilitate discussion of sensitive personal issues;
- Access to dangerous or politically sensitive sites such as individuals living or working in war zones, sites where diseases are rife, without the fear of the dangerment and the bureaucracy of visiting the area.

Fontana and Frey (2005:154) argue that although the interviewer can access and interview individuals that are not easily accessable, one of the disadvantages of telephone interviews, is the reduction of social cues. The interviewer does not see the interviewee, so body language among others cannot be used as an additional source of information. Garbett and McCormack (2007:95) disagree with this view and argue that the in telephone interview, the social cues such as voice and intonation are still available and although some social cues are reduced, enough social cues remain for conducting a telephone interview effortlessly.

According to Pridemore, Damphousse and Moore (2005:977) during telephone interviews, the interviewer cannot see the interviewee. This makes it difficult for thee interviewer to create a good interview ambience. In support of this view, Groves (2010:222) argues that telephone interviews create less possibility for interview standardisation. Therefore, despite the setbacks involved, telephone interviewing remains an important data collection method especially when seeking sensitive personal information, accessing hard to reach populations, as well as in dangerous or politically sensitive sites like those living or working in war zones, or sites where communicable diseases are prevalent.

(ii) Face-to-face interviews

According to Campbell and Stanley (2006:54), describe face-to-face interviews as synchronous communication in terms of time and place. Social cues, such as voice, intonation, body language of the interviewee give the researcher additional information. Nachmais and Nachmais (2008:222) posit that the value of social cues depends on the type of knowledge that the interviewer wants to obtain. However, Marshall and Rossmann (2009:44) argue that when the interviewer interviews an expert about irrelevant issues, social cues become less important. Harding (2013:51) mentions that visibility can disturb however an interviewer when attemptimg to guide the interviewee in a certain direction. This can however be mitigated by using an interview protocol and being aware of this problem.

Nachmais and Nachmais (2008:225) argue that a face-to-face interview is an important data collection method since there is no significant time delay between the question and answer, and therefore the answers are more spontaneous. Mann (2005:45) urges the interviewer to concentrate on the questions to be asked and the answers given, especially when using an unstructured or semi structured interview schedule. The interviewer has to constantly rephrase questions as a result of the interactive communication with the interviewee. Day (2006:91) suggests obtaining the permission of the interviewee to use a tape recoreder when conducting face-to-face interviews. This author points out the advantage of obtaining more accurate data in comparison to writing hand written notes. However, Creswell (2008:59) warns that recording the interview brings about the danger of not taking any notes during the interview. Patton (2006:76) and Warren (2006:87) argue that taking notes during the interview is important for the interviewer, even if the interviewer is using a tape recorder because of the following reasons:

- Its ensure all the questions have been answered, and
- It can act as a substitute in cases of malfunctioning of the tape recorder, and in case of "malfunctioning of the interviewer".

(iii) Focus group interviews

According to Lindlof and Taylor (2008:69), a focus group is a qualitative research technique whereby a group of individuals are asked about their perceptions,

opinions, beliefs, and attitudes towards a product, service, concept, advertisement, idea, or packaging. In support of this view, Marshall and Rossmann (2009:211) concede that focus group interview questions are asked in an interactive group setting where participants discuss the responses to the questions freely with other members of the group. Campbell and Stanley (2006:211) confirm this view and argue that in focus group interviews, group members discover a common language to describe similar experiences which enables the researcher to capture "native language" or "vernacular speech" to better understand the scenario. Tracy, Lutgen-Sandvik and Alberts (2006:148) reiterate that focus groups provide an opportunity for participants to validate their opinions and feelings in a secure setting. For example, in the context of workplace bullying, it provides an efficacious and ethical avenue for collecting data from employees. In addition, Lindlof and Taylor (2008:71) suggest that a group discussion produces rich data and insights that would otherwise be less likely to be found without the interaction found in a group setting. It seems that a focus group discussion stimulates memories, ideas, and experiences which aid in collecting rich data.

Respondents in this study were not personally interviewed. In the next section, observation is discussed.

c) Observations

Sekaran (2003:34) describes observations as the researcher's view on the present scenario of the research setting. According to Denscombe (2008:206), observation draws on the direct evidence of the eyewitness events first-hand. It is based on the belief that understanding exactly what happens is best done through observation. There are two types of observation, namely, systematic and participant observation which share the same characteristics (Denscombe, 2008:207). In both types of observation there is reliance on direct observation in the natural setting, with data collected in real-life situations using fieldworkers and that the data obtained may be subjective according to the researcher's perception.

Cooper and Schindler (2006:82) mention that with observation, data is collected at location of the individual which provide additional insight into the problem investigated. However, Bryman and Bell (2003:98) discredit observation as a data

collection method by arguing that it lacks objectivity since it depends on the opinion of the researcher or observer. Kothari (2004:118) asserts that the observation method is subjected to reliability and validity checks.

As the researcher obtain information through observation without getting consent from respondents, this data collection method will not be applied in the present study. In the next section, experiments are discussed.

d) Experiments

According to Mugenda and Mugenda (2003:175), an experiment involves manipulation of independent variables to determine their effect on a dependent variable. An experiment is an empirical investigation under controlled conditions designed to examine the properties and relationships between specific factors. The point of conducting an experiment is to isolate individual factors and observe their effect in detail. Denscombe (2008:49) indicates that experiments require the identification of causal factors, manipulation of key variables through controls and empirical observation and measurement.

The present study will not use experiments as a data collection method. In the following section, case study research is discussed.

e) Case studies

Mugenda and Mugenda (2003:173) define a case study as an in-depth investigation of an individual, organisation or phenomenon. The purpose of a case study is to determine factors as well as relationships among the factors. According to Denscombe (2008:35), case studies focus on one (or just a few) instances of a particular phenomenon with a view to providing an in-depth account of events, relationships, experiences or processes occurring in that particular instance.

This study did not utilise the case study data collection method. The next section discusses action research.

f) Action research method

Action research is conducted with the primary intention of solving a specific, immediate and concrete problem in a local setting (Mugenda & Mugenda, 2003:157).

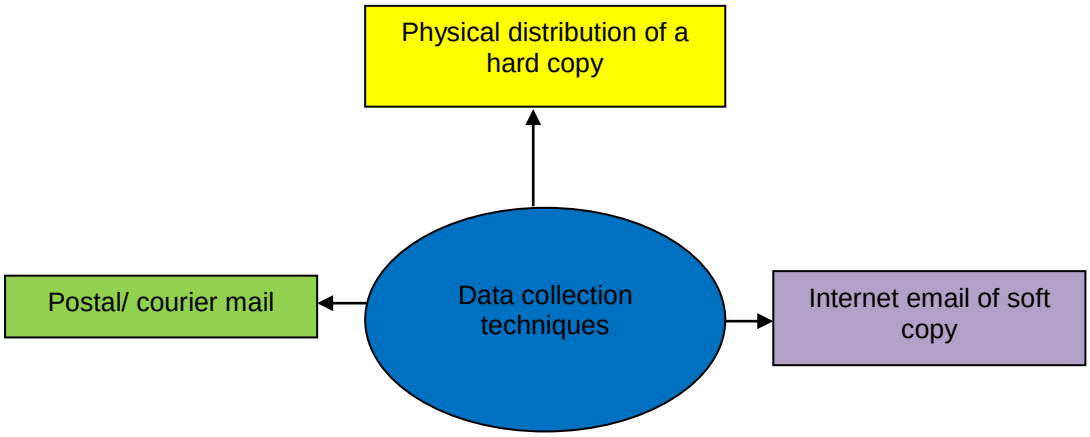
According to French and Bell (2008:130), action research attempts to meet the dual goals of making action more effective and building a body of scientific knowledge around that action. Denscombe (2008:123) considers action research as practical as it deals with real-world problems and issues, change, as a cyclical process in which feedback on initial findings generates possibilities for change which are then implemented and evaluated ready for further investigation; and that the researcher is actively participating in the research process.

This study did not regard action research as a suitable data collection method. In the following section data collection techniques are highlighted.

7.5.2.2 Data collection techniques

Three data collection techniques were utilised to collect primary data for this study, as depicted in Figure 7.5.

Figure 7.5: Data collection techniques



Source: Own compilation

As can be seen in Figure 7.5, the three data collection techniques used in the administration of a questionnaire were: physical administration of hard copy version of the questionnaire to the respondents; sending postal or courier mail questionnaires to identified respondents, and the use of Internet or sending soft copy questionnaires by email to identified respondents. These techniques are discussed in the following sections.

a) Physical administration of hard copy version

The first mode of questionnaire administration was administering a hard copy version of the questionnaire to the respondents. This was used in situations where the researcher felt the need to have specific respondents in a particular corporation answer the questionnaire. The hard copy version of the questionnaire was the same as the postal or emailed version, so only the mode of delivery of the questionnaire to the respondents was different.

b) Sending of postal or courier mail questionnaires

The second option was sending the questionnaire via postal or courier services. This was done to pre-selected potential respondents. A typical mail package consisted of the outgoing envelope, cover letter, questionnaire, return envelope, and possibly an incentive (Malhotra, 1996:189). The respondents completed and returned the questionnaire. In this method, no verbal interactions existed between the researcher and the respondents.

c) Use of internet (sending via emails)

The third mode was to send the questionnaire by email. In this case, lists of email addresses of potential respondents were obtained, whereafter emails were sent via the Internet. One advantage of this method was that it was fast, and emailed questionnaires could be received by anyone with an email address (Malhotra, 1996:192).

The next section summarises the advantages and disadvantages of the above discussed data collection techniques

7.5.2.3 Summary of the advantages and disadvantages of data collection techniques

Table 7.5 depicts the summary of the advantages and disadvantages of data collections techniques discussed in the preceding sections.

Table 7.5: Advantages and disadvantages of data collection techniques

Distribution method	Advantages	Disadvantages
Mail	• Easy to administer • Control over visual quality of the instrument which can be made to look professional • Generally less costly • Greater degree of anonymity	• Inability to control whether or not the respondent will return or complete the questionnaire, or complete the questions in the right order • Greater level of literacy required than for an interview • Inappropriate for studies of rapidly changing opinions
Email	• Even easier to administer and less costly than mail surveys • Respondents more likely to complete than a mailed questionnaire	• Not easy to guarantee anonymity
Internet	• Good if the population sample is highly specific • Easier to show visuals than with an email questionnaire • Not very costly	• Requires IT literacy from sample • Difficult for more complex questions

Adapted from: Creswell (2008:88); Fontana & Frey (2005:77); Patton (2006:66)

In this study all the above data collection techniques were used to administer the questionnaire namely, physical distribution of a hard copy version, sending via postal or courier mail and using internet (sending via emails) to increase the response rate of the study.

7.5.2.4 Increasing the likelihood of response rate

According to Popper (2004:88), the main disadvantage of self-administered methods of data collection is the lack of control over the response rate. Creswell (2008:84) argues that once the questionnaire has been sent to the respondent, little can be done to ensure the return thereof. Several authors (Creswell, 2008:45,49; Day, 2006:77; Popper, 2004:88) suggest various ways of increasing the response rate of self-administered questionnaires, such as:

- Compilation of a professional questionnaire with clear instructions and providing adequate writing space;
- Provide a monetary incentive, small gift, charitable donation;
- Undertake to provide a copy of the results of the study;
- Ensure the survey is easy to complete by making it fairly short, with simple questions e.g. not taking more than 15 minutes to complete;

- Increase contact with respondents by sending reminders or notifying them that they will be contacted;
- State the purpose of the questionnaire;
- Assure respondents that information will be treated as confidential, and
- Be polite and courteous by using words such as 'please' and 'thank you' since they complete it as a favour.

The researcher followed all these suggestions to increase the response rate. The next section discusses in detail the research instrument used in the study.

7.5.2.5 Measuring instrument

This study utilised a self administered questionnaire as a measuring instrument (see Annexure 1). A questionnaire is a list of carefully structured questions, chosen after considerable testing, with a view to elicite reliable responses from a chosen sample (Collis & Hussey, 2003:173). Wegner (2001:17) indicates that the design of a questionnaire is critical to ensure that the correct research questions are asked, and that accurate and appropriate data for statistical analysis is collected. The key issues focused on when designing the questionnaire are appearance of the questionnaire, sequence, wording and types of questions.

Mugenda and Mugenda (2010:32) outline some major problems associated with the use of questionnaires. These include:

- Depending on the way they are administered, there is a possibility of low response rate, which impacts on the validity of the findings;
- The questionnaires cannot be administered to illiterate people;
- The questionnaire does not capture information outside the parameters of the structured items.

The questionnaires were personally delivered, sent via email or via postal services to the identified top and middle-level managers, as previously described.

The measurements of the items in the questionnaire can be presented on an attitudinal scale. Sekaran (2007:196) identifies four different types of scales namely:

nominal, ordinal, interval and ratio. The two main categories of attitudinal scales discussed in the following sections are rating- and ranking scales.

a) Rating scales

According to Mugenda and Mugenda (2003:75), a rating scale is a set of categories designed to elicit information about a quantitative or a qualitative attribute. Common examples are the Likert scale and 1-10 rating scale where a person selects the number which is considered to reflect the perceived quality of a product. Rating scales comprise of numbers and descriptions used to rate the subjective and intangible components of research using several response categories (Warren, 2006:143). In supporting this view, Marshall and Rossmann (2009:154) assert that a rating scale requires the rater to assign a value, sometimes numeric, to the rating to measure an attribute.

All rating scales can be classified into one of three classifications as discussed next. Mann (2005:77) and Patton (2006:121) distinguish between the types of rating scales as follows:

- Ordinal scale questions have numbers indicating the relative position of items, but not the magnitude of difference, e.g. a Likert scale;
- Interval scale questions have no absolute zero point but the numbers indicate the magnitude of difference between items by using attitude or opinion scales, and
- Ratio scale questions have a fixed zero point and the numbers indicate the magnitude of difference e.g. age, income, market share, sales revenue, sales volume, price and costs.

According to Popper (2004:132), more than one rating scale is required to measure an attitude or perception to enable statistical comparisons between the categories in the polytomous Rasch model for ordered categories. When applying the classical test theory, more than one question is required to obtain an index of internal reliability such as Cronbach's alpha. Cronbach’s alpha is a basic criterion for assessing the effectiveness of a rating scale and a more generally utilised psychometric instrument (Day, 2006:157).

b) Ranking scales

According to Campbell and Stanley (2006:172), ranking scales use a numeric scale and provide ordinal data. It compares and determines order among two or more objects or properties. Mugenda and Mugenda (2003:75) confirm that ranking scales make comparisons between objects, events or persons, and elicit the preferred choices and ranking among them. Harding (2013:119) adds that a ranking scale determines the quality relative to others by using the average as a benchmark. According to Mugenda and Mugenda (2003:75), a Likert scale is the most commonly used scale for questionnaires.

In this study, Likert scale questions were designed to examine how strongly subjects agree or disagree with statements on a 5-point scale; strongly disagree (1), disagree (2), Neutral (3), agree (4) and strongly agree (5) in Sections A to D. The questionnaire (see Annexure 1) contained the following five major sections:

- Section A contained questions that assessed the influence of internal factors on strategy implementation;
- Section B contained questions that investigated the influence of market forces on strategy implementation;
- Section C contained questions that assessed the influence of external factors on strategy implementation;
- Section D contained questions on strategy implementation;
- Section E consisted of questions on demographic information regarding the respondents and the state corporations being investigated (nominal scale).

In this study, the questionnaire was based on the literature review concerning strategy implementation and factors influencing it. It guided the gathering of data since it was used as the principal data collection instrument.

The next sub-section discusses pilot testing.

7.5.2.6 Pilot testing

A pilot study was undertaken to test the research instrument and to ascertain whether the items of the research instrument were homogenous and reflected the same underlying constructs as depicted in the hypothetical model of the study. Collis

and Hussey (2003:175) see pilot testing as a simulation before the start of the actual primary data collection process. Moffett, Anderson, Gillespie and McAdam (2008:371) assert that piloting improves the overall questionnaire structure, layout, wording and terminology, sequencing of questions and the addition of questions. The pilot is meant to remove any ambiguities and irrelevancies in the research instrument (questionnaire). The practical evaluation of the questionnaire sought to assess the relevance of the statements (items) in the questionnaire on strategy implementation in Kenyan state corporations, and also to ensure that the respondents understood the terminology used.

The pilot testing for this study was conducted during October and November, 2012. The testing comprised two phases. In the first phase, the two promoters of the study reviewed the draft research instrument. They were asked to comment on the survey questions (statements) and the relevance of the questions to the study. After their review, their suggestions were factored into the editing of the questionnaire, and a new revised survey questionnaire was developed.

In the second phase, the revised survey questionnaire was administered to a randomly selected sample of 62 respondents mainly in top and middle-level management of Kenyan state corporations. A total of 50 responses were received back, which reflected an 80.6% response rate for the pilot study. A list of the sampled state corporations was made to ensure that the corporations that were sampled in the pilot study were not included in the actual study.

(i) Internal consistency assessment of pilot study

To verify the consistency of the inter-item reliability of the research instrument Cronbach alpha reliability coefficients for the pilot study were computed for all the variables of the study, as can be seen in Table 7.6. The computer programme Statistica 10 (2010) was used in calculating the Cronbach's alpha reliability coefficients for the pilot testing. The values of Cronbach's alpha for the pilot study ranged from 0.607 to 0.923. Cronbach’s alpha reliability coefficient normally ranges between 0 and 1. The closer Cronbach’s alpha coefficients are to 1.0 the greater the internal consistency of the items, hence the responses to the research categories for

this study. George and Mallery (2003:211) provide the following rule of thumb for the Cronbach's alpha value, namely:

- Excellent (α > 0.9);
- Good (α > 0.8);
- Acceptable (α > 0.7);
- Satisfactoring (α > 0.6);
- Poor (α > 0.5), and
- Unacceptable (α < 0.5).

The results of the pilot study's Cronbach's alphas for the factors are depicted in Table 7.6.

Table 7.6: Cronbach's alpha reliability coefficients for pilot study

Item numbers	Variables	Cronbach alpha values for pilot study
Section A	**Internal/micro variables**	
1-5	Structure	0.923
6-10	Human resources	0.848
11-15	Financial resources	0.610
16-20	Culture	0.725
21-25	Systems	0.850
26-30	Leadership	0.905
31-35	Corporate governance	0.810
36-40	Communication	0.887
Section B	**Market variables**	
1-5	Customers	0.901
6-10	Suppliers	0.607
11-15	Competitors	0.721
16-20	Labour market	0.795
Section C	**External/macro variables**	
1-5	Political/Legal	0.787
6-10	Economic	0.841
11-15	Socio-cultural	0.864
16-20	Technology	0.912
21-25	Ecological	0.704
26-30	Global forces	0.853
Section D	**Strategy implementation**	
1-7	Strategy implementation	0.912

Source: Own construct from field data

As can be seen in Table 7.6, all the factors had coefficients which were higher than 0.60, which is regarded as satisfactory. Therefore the pilot results confirmed that the developed research instrument was appropriate to source primary data related to the research problem in question.

7.6 Validity and reliability of the measuring Instrument

Riege (2003:84-85) states that the design tests, validity and reliability, are commonly applied to the theoretical paradigm of positivism, and adds that the purpose of testing for validity and reliability is to assess the internal consistency of the collected data. According to Kim (2003:12), validity means that findings are accurate statements about the world as it is without the researcher's involvement, and reliability means that the proofs of such truths are to be replicated.

The validity and reliability of the measuring instrument are described next.

7.6.1 Validity

A research instrument is said to be valid if it measures what it is supposed to measure. According to De Vos (2002:167), the validity of an instrument is measured by its repeated reviews by experts and field tests. Authors (Cooper & Schindler, 2006:318; Leedy & Ormrod, 2005:98; Roux, 2006:15) have identified the various types of validity as depicted in Table 7.7.

Table 7.7: Types of validity

Validity type		Description
Content validity		Measures extent to which measurement scales provide adequate coverage of investigative question
Face validity		A situation where questions are scrutinised to determine their relationship to subject under discussion and to ensure appropriateness of questions
Criteria related		Use of a measure in assessing subjects' behavior in specific situations
Construct related	Convergent	Extent to which an operation is similar to (converges on) other operations that it theoretically should also be similar to
	Discriminant	Degree to which operationalisation is not similar to (diverges from) other operationalisations that it theoretically should not be similar to

Adapted from: Leedy & Ormrod (2005:98) and Roux (2006:15)

Various authors (Campbell & Fiske, 2009:88; Golafshani, 2003:599; Trochim, 2006:88) have described various types of validity measures such as content, face, criteria-related and construct-related validity, which include convergent and discriminant validity.

7.6.1.1 Face validity

Face validity refers to a situation where questions are scrutinised to determine their relationship to the subject under discussion, and to ensure the appropriateness of questions (Cooper & Schindler, 2006:318). According to Nachmais and Nachmais (2008:67), face validity is the extent to which a test is subjectively viewed as covering the concept it purports to measure. It refers to the transparency or relevance of a test as they appear to pilot respondents. In addition, Olden (2010:76) argue that, a test can be said to have face validity if it "looks like" it is going to measure what it is supposed to measure. Schultz and Schultz (2010:89) claim some people use the term face validity to only refer to the validity of observers who are not experts in testing research methodologies. Therefore, face validity means that the test "looks like" it will work, as opposed to "has been shown to work". In the first phase of the pilot testing of the questionnaire, face validity was ensured.

7.6.1.2 Content validity

Content validity is related to face validity and measures the extent to which measurement scales provide adequate coverage of the investigative questions (Leedy & Ormrod, 2005:98). According to Banks (2005:88) content validity (logical validity) refers to the extent to which a measure represents all facets of a given social construct. In addition, Wilson, Pan and Schumsky (2012:197) concede that an element of subjectivity exists in relation to determining content validity, which requires a degree of agreement about what a particular personality trait such as extraversion represents. Banks (2005:63) regards face validity as a superficial measure and content validity as providing validty through using subject matter experts to evaluate whether test items assess the defined content. Gravetter and Forzano (2012:56) concede that content validity is most often utilised academic and vocational testing, where test items need to reflect the actual knowledge required for a given study area.

7.6.1.3 Construct validity

Construct validity is considered the most appropriate type of validity to use in social research and a key concept in psychometric research on the development and uses assessments or tests (Roux, 2006:15). According to Brown (2006:212), construct validity refers to the degree to which a test measures what it claims, or purports, to measure. In addition, Messick (2005:742) defined construct validity as the appropriateness of inferences made on the basis of observations or measurements (often test scores), specifically whether a test measures the intended construct. Similar views were expressed by Polit and Beck (2012:321), who argued that constructs are abstractions that are deliberately created by researchers in order to conceptualize the latent variable. It is the cause of scores on a given measure, although it is not directly observable. In layman terms, construct validity examines the question: Does the measure behave like the theory suggests the construct should behave? Golafshani (2003:599) views construct validity as the initial concept, notion, question or hypothesis that determines which data is to be gathered and how it should be gathered. Testing construct validity therefore implies deriving inferences from the scale based on the theory underlying the scale.

Construct validity comprises both convergent and discriminant validity. Convergent validity is the extent to which an operation is similar to (converges on) other operations that it theoretically should be similar to, resulting in high correlations between the variables (Trochim, 2006:89). Convergent validity shows that the assessment is related to what it should theoretically be related to. Discriminant validity on the other hand describes the degree to which the operationalisation diverges from other operationalisations that it theoretically should diverge from (Brown, 2006:214).

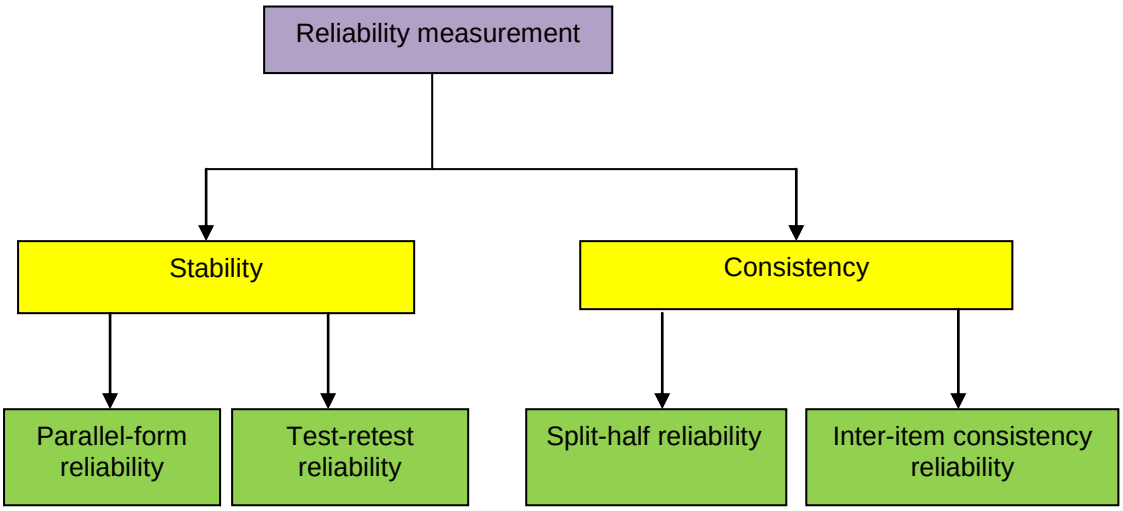
In the present study, sufficient proof of content and criterion-related validity was established on the basis of the literature review. In addition, the questionnaire was given to experts in the field of management and statistics, and also to the study promoters to appraise the items' suitability in obtaining information according to research objectives and study variables. According to Kline (2005:121), convergent and discriminant validity are calculated by using factor analysis.

According to Messick (2005:745), factor analysis facilitates the identification of measuring items, referred to as factors, which have a high correlation among themselves. Kline (2005:121) posits that the items which comprise the factors help determine the structure of the construct being measured. In this study, Principal Component Analysis was specified as the method of factor extraction, and Varimax rotation of the original factor matrix was used in all instances.

7.6.2 Reliability

Reliability is concerned with accuracy. It is the extent to which, on repeated measures, an indicator yields similar results (Leedy & Ormrod, 2005:98). Reliability is the consistency with which an instrument measures a given performance (Cooper & Schindler, 2003:302; Mugenda & Mugenda, 2003:42). Mugenda and Mugenda (2010:46) explain that reliability is a measure of degree to which a research instrument yields consistent results or data after accepted trials. Sekaran (2007:204) identifies different types of reliability, as depicted in Figure 7.6.

Figure 7.6: Types of reliability



Adapted from: Sekaran (2007:204)

According to Sekaran (2007:203), the reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept to assess the “goodness” of a measure. As indicated in Figure 7.5, stability and consistency are two important issues to be aware of when considering reliability.

7.6.2.1 Stability of measures

According to Mugenda and Mugenda (2003:97), the stability of measures refers to the ability of a measure to remain the same over time, despite uncontrollable conditions or the state of respondents themselves and requires parallel-form reliability and test-retest reliability. Polit and Beck (2012:324) concede that parallel-form reliability involves two comparable sets of responses measuring the same concept. According to Gravetter and Forzano (2012:58), test-retest reliability is assessed by administering the same test to the same sample on two different occasions. This approach assumes that there is no substantial change in the construct being measured between the two occasions. The amount of time allowed between measures is critical. Messick (2005:748) argues that if measured twice, the correlation between the two observations will depend partially how much time elapses between the two measurement occasions. Therefore, the shorter the time gap, the higher the correlation; the longer the time gap, the lower the correlation. This is because the two observations are related over time. Since this correlation is the test-retest estimate of reliability, different estimates can be obtained considerably depending on the interval.

7.6.2.2 Consistency of measures

According to Struwig and Stead (2001:131), consistency of measures is the extent to which the items together, as a set, independently measure the concept. Highly correlated items are indicative of internal consistency of measures and can be tested through the inter-item consistency and split-half reliability tests (Sekaran, 2007:205). Mugenda and Mugenda (2003:98) concur with Sekaran (2007:205) that split-half reliability reflects the correlations between two halves of an instrument. Mugenda and Mugenda (2010:87) indicate that the consistency or reliability implied in the research instrument relates to three issues, namely:

- the degree to which a measurement, given repeatedly, remains the same;
- stability of a measurement over time, and
- similarity of measurements in a given time period.

In this study, the Cronbach's alpha coefficient was used to measure the internal consistency (reliability) of the measuring scales. Cronbach's alpha is considered as a

more accurate and careful method of establishing the reliability of a measuring instrument than other methods such as test-retest or even Spearman-Brown and Kuder-Richardson reliability measures (George & Mallery, 2003:211). It is argued that Cronbach's alpha is a better method for reliability assessment since it can produce a reliability estimate with a single administration. According to George and Mallery (2003:231), the Cronbach's alpha reliability coefficient ranges from 0 to 1, with alpha values close to 1 indicating greater internal consistency of the items in the scale. A Cronbach's alpha cut-off point of 0.6 was used in the study. The results of the pilot study revealed that the research instrument used was reliable in gathering the needed information for this study as could be seen in Table 7.6.

The next section discusses the credibility of the research findings.

7.7 DATA ANALYSIS

Sekaran (2000:282) outlines the objectives of data analysis as getting a feel for the data, testing its goodness, and testing the hypotheses developed for the research. According to Leech and Onwuegbuzie (2003:564), data analysis is a systematic search for meaning. It includes organising and interrogating data in ways that allow researchers to see patterns, identify themes, discover relationships, develop explanations, make interpretations, and mount critiques or generate theories. According to Collis and Hussey (2003:17), the choice of methods and techniques of data analysis depends on whether the data collected is quantitative or qualitative.

7.7.1 Statistical procedures

According to Sekaran (2007:301), data analysis can be done with software programmes such as SPSS, SAS, STATPAK, SYS-TAT, EXCEL and STATISTICA 10. For the purpose of the present study, a statistical computer package named STATISTICA 10 (2010) was used to analyse the data. The statistical process comprised the following phases:

- assessment of the response rate;
- Kolmogorov-Smirnov test for normality to examine the data for normality;
- Kaiser-Meyer-Olkin (KMO test) to measure sampling adequacy and Barlett's sphericity test to ensure that the data set does not conform to an identity matrix;

- exploratory factor analysis to assess the discriminant validity of the measuring instrument which was conducted with a cut-off point of 0.3 and above for significant factor loadings;
- exploratory factor analysis to regroup or rename items within the factors if needed;
- Cronbach's alpha reliability coefficients to verify the consistency of the inter-item reliability of the research instrument;
- Spearman Rho correlation analysis to determine correlation between the factors;
- multi-collinearity diagnostic tests to confirm whether collinearity problems exist between variables of the study;
- multiple regression to determine whether there are relationships between the independent variables (internal, market and external) and dependent variable (strategy implementation);
- descriptive statistics to indicate the mean scores, standard variation and variance of the factors, and
- demographic profile of respondents.

In the following sections more details are provided on the data analysis methods used in the study.

a) Kolmogorow-Smirnov test for normality

According to Field (2009:83), the Kolmogorov-Smirnov test is a procedure used to test that the sample comes from a particular distribution and that the data set has a normal distribution. This test was necessary because many statistical models and tests are based on an assumption of normality.

b) Kaiser-Meyer-Olkin (KMO test) and Barlett's sphericity test

According to Mugenda and Mugenda (2010:43), for any data set to be subjected to any inferential statistical testing, the sample selected must be adequate, in order to make valid conclusions. Kasomo (2006:34) and Field (2009:76) recommend the use of the Kaiser-Meyer-Olkin (KMO test) to measure sampling adequacy, while Barlett's

test is recommended to measure sphericity to ensure that the data set does not conform to an identity matrix.

c) Exploratory factor analysis for validity and factor extraction

Factor analysis is a statistical procedure which enables the underlying dimensions of variables to be determined. Factor analysis with varimax rotation was conducted to detect the factor structure in the observed variables. A factor analysis facilitates the identification of measuring items referred to as factors that have a high correlation among themselves. The items which comprise the factors help determine the structure of the construct being measured (Field, 2009:121). Authors such as Mugenda and Mugenda (2010:67) and Hair, Anderson, Tatham and Black (2006:122) assert that the validity of the measuring instrument determines whether the research instrument truly measures what it was intended to measure or how truthful the research results are. A different view is introduced by Saunders, Lewis and Thornhill (2009:66) who consider that validity implies the extent to which the proposed interpretation of a measurement is supported empirically. In other words, validity in a measuring instrument implies the absence of measurement error. A more detailed explanation of validity testing was provided in section 7.6.1.

d) Cronbach's alpha for reliability

According to Mugenda and Mugenda (2010:87), a research instrument is considered reliable if the results of a study can be reproduced under similar conditions and methodology. Reliability is therefore the extent to which measures yield consistent results (Kasomo, 2006:44). Similarly, Hair *et al.* (2006:137) describe reliability as an assessment of the degree of consistency between multiple measurements of a variable. Reliability measures the stability of a scale based on an assessment of the internal consistency of the items measuring the construct. In addition, Trochim (2006:64) states that for a measuring instrument to be considered reliable, it must be free from errors, and the results or observations must be replicable or repeatable. A more detailed explanation of reliability testing is provided in section 7.6.2.

e) Spearman Rho correlation analysis

According to Myers and Well (2003:78), Spearman's Rho correlation (also known as Spearman's rank correlation coefficient) is a nonparametric measure of statistical

dependence between two variables. It assesses how well the relationship between two variables can be described using a monotonic function. If there are no repeated data values, a perfect Spearman correlation of +1 or −1 occurs when each of the variables is a perfect monotone function of the other. In addition, Lehman (2005:116) argues that Spearman's coefficient, like any correlation calculation, is appropriate for both continuous and discrete variables, including ordinal variables. The sign of the Spearman correlation indicates the direction of association between *X* (the independent variable) and *Y* (the dependent variable). If *Y* tends to increase when *X* increases, the Spearman correlation coefficient is positive. If *Y* tends to decrease when *X* increases, the Spearman correlation coefficient is negative. According to George and Mallery (2003:213), a Spearman correlation of zero indicates that there is no tendency for *Y* to either increase or decrease when *X* increases. The Spearman correlation increases in magnitude as *X* and *Y* become closer to being perfect repetitious functions of each other.

In this study, inferential statistical analyses such as Spearman correlation analysis and multiple linear regression tests were conducted to determine whether the identified factors (independent variables) had an impact on the strategy implementation (dependent variable). Exploratory data analysis using correlations and regressions involve collecting quantitative sample data to draw conclusions about the total population (Kothari, 2004:162). According to Lehman (2005:116), Spearman's Rho correlations test measures the relationships and the level of association between two or more variables. It also shows the direction (whether positive or negative) and strength of the relationship between variables. George and Mallery (2003:213) indicate that a correlation analysis measure ranges between -1 and 1, and the closer it is to 1, the stronger the relationships between variables.

f) Multiple regression analysis

David (2005:225) defines regression analysis as a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analysing several variables, if testing the relationship between a dependent variable and one or more independent variables. According to Good and Hardin (2008:205), regression analysis helps one understand how the typical value of the dependent

variable (or criterion variable) changes when any one of the independent variables is change, while the other independent variables are held constant.

Kutner, Nachtsheim and Neter (2004:222) argue that the outcome of a regression analysis depends on the type of data generation process, and how it relates to the regression approach being used. Fisher (2005:90) agrees with this view and argues that since the data generation process is generally not known, regression analysis often depends to some extent on making assumptions about the process. These assumptions are sometimes testable if sufficient data is available.

Sekaran (2007:411-412) indicates multiple linear regression analysis is performed to determine which independent variables can be retained in the model as it significantly impacts on the dependent variable. According to Amin (2005:405), multiple regression is concerned with the use of many predictor variables to predict a criterion variable. In this study, multiple regression was used to determine which of the independent variables (internal, market and external) significantly predict the dependent variable (strategy implementation) and which variables should be retained in the model. These results will indicate which variables are likely to impact strategy implementation.

g) Multi-collinearity diagnostic testing

Multi-collinearity exists when two or more variables are highly correlated with each other (Trochim, 2006:85). Proper multi-collinearity diagnostics is necessary since highly correlated variables designed to test different concepts usually measure the same theoretical concepts. Multi-collinearity diagnostics analysis facilitates the identification of measuring items or variables that have a high correlation among themselves (Roux, 2006:55).

h) Descriptive statistics

Mann (2005:227) describes descriptive statistics as the discipline of quantitatively describing the main features of a collection of information. According to Nick (2007:67), descriptive statistics provide sample summaries about the observations made in a simplistic manner. Such summaries may either form the basis of the initial description of the data as part of a more extensive statistical analysis, or they may

be sufficient in and of themselves for a particular investigation. David (2005:322) distinguished descriptive statistics from inferential statistics (or inductive statistics). According to this author, descriptive statistics aim to summarise a sample, rather than use the data to learn about the population that the sample of data is thought to represent. Another distinction was made by Nick (2007:69) who argues that descriptive statistics, unlike inferential statistics, are not developed on the basis of the probability theory. Even when a data analysis draws its main conclusions using inferential statistics, descriptive statistics are generally also presented.

According to Good and Hardin (2008:229), there are two main measures that are commonly used to describe a data set namely; measures of central tendency and measures of variability or dispersion. Measures of central tendency include the mean, median and mode, while measures of variability include the standard deviation (or variance), the minimum and maximum values of the variables, kurtosis and skewness. Since this was a quantitative study, descriptive statistics were used to determine the points of central tendency (means scores) and amount of variation (standard deviation).

The next section discusses the significance of the study.

7.8 Significance of the study

As indicated in chapter one, this study will be important to the policy makers of the Kenya Government during policy formulation and the implementation of effective strategies aimed at improving service delivery in state corporations and other government ministries. The findings of this study will also be useful to the management of the state corporations in Kenya since they will provide guidelines on how to mitigate the challenges and barriers to successful strategy implementation. This study could also give direction and assist other African countries facing similar challenges in strategy implementation to become knowledgeable about addressing the factors impacting successful strategy implementation in their respective countries.

Ethical considerations taken during the study period are indicated below.

7.9 Ethical considerations

According to Seale (2004:95), the principles of a standard of ethics is to ensure a high degree of respect for the autonomy of the individual, work towards the beneficiation of society as a primary motivation, and have respect for fairness. These three principles have been taken into account throughout the process of this study. In this way the respect for fairness to the research participants and the state corporations was observed at all times. All respondents agreed voluntarily to participate and principles of privacy and confidentiality were ensured in order to protect their identities and those of the state corporations. The researcher made sure that the data was accurately reflected during the stages of collection, analysis and findings. The research ethics were maintained during and after the study period in the following ways:

- seeking permission from the targeted state corporations' management in Kenya (see Annexure 2);
- presenting the results in a summary format and not on individual responses;
- ensuring that the research findings are made available to the respondents upon request;
- ensuring transparency and truthfulness with all the respondents throughout the study, and
- ensuring that all information sourced during the research is kept confidential.

In addition, the fact that the researcher is not employed in a state corporation but is an independent person, allows distance from the realities experienced by the respondents, and the possibility of any bias was thus eliminated.

7.10 SUMMARY

In this chapter, the two main research paradigms have been presented and the differences between them indicated. The quantitative research paradigm chosen has been motivated. The population and sampling designs were indicated together with data collection methods.

The hypothetical model for strategy implementation and outcomes presented in Chapter six suggests that the researcher sources primary data and uses it to analyse the variables in order to explain the relationships depicted. This study utilises a

survey to collected data via a structured questionnaire on a 5 point Likert scale. The results of the pilot study to establish inter-item reliability was indicated.

The data analysis techniques using Statistica 10 (2010) was clearly described, starting with exploratory factor analysis to establish construct validity. Various types of validity were outlined and how construct validity will be proven were indicated. Various other techniques were described to analyse the results, amongst others descriptive statistics, multicolinearity and multiple regression. In the next chapter, empirical findings will be presented, analysed, interpreted and discussed.

CHAPTER EIGHT
EMPIRICAL FINDINGS AND DATA ANALYSIS

8.1 INTRODUCTION

In Chapter seven, the research design and methodology adopted in the study were presented. The population was described and the sampling design, including different sampling methods, was discussed. The choice with a motivation for an appropriate sample size was presented. Two research paradigms with their respective research approaches were discussed in detail. The different data collection methods were discussed and the choice with a motivation for an appropriate data collection for this study was specified. The structure of the questionnaire was given and means of ascertaining its reliability and validity were highlighted. The results of the pilot study were presented. Lastly, the key steps in conducting a data analysis were discussed in detail.

This chapter presents the data analysis, empirical findings interpretation and discussions of the results. Furthermore, the chapter gives effect to the primary objective of the research which was the empirical testing of the hypothetical model (Figure 1.4 of Chapter one) and the associated hypotheses (as stated in section 1.7 of Chapter one) using various statistical techniques.

In this chapter, the empirical findings will be presented, analysed, interpreted and discussed. The chapter presents the procedures for data cleaning, followed by a description of the statistical procedures used in this research. The response rate of the final sample will be reported. The data analysis procedures will be outlined. The results of the data normality testing and sampling adequacy will be presented first, and then exploratory factor analysis will be used to evaluate the validity of the constructs in the hypothetical model. The results of factor analysis for regrouping and/or renaming of items in factors will be presented. The reliability of the measuring instrument and results of the multi-collinearity diagnostics testing will be indicated. Multiple regression to determine the statistically significant relationships of the factors with strategy implementation in the model will be carried out. Finally, the descriptive statistics to indicate the mean scores, standard variations and variance of the factors as well as a demographic profile of respondents will be presented.

The next section indicates the response rate of the study.

8.2 ASSESSMENT OF THE RESPONSE RATE

The study obtained responses from a total of 30 of 104 possible state corporations in Kenya. This represents 30% of the total number of state corporations in Kenya (Kenya National Bureau of Statistics, 2010:87). Kothari (2004:88) is of the opinion that a sample should be in a range of 10%-30% of the target population. According to Ticehurst and Veal (2000:162) the minimum sample size for exploratory factor analysis must be a function of the number of items in the questionnaire times the rating scale (five in this study). Since there were 97 items in the questionnaire, a sample size of 485 respondents would be required (that is, 97x5=485). However, after data cleansing, screening and verification, only 420 questionnaires could be regarded as completed, as shown in Table 8.1.

Table 8.1: Response rate of sample

Responses	Values	Percentage
Administered questionnaires	485	100.0
Unusable, unreturned & disqualified questionnaires	65	13.4
Completed usable questionnaires	420	86.6

As can be seen in Table 8.1, a total of 485 questionnaires were administered to the respondents, resulting in a 86.6% final response rate. Out of these, 65 questionnaires representing 13.4% were disqualified due to incompletion, not being returned, or from those unwilling to participate in the study. The analysis of the results is thus based on 420 questionnaires. Sekaran (2003:244) is of the opinion that a minimum sample size of 30 to a maximum of 500 is sufficient and acceptable for a scientific investigation.

During the data cleansing and verification process the questionnaires with omissions and errors were disregarded, as can be seen in Table 8.1. The data cleansing and verification procedure ensured that all quality standards were met (Kerlinger, 2004:76). According to Hair *et al.* (2006:115), data cleansing, screening and verification is a critical step in preparing data for accurate analysis of data. This process includes searching for missing responses and screening the data for

influential outliers. The process also encompasses the tasks of data editing. This is done because significant missing data leads to convergence failure, biased parameter estimates and inflated fit indices (Lei & Lomax, 2005:13).

In the following section more details are provided regarding the data analysis procedure.

8.3 DATA ANALYSIS PROCEDURE

The study identified the following three sets of factors that may affect strategy implementation:

- internal factors;
- market factors; and
- external factors.

A statistical computer package, named Statistica 10 (2010), was used to process the results. The statistical process comprised the following phases:

- Kolmogorov-Smirnov test for normality to examine the data for normality;
- Kaiser-Meyer-Olkin (KMO test) to measure sampling adequacy and Barlett's sphericity test to ensure that the data set does not conform to an identity matrix;
- exploratory factor analysis to assess the discriminant validity of the measuring instrument which was conducted with a cut-off point of 0.3 and above for significant factor loadings;
- exploratory factor analysis to regroup or rename items within the factors if needed;
- Cronbach's alpha reliability coefficients to verify the consistency of the inter-item reliability of the research instrument;
- Spearman Rho correlation analysis to determine correlation between the factors;
- multi-collinearity diagnostics test results to confirm whether collinearity problems existed between variables of the study;
- multiple regression to determine the independent variables to be retained in the model as having a statistically significant relationship with strategy implementation;

- descriptive statistics to indicate the mean scores, standard variation and variance of the factors; and
- demographic profile of respondents.

The following section shows the results of the Kolmogorov-Smirnov test which was done to test whether the data collected for all the variables was normally distributed.

8.4 KOLMOGOROV-SMIRNOV TEST FOR NORMALITY

The data for this study was screened for influential outliers which are linked to normality or non-normality of data. According to Hair *et al.* (2006:132), data screening also includes assessing distributional characteristics of the data. An assessment for distributional characteristics which included examining the data for normality was conducted by performing the Kolmogorov-Smirnov test for normality. This is important because many model estimation methods are based on an assumption of normality since non-normal data may result in inflated statistics and underestimated standard errors (Lei & Lomax, 2005:15).

According to Norusis (2007:54), for a data set to be normally distributed, the Kolmogorov-Smirnov (Z-Statistic) significance level should be greater than 0.05 ($p>0.05$). The results of the Kolmogorov-Smirnov test for normality are shown in Table 8.2.

Table 8.2: Kolmogorov-Smirnov test for normality

Nature of the test	Strategy implementation	Variable sets		
		Internal	Market	External
Sample (N)	420	420	420	420
Kolmogorov-Smirnov (Z-Statistic)	4.421	1.702	1.933	2.177
Sig. (p-value)	0.328	0.608	0.528	0.342

As can be seen in Table 8.2, the Kolmogorov-Smirnov (Z-Statistic) for variables strategy implementation, internal, market, and external variables were all significant since all their p-values were greater that 0.05 (Norusis, 2007:54). This shows that the data set for all the study variables (strategy implementation, internal, market and external variables) had a normal distribution.

In the following section the sample data was subjected to sampling adequacy and sphericity testing.

8.5 RESULTS OF THE ANALYSABILITY OF THE SAMPLE

The Kaiser-Meyer-Olkin (KMO test) and Barlett's test were performed to ensure the data collected was adequate and appropriate for inferential statistical testing. According to Field (2009:76), for a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO statistic should be greater than 0.5 while for Barlett's test, the Chi-square statistic should be significant (that is, $p < 0.05$). The findings for KMO and Barlett's test are shown in Tables 8.3 to Table 8.6 for the internal, market, external factors and strategy implementation.

Table 8.3: KMO and Bartlett's tests for the internal factors

Nature of the test		Statistics	Deductions
Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy	KMO statistic	0.840	Significant
Bartlett's test of sphericity	Chi-Square statistic	16785.104	Significant
	df	780	
	Sig.(p-Value)	0.000	

Findings in Table 8.3 show that the KMO statistic was 0.840 which was significantly high – that is, greater than the critical level of significance of the test which was set at 0.5 (Field, 2009:77). In addition, to these high levels of KMO test, the Barlett's test of sphericity was also highly significant (Chi-square of 16785,104 with 780 degree of freedom, at $p < 0.05$). These results provide justification for further statistical analysis.

Table 8.4: KMO and Bartlett's tests for market factors

Nature of the test		Statistics	Deductions
Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy	KMO statistic	0.804	Significant
Bartlett's test of sphericity	Chi-Square statistic	5570.466	Significant
	df	190	
	Sig.(p-Value)	0.000	

Findings in Table 8.4 show that the KMO statistic was significantly high at 0.804 and greater than the critical level of significance of the test which was set at 0.5 (Field, 2009:77). The Barlett's test of sphericity was also significant (Chi-square of 5570.466,104 with 190 degree of freedom, at $p < 0.05$). These results provide justification for further statistical analysis.

Table 8.5: KMO and Bartlett's tests for external factors

Nature of the test		Statistics	Deductions
Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy	KMO statistic	0.745	Significant
Bartlett's test of sphericity	Chi-Square statistic	9375.592	Significant
	df	435	
	Sig.(P-Value)	0.000	

Findings in Table 8.5 show that the KMO statistic was significantly high at 0.745 and greater than the critical level of significance of the test of 0.5 (Field, 2009:77). The Barlett's test of sphericity was also significant (Chi-square of 9375.592 with 435 degree of freedom, at $p < 0.05$). These results provide justification for further statistical analysis.

Table 8.6: KMO and Bartlett's tests for strategy implementation

Nature of the test		Statistics	Deductions
Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy	KMO statistic	0.906	Significant
Bartlett's Test of sphericity	Chi-Square statistic	3325.436	Significant
	df	21	
	Sig.(P-Value)	0.000	

Findings in Table 8.6 show that the KMO statistic was significantly very high at 0.906 and greater than the critical level of significance of the test of 0.5 (Field, 2009:77). The Barlett's test of sphericity was also significant (Chi-square of 3325.436 with 21 degree of freedom, at $p < 0.05$). These results provide justification for further statistical analysis.

In the next section the validity of the measuring instruments is discussed.

8.6 VALIDITY OF MEASURING INSTRUMENT

According to Golafshani (2003:599), validity involves ascertaining whether the means of measurement are accurate and whether they are actually capturing the variables they are supposed to measure. Construct validity was utilized to assess the convergent and discriminant validity of the measuring instruments. For this purpose, Principal Component Factor analysis was conducted using the statistical software packages Statistica 10 (2010). The Principal Component Analysis (PCA) with Varimax rotation was specified as the method of factor extraction. The factors which did not meet the minimum loading threshold of 0.3 were eliminated from the factor structure (Hair *et al.* 2006:113).

The factor loading coefficients matrixes is presented in Table 8.7 to 8.10. According to Hair *et al.* (2006:113), the minimum loading coefficient is 0.30, but loading coefficients of 0.40 are deemed to be more significant, with the loading coefficients of 0.50 and above regarded as practically significant. This study adopted the minimum loading of 0.3. The items that loaded less than 0.3 were eliminated from the component factor matrix. Tables 8.7 to 8.10 show the factor coefficients loading matrixes of the four sets of variables obtained in the analysis.

8.6.1 Factor loadings for internal factors

Tables 8.7 shows the factor coefficient loading matrix for the internal factors.

Table 8.7: Principal component factor matrix for internal factors

Item no	F1 (OS)	F2 (HR)	F3 (FR)	F4 (C)	F5 (S&P)	F6 (L)	F7 (CG)	F8 (C)	F9
1	**0.854**								
2	**0.915**								
3	**0.777**		0.342						
4	**0.612**			0.312					
5	**0.531**	**0.310**						**0.458**	
6		**0.727**							
7		**0.721**							0.311
8	0.312	**0.602**						0.364	
9	**0.373**	**0.510**							**0.370**
10		**0.779**							
11			**0.698**					0.325	
12			**0.614**			0.323			
13			**0.764**						
14			**0.797**						
15		**0.390**	**0.476**						
16				**0.657**		0.428			
17				**0.729**					
18			0.397	**0.621**					
19				**0.545**	**0.340**				**0.400**

Item no	F1 (OS)	F2 (HR)	F3 (FR)	F4 (C)	F5 (S&P)	F6 (L)	F7 (CG)	F8 (C)	F9
20	**0.337**			**0.476**					
21		**0.309**		**0.418**	**0.520**	**0.492**			
22		**0.407**		**0.403**	**0.537**			**0.315**	
23		**0.364**		**0.396**	**0.404**				
24	0.327	0.305			**0.686**			0.313	
25				**0.373**	**0.485**				**0.396**
26		0.339			0.302	**0.698**			
27					0.302	**0.699**			
28	**0.389**		**0.389**		**0.399**	**0.466**			
29						**0.831**			
30			0.353			**0.714**			
31		**0.619**					**0.481**		
32		**0.362**	**0.479**				**0.632**		
33		0.363					**0.610**		
34			**0.567**				0.319		
35							**0.770**		
36	**0.616**							**0.635**	
37								**0.772**	
38								**0.798**	
39		0.376					0.319	**0.671**	
40	0.326		0.349			**0.560**		0.375	

Key: F1 = Organisational structure (OS); F2 = Human resources (HR); F3 = Financial resources (FR); F4 = Culture (C); F5 = Systems and procedures (S&P); F6 = Leadership (L); F7 = Corporate governance (CG); F8 = Communication (C); F9

Table 8.7 shows the factor coefficients loading matrix of the internal factors. None of the items loaded below the minimum threshold of 0.3. According to Costello and Osborne (2005:5), a factor is weak and unstable if less than three items are retained. If items had cross-loadings, only the item with a loading of 0.5 or above was considered to increase the validity of the measuring instrument. Where cross loadings exist then they should differ by more than 0.2 (Statswiki 2012:6). Due to this reason items 5, 9, 15, 19, 20, 21, 22, 23, 25, 28, 31, 32 and 36 were deleted from further analysis as either the loadings did not exceed the cut-off point of 0.5 and/or cross loadings differ by more than 0.2. Factor 9 was a new factor that loaded onto the factor matrix. It had four higher cross factor loadings onto other factors and the factor loading was below 0.5, so this factor was deleted. An interpretation of the results of the exploratory factor component matrix follows for each of the internal factors as can be seen in Table 8.7.

a) Factor 1: Organisational structure (OS)

Items 1 and 2 only loaded onto Factor 1. Items 3 and 4 were retained in factor 1 as in the other factors it had factor loadings below 0.5 and cross loadings differ by 0.2. Convergent validity has been confirmed for this scale. Items 8 and 24 cross loaded

onto other factors and had factor loadings less than the required 0.5, so were disregarded. A total of four items were thus retained.

b) Factor 2: Human resources (HR)

Items 6 and 10 only loaded onto Factor 2. Items 7 and 8 were retained in factor 2 due to being above the 0.5 cut-off point and at least 0.2 higher in the cross factor loadings. Convergent validity has been confirmed for this scale. Items 24, 26, 33 and 39 had less than 0.5 factor loadings and had higher cross loading values in the other factors. In this factor, a total of four items were retained.

c) Factor 3: Financial resources (FR)

Items 13 and 14 only loaded onto Factor 3. Items 11, 12 and 34 were retained in factor 3 as the factor loadings in the other factors were below 0.5 and the factor loading in this factor are at least 0.2 higher than the other cross loadings. Convergent validity has been confirmed for this scale. Items 3, 18 and 30 have been disregarded for this factor as their factor loadings are below 0.5 and they had higher cross loading values in other factors.

d) Factor 4: Culture (C)

Item 17 only loaded onto Factor 4. Items 16 and 18 were retained in factor 4 as factor loadings are above 0.5 and the cross loadings onto other factors were at least 0.2 lower than in this factor. Convergent validity has been confirmed for this scale. In this factor, a total of three items were retained.

e) Factor 5: Systems and procedures (S&P)

Item 24 had the highest and only factor loading above 0.5 and differ with at least 0.2 from other cross factor loadings. As only one item was retained in this factor, it was deleted from subsequent analysis.

f) Factor 6: Leadership (L)

Item 29 only loaded onto Factor 6. Items 26, 27 and 30 were retained in factor 6 as the factor loadings are above 0.5 and at least 0.2 higher than in the other cross factor loadings. Item 40 only had a loading of above 0.5 in this factor and differ by at least 0.185 with the other cross factor loadings. As it was close to 0.2, it was

retained in this factor. In this factor, a total of five items were retained. There is sufficient evidence of convergent validity for the scale.

g) Factor 7: Corporate governance (CG)

Item 35 only loaded onto Factor 7. Item 33 was retained as it is above the cut-off point of 0.5 for factor loadings and has a higher (more than 0.2 difference) cross loading. Therefore, only two items loaded onto this factor resulting in the deletion of this factor from subsequent analysis.

h) Factor 8: Communication (C)

Items 37 and 38 only loaded onto Factor 8. Item 39 has a loading above the cut-off point of 0.5 and a higher (more than 0.2 difference) cross factor loading and were thus retained. Convergent validity has been confirmed for this scale. Three items were in total retained for this factor.

Thus six factors loaded with adequate items and are retained for further analysis.

8.6.2 Factor loadings for market factors

Table 8.8 depicts the factor coefficients loading matrix of the market factors. Items 7 and 11 were deleted from further analysis as the cross loadings did not differ by more than 0.2. An interpretation of the remaining results of the exploratory factor component matrix follows for each of the internal factors as can be seen in Table 8.8.

Table 8.8: Principal component factor matrix for market factors

Item no	F1 (CU)	F2 (S)	F3 (CO)	F4 (LM)	F5	F6
1	**0.817**					
2	**0.866**					
3	**0.810**					
4	**0.758**					
5	**0.706**		0.308		0.442	
6	0.457	**0.652**				
7		**0.531**			**0.478**	
8	0.335	**0.758**				
9		**0.724**				
10			0.457			**0.930**
11			**0.476**		**0.555**	
12			**0.737**		0.315	
13	0.320		**0.755**	0.370		

Item no	F1 (CU)	F2 (S)	F3 (CO)	F4 (LM)	F5	F6
14	0.418		**0.662**	0.389		
15	0.341	0.359	**0.619**			
16				**0.649**		
17				**0.744**		
18				**0.837**		
19	0.301			**0.597**		0.355
20				**0.837**		

Key: F1 = Customers (CU); F2 = Suppliers (S); F3 = Competitors (CO);
F4 = Labour market (LM); F5; F6

Table 8.8 shows the factor coefficients loading matrix of the market factors. None of the items loaded below the minimum threshold of 0.3. Two new factors loaded, F5 and F6. F5 had two higher cross factor loadings onto other factors, with only two items remaining, so this factor was deleted. F6 had only two items loading, so this factor was deleted (Costello & Osborne, 2005:5). An interpretation of the results of the exploratory factor component matrix follows for each of the market factors as can be seen in Table 8.8.

a) Factor 1: Customers (CU)

Items 1, 2, 3 and 4 only loaded onto Factor 1. Items 5 was retained in factor 1 due to having a factor loading above 0.5 and being at least 0.2 higher than the other cross factor loadings. Convergent validity has been confirmed for this scale. Items 6, 8 13, 14, 15 and 19 have been disregarded for this factor as they had factor loadings below 0.5 and had higher cross loading values in other factors. A total of five items were retained in this factor.

b) Factor 2: Suppliers (S)

Item 9 only loaded onto Factor 2. Items 6 and 8 were retained in factor 2 due to having the higher cross factor loadings with at least a 0.2 difference. Convergent validity has been confirmed for this scale. Item 15 was disregarded as the factor loading was below 0.5 and it had a higher cross factor loading in another factor. In this factor, a total of four items were retained.

c) Factor 3: Competitors (CO)

Items 12, 13, 14 and 15 were retained in factor 3 due to exceeding the 0.5 threshold for loadings and having the highest cross factor loading that differ by at least 0.2 as

compared to other factors. Convergent validity has been confirmed for this scale. Items 5 and 10 have been disregarded for this factor as they had higher cross loading values in other factors and have factor loadings below 0.5. A total of four items were retained in this factor.

d) Factor 4: Labour market (LM)

Items 16, 17, 18 and 20 only loaded onto Factor 4. Item 19 was retained in factor 4 as it exceeds 0.5 and had a higher (more than 0.2 difference) cross factor loading. Convergent validity has been confirmed for this scale. Items 13 and 14 have been disregarded due to not meeting the cut-off point of 0.5 for loadings and have higher cross loading values in other factors. In this factor, a total of five items were retained.

Thus a total of four factors loaded with adequate items and are retained for further analysis.

8.6.3 Factor loadings for external factors

Table 8.9 depicts the factor coefficients loading matrix of the external factors.

Table 8.9: Principal component factor matrix for external factors

Item no	F1 (PL)	F2 (EC)	F3 (SC)	F4 (T)	F5 (E)	F6(G)	F7(GD)
1	**0.859**						
2				0.324			**0.520**
3	0.343						**0.656**
4	**0.439**				**0.422**		
5	0.562				0.482		
6		**0.422**			**0.380**		
7		**0.848**					
8							**0.901**
9		**0.612**	0.376	0.402			
10		0.525	0.345	0.487			
11	0.413		**0.634**				
12			**0.804**				
13			**0.801**				
14			**0.826**				
15			**0.646**				
16				**0.847**			
17				**0.823**			
18				**0.755**			
19				**0.727**			
20			0.432	0.587			
21			0.346				**0.661**
22					**0.505**		

Item no	F1 (PL)	F2 (EC)	F3 (SC)	F4 (T)	F5 (E)	F6(G)	F7(GD)
23				0.313	**0.708**		
24					**0.787**		
25	0.459				**0.706**		
26						**0.737**	
27	0.481					0.543	0.407
28	0.406					**0.705**	
29	0.308		0.364			**0.654**	
30	0.374		0.390			0.526	

Key: F1 = Political/Legal (PL); F2 = Economic (EC); F3 = Socio-cultural (SC); F4 = Technology (T); F5 = Ecological (E); F6 = Global forces (G)

Table 8.9 shows the factor coefficients loading matrix of the external factors. None of the items loaded below the minimum threshold of 0.3. For cross loading items, only the item with a loading of 0.5 and above and that differ by more than 0.2, should be retained (Statswiki 2012:6). Item 4 and 6 were deleted from further analysis as the cross loadings were below 0.5. A new factor, F7 loaded with four significant factor loadings and was renamed government directives. An interpretation of the results of the exploratory factor component matrix follows for each of the internal factors as can be seen in Table 8.9.

a) Factor 1: Political/Legal (PL)

Item 1 only loaded onto Factor 1. Item 5 had a factor loading value exceeding 0.5 but did not differ by at least 0.2 in the cross loadings, so were disregarded. Items 3, 11, 25, 27, 28, 29 and 30 had factor loadings of below 0.5, the threshold, so were disregarded for this factor. As only two items loaded onto this factor, it was deleted from subsequent analysis.

b) Factor 2: Economic (EC)

Item 7 only loaded onto Factor 2. Item 9 had a factor loading value above the cut-off point of 0.5 and the cross loadings differ by least 0.2, so was retained in this factor. However, Item 6 had loadings below the threshold of 0.5 and was therefore deleted from further analysis. Item 10 had a factor loading value exceeding 0.5 but did not exceed 0.2 when comparing with the other cross loadings, so were deleted from further analysis. Therefore, only two items (7 and 9) loaded for this factor but is not regarded as adequate for further analysis, resulting in the deletion of the factor.

c) Factor 3: Socio-cultural (SC)

Items 12, 13, 14 and 15 only loaded onto Factor 3. Items 11 was retained in factor 3 as it exceed the cut-off point of 0.5 for factor loadings and was at least 0.2 higher in the cross factor loadings. Convergent validity has been confirmed for this scale. Items 9, 10, 20, 21, 29 and 30 have been disregarded for this factor as their factor loadings were less than 0.5. A total of five items were retained in this factor.

d) Factor 4: Technology (T)

Items 16, 17, 18 and 19 only loaded onto Factor 4. Convergent validity has been confirmed for this scale. Items 2, 9, 10 and 23 have factor loadings less than 0.5. Factor 20 had a factor loading of above 0.5 but did not have a difference of 0.2 when compared to the other cross loading, so were disregarded for further analysis. Five items were retained in this factor.

e) Factor 5: Ecological (E)

Items 22 and 24 only loaded onto Factor 5. Items 23 and 25 were retained in factor 5 due exceeding the threshold of 0.5 for loadings and having a factor loading of least 0.2 higher than the cross factor loadings. Convergent validity has been confirmed for this scale. Item 5 has been disregarded for this factor as their cross factor loading were less than 0.5. A total of four items were retained in this factor.

f) Factor 6: Global forces (G)

Item 26 only loaded onto Factor 6. Items 28 and 29 were retained in factor 6 as their factor loadings exceed 0.5 and are at least 0.2 higher than the other cross factor loadings. Convergent validity has been confirmed for this scale. Items 27 and 30 were disregarded from further analysis as although their loadings exceed 0.5, the cross loading values did not differ by at least 0.2. Three items were retained in this factor.

g) Factor 7: Government directives (GD)

Items 8 only loaded onto this new factor. The factor loadings of item 2 exceed 0.5 but did not differ by 0.2 with the other factor. Item 2 only had a loading of above 0.5 in this factor and differ by 0.196 with the factor loading in factor four. As it was close to 0.2 it was retained in this factor. Items 3 and 21 were retained in this factor as

they had cross factor loadings above 0.5 and they differ by at least 0.2. Convergent validity has been confirmed for this scale. Item 27 was disregarded for this factor as it does not exceed 0.5 the threshold for cross loadings. A total of four items were thus retained in this factor.

Thus a total of five factors loaded with adequate items and are retained for further analysis.

8.6.4 Factor loadings for strategy implementation

Table 8.10 depicts the factor coefficients loading matrix of the strategy implementation factor.

Table 8.10: Principal component factor matrix for strategy implementation

Item no	Strategy implementation
1	**0.852**
2	**0.918**
3	**0.795**
4	**0.806**
5	**0.946**
6	**0.938**
7	**0.922**

Table 8.10 shows the factor coefficients loading matrix of strategy implementation. All the items loaded above the minimum threshold of 0.3, so all the items were retained for further analysis. Convergent validity has been confirmed for this scale.

The next section provides a summary of the regrouping and/or renaming of all the items in the factors.

8.6.5 Summary of retained, regrouped and renamed items in the factors

Table 8.11 provides a summary of the items and factors retained in the analysis.

Table 8.11: Summary of the retained, regrouped and renamed factors

Set of variables	Retained factors	Items
Internal factors	Organisational structure	INT 1, 2, 3, 4
	Human resources	INT 6, 7, 8, 10
	Financial resources	INT 11, 12, 13, 14, 34
	Organisational culture	INT 16, 17, 18
	Leadership	INT 26, 27, 29, 30, 40
	Communication	INT 37, 38, 39
Market factors	Customers	MAR 1, 2, 3, 4, 5
	Suppliers	MAR 6, 8, 9
	Competitors	MAR 12, 13, 14, 15
	Labour Market	MAR 16, 17, 18, 19, 20
External factors	Socio-cultural	EXT 11, 12, 13, 14, 15
	Technology	EXT 16, 17, 18, 19
	Ecological	EXT 22, 23, 24, 25
	Global forces	EXT 26, 28, 29
	Government directives	EXT 2, 3, 8, 21
Strategy implementation	Strategy implementation	SI 1, 2, 3, 4, 5, 6, 7

Table 8.11 depicts the results of the retained, renamed and regrouped factors. In the hypothetical model eight factors comprised internal factors affecting strategy implementation. A new factor emerged, but due to cross loadings was not retained. A total of six factors were retained. In the hypothetical model four factors comprised market factors affecting strategy implementation. Two new factors emerged but due to cross loadings were not retained. A total of four factors were retained. In the hypothetical model six factors comprised external factors impacting strategy implementation. A new factor emerged which was renamed to government directives. A total of five factors were retained.

The retained factors indicated in Table 8.11 were subjected to further analysis. In the next section the reliability of the research instruments is indicated.

8.7 RELIABILITY OF MEASURING INSTRUMENT

George and Mallery (2003:231) provide the following rule of thumb for the Cronbach's alpha value, namely $\alpha > 0.9$ = excellent, $\alpha > 0.8$ = good, $\alpha > 0.7$ = acceptable, $\alpha > 0.6$ = satisfactory, $\alpha > 0.5$ = poor, and $\alpha < 0.5$ = unacceptable.

In the following section the results of the internal factors impacting strategy implementation are presented.

8.7.1 Results of the factor analysis of the internal factors

The results of the six internal factors affecting strategy implementation are presented first.

a) Organisational structure

Table 8.12 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *organisational structure* factor.

Table 8.12: Results of the factor analysis of organisational structure

Eigenvalue: 16.11 **% of variance: 40.28**		**Cronbach's alpha = 0.882**		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
INT1	All operational activities are aligned with the organisational structure	0.854	0.508	0.812
INT2	The organisational structure encourages team work	0.915	0.455	0.782
INT3	The organisational structure enhances employee empowerment	0.777	0.555	0.844
INT4	The organisational structure facilitates the corporation's culture	0.612	0.671	0.792

Table 8.12 shows that *organisational structure* has an Eigenvalue of 16.11 which is greater than 1 and all factor loadings are greater than 0.30 which are above the cut-off point. The *organisational structure* factor explains 40.28% of the variance in the data. The Cronbach's alpha coefficient for *organisational structure* is 0.882, suggesting that the instrument used to measure this factor is regarded as internally reliable.

According to Adcroft and Lockwood (2010:482) and Kinsey (2005:190), an organisational structure clearly defines lines of authority and reporting relationships, establishes decentralisation, facilitates communication processes and ensures effective diffusion of knowledge in order to increase the positive impact on strategic implementation in organisations. In addition, Thorp (2005:86) asserts that when the

organisational structure is not aligned with its strategy, it results in misalignment which leads to wasted energy, misuse of human and physical resources and higher operating costs. However, Robbins and Coulter (2005:93) emphasise that tasks must be aligned with strategies to ensure effective strategy implementation. Therefore, the fundamental challenge for managers is to adopt an organisational structure that suits the functions and the core objectives of the organisation. There is also a need to put controls in place that will guarantee effective implementation of the chosen strategies within the organisation.

b) Human resources

Table 8.13 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *human resource* factor.

Table 8.13: Results of the factor analysis of human resources

Eigenvalue: 3.34 **% of variance: 48.63**		**Cronbach's alpha = 0.646**		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
INT6	There is enough staff to implement chosen strategies	0.727	0.641	0.783
INT7	All staff are involved in decision-making processes	0.721	0.351	0.613
INT8	Staff are flexible in adapting to new developments	0.602	0.440	0.765
INT10	Staff has the required skills to implement strategies	0.779	0.345	0.604

The construct *human resources* explains 48.63% of the variance in the data. Table 8.13 depicts that human resources has an Eigenvalue of more than 1 (3.34) and all loadings are above the cut-off point of 0.3. The Cronbach's-alpha coefficient for *human resources* is 0.646, suggesting that the instrument used to measure this construct is regarded as reliable.

According to Nel, Van Dyk, Haasbroek, Schultz, Sono and Werner (2004:522), there is a critical relation between an organisation's human resources and its contribution to the achievement of the organisation's objectives and subsequent strategy implementation. Organisations need employees with the relevant knowledge, skills,

abilities and creativity to implement the chosen strategies (Adjibolosoo, 2011:92). Additionally, Bosch *et al*. (2006:28) emphasise that human resources must be managed and aligned with strategies to ensure successful strategy implementation.

c) Financial resources

Table 8.14 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item, as well as Eigenvalue and variance explained by the *financial resources* factor.

Table 8.14: Results of the factor analysis of financial resources

Eigenvalue: 2.25 **% of variance: 54.25**		**Cronbach's alpha = 0.692**		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
INT11	There is sound budgeting procedures for resource allocation	0.698	0.929	0.794
INT12	Managers use a funding model for each strategy	0.614	0.786	0.679
INT13	Provision is made in budgets for new strategies	0.764	0.740	0.627
INT14	There is over reliance on non-governmental funding	0.797	0.536	0.713
INT34	The board of directors' performance is periodically evaluated	0.567	0.984	0.746

Table 8.14 indicates that the construct *financial resources* has an Eigen value of 2.25 (> 1) and all factor loadings exceed the cut-off point of 0.30. The construct, *financial resources,* explains 54.25% of the variance in the data. The Cronbach's-alpha coefficient for *financial resources* is 0.692, suggesting that the instrument used to measure this construct is regarded as reliable.

Jongbloed and Koelman (2003:119) observe that since financial resources play a key role in strategy implementation, funds allocated for a specific strategy should be according to a funding model and subjected to a proper audit to ensure the management accounts for everything. According to Robbins (2003:204), strategy implementation requires allocating adequate financial resources in the budget to new strategies. Owoeye and Oyebade (2009:15) agree that insufficient and ineffective administration of financial resources negatively impacts the strategy implementation in organisations. In addition, Gupta (2009:27) advises that to achieve high levels of

profitability in state corporations, managers must effectively and efficiently manage available resources during the implementation of new strategies.

d) Organisational culture

Table 8.15 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item and Eigenvalue and variance explained by the *organisational culture* factor.

Table 8.15: Results of the factor analysis of organisational culture

Eigenvalue: 1.90 **% of variance: 59.00**		**Cronbach's alpha = 0.715**		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
INT16	Organisational culture shapes employee behaviour	0.657	0.522	0.734
INT17	The organisational culture guides strategic decisions	0.729	0.774	0.693
INT18	The organisational culture accommodates proposed changes	0.621	0.648	0.717

The construct *organisational culture* explains 59.0% of the variance in the data. Table 8.15 depicts that *organisational culture* has an Eigenvalue of more than 1 (1.90) and all loadings are above the cut-off point of 0.3. The Cronbach-alpha coefficient for *organisational culture* is 0.715, suggesting that the instrument used to measure this construct is reliable.

Pearce and Robinson (2005:92) and Serpa (2005:425) consider organisational culture as a set of collective norms such as ethics that govern the behaviour of people in the organisation or "the social glue" that binds the organisation to its values, beliefs and ways in which it establishes and executes organisational practices and strategies. Daft (2010:72) is of the opinion that a suitable organisational culture together with strong visionary leadership can contribute to effective strategy implementation. Boada-Grau and Gil-Ripoll (2010:69) observe that when the organisational culture and values are shared by the employees, both quality standards and planning will be strengthened, thus having a possible positive impact on strategy implementation.

e) Leadership

Table 8.16 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance are explained by the *leadership* factor.

Table 8.16: Results of the factor analysis of leadership

Eigenvalue: 1.69 **% of variance: 63.24**		**Cronbach's alpha = 0.886**		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
INT26	Strategic leaders are committed towards driving strategies	0.698	0.720	0.843
INT27	Strategic leaders cultivate a team spirit among staff	0.699	0.781	0.876
INT29	Strategic leaders provides staff with clear strategic direction	0.831	0.359	0.894
INT30	Strategic leaders influence employees toward strategic goal attainment	0.714	0.670	0.796
INT40	Changes and new developments are communicated timeously to all employees	0.560	0.606	0.897

Table 8.16 shows that *leadership* has an Eigenvalue of 1.69 which is greater than 1, and all factor loadings are greater than 0.30 and are above the cut-off point. The *leadership* factor explains 63.24% of the variance in the data. The Cronbach's alpha coefficient for *leadership* is 0.886, suggesting that the instrument used to measure this factor is internally reliable.

According to Pearce and Robinson (2008:201), leadership is needed for effective implementation of strategy, as this ensures that the organisational effort is united and directed towards achievement of its goals. Chapleo and Simms (2010:18) state that stakeholders influence the strategic direction (policies and strategies) in organisations. In managing organisations, managers interact with employees and coordinate their work to persuade them to support strategy implementation and goals (Ismail *et al.*, 2010:12). Handy (2004:68) asserts that a leaders shape and share a vision which gives meaning to the work of employees. According to Catano and Stronge (2007:38), managers are expected to create change and develop policy while helping employees and providing them with a sense of direction and vision for the future, while creating a sense of mission. Managers should also consider stakeholder interests when making strategic decisions.

f) Communication

Table 8.17 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *communication* factor.

Table 8.17: Results of the factor analysis of communication

Eigenvalue: 1.50 **% of variance: 67.00**		**Cronbach's alpha = 0.886**		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
INT37	Suitable communication modes are used to disseminate information	0.772	0.699	0.845
INT38	There are feedback mechanisms regarding strategy effectiveness	0.798	0.553	0.895
INT39	Strategies are communicated to all employees	0.671	0.940	0.807

The construct *communication* explains 67.0% of the variance in the data. Table 8.17 depicts that *communication* has an Eigenvalue of more than 1 (1.50) and all loadings are above the cut-off point of 0.3. The Cronbach's-alpha coefficient for *communication* is 0.886, suggesting that the instrument used to measure this construct is reliable.

According to Cole (2003:61), communication involves understanding of people, listening, explaining, getting others to talk, being tactful, tolerant of others' mistakes, giving honest praise and honest criticism, and keeping everyone informed. Ram and Charan (2009:49) suggest that the most effective method of communication during the strategy implementation process involves slogans, posters, events, memos, videos and websites among others. Johnson (2008:22) adds that the mode of communication used to pass information to employees plays an important role in adaptability as it determines whether the entire team buys into the strategy formulation and implementation process.

8.7.2 Results of the factor analysis of the market factors

The results of the four market factors impacting strategy implementation are next presented.

a) Customers

Table 8.18 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *customers* factor.

Table 8.18: Results of the factor analysis of customers

Eigenvalue: 7.19 **% of variance: 35.95**		**Cronbach's alpha = 0.912**		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
MAR1	Has identified our primary customers needs	0.817	0.746	0.902
MAR2	Keeps up-to-date with changing customer needs	0.866	0.738	0.893
MAR3	Consults with customers on strategy issues	0.810	0.768	0.921
MAR4	Obtains customer feedback on service delivery	0.758	0.702	0.896
MAR5	Has strategies in place to retain customers	0.706	0.811	0.934

Table 8.18 shows that the construct *customers* has an Eigenvalue of 7.19 which is greater than 1, and all factor loadings are greater than 0.30 and are thus above the cut-off point. The *customers* factor explains 35.95% of the variance in the data. The Cronbach's alpha coefficient for *customers* is 0.912, suggesting that the instrument used to measure this factor is internally reliable.

Morgan and Rego (2006:426) observe that managers often use customer feedback data to set goals and formulate strategies which is critical to monitor future business performance. According to Starling (2004:45), focusing on the internal environment when implementing strategies will probably result in well-managed relationships to retain government customers and allow for a prompt response to public demands. Burstein (2008:31) affirms that awareness of public opinion is a fundamental requisite for improving government responsiveness by not merely reacting to popular customer demands but taking the initiative in proposing solutions for previously identified problems.

b) Suppliers

Table 8.19 shows the results of the factor analysis in terms of factor loading and Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *suppliers* factor.

Table 8.19: Results of the factor analysis of suppliers

Eigenvalue: 2.67 **% of variance: 49.29**		**Cronbach's alpha = 0.693**		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
MAR6	Chooses suppliers based on meeting quality standards	0.652	0.854	0.724
MAR8	Prefers a multiple suppliers base above a single supplier base	0.758	0.756	0.685
MAR9	Consults with stakeholders prior to choosing a supplier	0.724	0.679	0.717

The construct *suppliers* explains 49.29% of the variance in the data. Table 8.19 depicts that *suppliers* has an Eigenvalue of more than 1 (2.67) and all loadings are above the cut-off point of 0.3. The Cronbach-alpha coefficient for *suppliers* is 0.693, suggesting that the measuring instrument used to measure this construct is reliable.

Daft (2010:88) and Porter (2004:81) describe suppliers as people and organisations who provide raw materials (input) to organisations to produce their output. Hugo and Badenhorst-Weiss (2011:27) contend that strategic purchasing and supply planning should take place at top management level. Burke *et al.* (2007:97) support this view but advocate multiple suppliers as this is less risky and provides greater assurance of timely delivery. However, Daft (2010:70) warns that an organisation's strategy implementation decision may be influenced by the status of its suppliers, which are a critical factor for strategy adoption and implementation. In addition, the quality of goods and services received from suppliers also impacts strategy implementation

c) Competitors

Table 8.20 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *competitors* factor.

Table 8.20: Results of the factor analysis of competitors

Eigenvalue: 1.54 % of variance: 56.99		Cronbach's alpha = 0.799		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
MAR12	Is aware of competitors' strategies	0.737	0.813	0.802
MAR13	Offers a unique service to the customers	0.755	0.584	0.781
MAR14	Is regarded in our country as the leader in terms of best practices	0.662	0.566	0.784
MAR15	Uses differentiation as a basis for competition	0.619	0.534	0.818

Table 8.20 shows that the construct *competitors* has an Eigenvalue of 1.54 which is greater than 1, and all factor loadings are greater than 0.30 and are above the cut-off point. The *competitors* construct explains 56.99% of the variance in the data. The Cronbach's alpha coefficient for *competitors* is 0.799, suggesting that the instrument used to measure this factor is internally reliable.

According to Daft (2010:70), competitors' pressure is a driving force for strategy implementation. Kotler (2008:210) warns that an organisation must be aware and predict the dynamics of rivals' actions, responses and intentions prior to strategy implementation. Kotler *et al.* (2002:89) recommend that an organisation positions itself so to be the least vulnerable to competitive forces while exploiting its unique advantage. Auger *et al.* (2003:146) are of the opinion that the more focused Kenyan organisations are on their strategic implementation process, the more likely they will be to leverage any possible means to handle the competitive pressures.

d) Labour market

Table 8.21 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *labour market* factor.

Table 8.21: Results of the factor analysis of labour market

Eigenvalue: 1.33 % of variance: 63.64		Cronbach's alpha = 0.691		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
MAR16	Is unaffected by labour market regulations	0.649	0.582	0.706
MAR17	Sets staff selection criteria according to labour market requirements	0.744	0.633	0.698
MAR18	Allows the labour market to dictate our recruitment process	0.837	0.857	0.735
MAR19	Implements labour market policies effectively	0.597	0.679	0.694
MAR20	Has access to an adequate skilled and experienced labour market	0.837	0.926	0.686

The construct *labour market* explains 63.64% of the variance in the data. Table 8.21 depicts that *labour market* has an Eigenvalue of more than 1 (1.33) and all loadings are above the cut-off point of 0.3. The Cronbach's-alpha coefficient for *labour market* is 0.691, suggesting that the instrument used to measure this construct is reliable.

Labour market encompasses all the people who are able to work and want jobs in a country or area (Lay, 2003:7). Button *et al.* (2006:134) advise organisations to adhere to labour marketing policies such as workforce diversity, to avoid labour discrimination, as it can ultimately affect strategy implementation. Change in the various sectors of the labour market environment can create many challenges for organisations and effective strategy implementation (Daft, 2010:89). Yu and Cable (2013:50) state that people are the principal drivers of organisational success. A talented workforce helps an organisation to execute and deliver on strategic objectives.

8.7.3 Results of the factor analysis of the external factors

The results of the five external factors affecting strategy implementation are next presented.

a) Socio-cultural

Table 8.22 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *socio-cultural* factor.

Table 8.22: Results of the factor analysis of socio-cultural

Eigenvalue: 9.07 % of variance: 30.24		Cronbach's alpha = 0.832		
Item no	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
EXT11	Allows society to guide employee behaviour	0.634	0.387	0.814
EXT12	Adheres to equity in the workplace	0.804	0.677	0.826
EXT13	Tolerates different cultural groups	0.801	0.751	0.844
EXT14	Values staff that behave ethically	0.826	0.730	0.832
EXT15	Keeps pace with society preferences such as online communication	0.646	0.619	0.805

Table 8.22 shows that *socio-cultural* has an Eigenvalue of 9.07 which is greater than 1, and all factor loadings are greater than 0.30 which are above the cut-off point. The *socio-cultural* factor explains 30.24% of the variance in the data. The Cronbach's alpha coefficient for *socio-cultural* is 0.832, suggesting that the instrument used to measure this factor is internally reliable.

Kotler and Armstrong (2006:595) observe that cultural beliefs, practices and attitudes of employees can affect consumer reactions and the pace at which these social-cultural environment changes take place impacts strategy implementation. Roberson (2013:3) argues that socio-cultural trends gave rise to many variations in the workforce. To keep pace with society and the changing business environment, organisations need to be fine-tuned to these developments. Propelled by changes in demographic trends in society, organisations are confronted by a new diverse workforce. Intolerance has been a major source of conflict and social segregation. Rejecting or excluding others based on their appearance, culture, beliefs, and other characteristics, is a widespread social behavioural phenomenon in the workplace and societies. There is a dire need for tolerance of people from different cultural backgrounds (Aguiar & Parravano, 2013: 1).

b) Technology

Table 8.23 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *technology* factor.

Table 8.23: Results of the factor analysis of technology

Eigen value: 3.33 % of variance: 41.33		Cronbach's alpha = 0.847		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
EXT16	Has the latest Information Technology equipment to perform tasks	0.847	0.664	0.865
EXT17	Communicates with customers via latest technology e.g. Facebook	0.823	0.858	0.838
EXT18	Experiences few Internet disruptions	0.755	0.355	0.815
EXT19	Has adequate qualified Information Technology staff	0.727	0.672	0.851

The construct *technology* explains 41.33% of the variance in the data. Table 8.23 depicts that *technology* has an Eigenvalue of more than 1 (3.33) and all loadings are above the cut-off point of 0.3. The Cronbach's-alpha coefficient for *technology* is 0.847, suggesting that the instrument used to measure this construct is reliable.

Naor (2008:676) notes that Information technology has increasingly become important as employees use it to acquire, process and communicate information. According to Kinsey (2005:207), communication by email has revolutionised command and control in organisations. Taylor and Murphy (2004:285) point out that advanced technologies need more professionally qualified and well-educated employees, and may need different leadership and management styles which in turn can an affect strategy implementation. Sekaran (2007:51) notes that managers who are working with and take full advantage of information technology, keep abreast of all the latest innovations.

c) Ecological

Table 8.24 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *ecological* factor.

Table 8.24: Results of the factor analysis of ecological

Eigenvalue: 2.68 % of variance: 50.25		Cronbach's alpha = 0.678		
Item no	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
EXT22	Uses energy saving devices such as low voltage bulbs	0.505	0.528	0.685
EXT23	Reduces air pollution by having plants in offices	0.708	0.463	0.695
EXT24	Encourages electronic communication to all	0.787	0.668	0.687
EXT25	Has environmental preservation policies	0.706	0.723	0.656

Table 8.24 shows that *ecological* has an Eigenvalue of 2.68 which is greater than 1, and all factor loadings are greater than 0.30 which are above the cut-off point. The *ecological* factor explains 50.25% of the variance in the data. The Cronbach's alpha coefficient for *ecological* is 0.678, suggesting that the instrument used to measure this factor is internally reliable.

Ecology refers to the relationships between human and other living things, air, soil and water (Charkravarthy, 2002:128). Increasing recognition and the need for sound environmental management and policies has arisen as a result of excessive pressures and demands put on natural resources, including fragile ecosystems, leading to environmental problems such as deforestation, wetland drainage, soil erosion and pollution, which will influence strategic decisions (Kouzes & Posner, 2005:92). Effective strategic managers make and implement decisions and strategies taking into consideration ecological requirements (David, 2007:55). Langelo (2012:1) indicates that air pollution from the chemicals that come off furnishings, office equipment and building materials can be reduced with the help of indoor plants. In the current economic climate, organisations are being more open-minded about being environmentally friendly, especially with regard to cost saving initiatives such as energy-saving devices or alternative energy sources such as solar or wind-generated power (Dimmer, 2009:1).

d) Global forces

Table 8.25 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *global forces* factor.

Table 8.25: Results of the factor analysis of global forces

Eigenvalue: 1.96 % of variance: 56.78		Cronbach's alpha = 0.782		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
EXT26	Can compete on a global scale	0.737	0.909	0.797
EXT28	Networks with other state corporations on new innovations	0.705	0.558	0.768
EXT29	Learns from best practices abroad	0.654	0.628	0.759

The construct *global forces* explains 56.78% of the variance in the data. Table 8.25 depicts that *technology* has an Eigenvalue of more than 1 (1.96) and all loadings are above the cut-off point of 0.3. The Cronbach's-alpha coefficient for *technology* is 0.782, suggesting that the instrument used to measure this construct is reliable.

Globalisation can be defined as the intensification of world-wide social relations which link distant localities in such a way that local happenings are shaped by events occurring far away and vice versa (Martell, 2010:12). Global developments, epitomised by increasing levels of internationalisation and competitive forces, are increasingly driving organisations in all countries towards adopting strategic business practices (Hinson, 2006:120). Marginson and Wende (2007:3) concur that globalisation has enabled a flow of employees, information, knowledge, technologies, products and financial capital among organisations. Busi and Bititci (2006:10) emphasise that organisations have and should become more collaborative to form a network that possesses all the resources and competencies needed to satisfy their customers. According to Tsai *et al.* (2010:17), benefits of collaboration include sharing risks, resources and knowledge.

e) Government directives

Table 8.26 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *government directives* factor.

Table 8.26: Results of the factor analysis of government directives

Eigenvalue: 1.57 % of variance: 62.02		Cronbach's alpha = 0.604		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
EXT2	Has experienced a lot of political interferences	0.520	0.841	0.665
EXT3	Appoints top managers as directed by the governing party	0.656	0.653	0.696
EXT8	Is unaffected by inflation rates	0.901	0.478	0.669
EXT21	Has reduced the use of paper	0.661	0.713	0.643

Table 8.24 shows that the concept *government directives* has an Eigenvalue of 1.57 which is greater than 1, and all factor loadings are greater than 0.30 and are above the cut-off point. *Government directives* explains 62.02% of the variance in the data. The Cronbach's alpha coefficient for *government directives* is 0.604, suggesting that the instrument used to measure this factor is internally reliable.

According to Asiedu (2006:64), a government directive requires the management to re-define their strategies to ensure they conform to the specified government directives which may also require the re-defining of their strategy implementation plans. Kimuyu (2007:213) indicates that the trade regime in Kenya has long been over-regulated. According to Government of Kenya (2003:13), Kenyan state corporations' managers are not appointed as directed by the governing party. The telecommunication service is poor and hampers the growth of technology adoption in Kenya (Mutula 2005:128).

8.7.4 Results of the factor analysis of the strategy implementation factor

Table 8.27 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *strategy implementation* factor.

Table 8.27: Results of the factor analysis of strategy implementation

Eigenvalue: 5.45 **% of variance:** 78.23		**Cronbach's alpha = 0.953**		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
SI1	Is focused on implementing all strategies	0.852	0.727	0.9443
SI2	Has developed plans of action for strategy execution	0.918	0.842	0.9323
SI3	Has a champion driving the strategic implementation process	0.795	0.632	0.9632
SI4	Has committed staff that strive to implement all strategies	0.806	0.650	0.9565
SI5	Monitors the progress of implemented strategies	0.946	0.895	0.9654
SI6	Has allocated specific time frames for strategy implementation	0.938	0.880	0.9434
SI7	Has policies and procedures in place for effective strategy execution	0.922	0.851	0.9397

Table 8.27 shows that *strategy implementation* has an Eigenvalue of 5.45 which is greater than 1, and all factor loadings are greater than 0.30 which are above the cut-off point. *Strategy implementation* explains 78.23% of the variance in the data. The Cronbach's alpha coefficient for *strategy implementation* is 0.953, suggesting that the instrument used to measure this factor is internally reliable.

According to Robbins (2003:204), strategy implementation involves the application of the management process to obtain the desired results, such as designing the organisation's structure, allocating resources, developing information and decision process, managing human resources and rewards, approaches to leadership, and staffing. Adjibolosoo (2011:92) asserts that no social, economic or political organisation can function or implement strategies effectively without a network of committed staff. Such staff must strongly believe in and continually affirm the ideals of the society. Strategy implementation must be driven by a strategy champion, someone other than the CEO (Irwin, 2011:1). The strategy champion does not necessarily have to implement plans, but must oversee that intended strategic plans get implemented.

The revised hypothetical model based on the results of the validity and reliability of the constructs will now be presented and used for further analysis.

8.8 REVISED HYPOTHETICAL MODEL

Because of the retaining, regrouping and renaming of the items into factors, as well as the deletion of some factors, it is necessary to revise the hypotheses. Furthermore, it was found that some factors were valid but not reliable. These factors were excluded from further analysis. The revised hypotheses for testing in the model are indicated next.

The relationships between the internal factors impacting strategy implementation in state corporations are as follows:

$H_{1.1a}$: Management perceptions of *organisational structure* are related to strategy implementation in state corporations.

$H_{1.2b}$: Management perceptions of *human resources* are related to strategy implementation in state corporations.

$H_{1.3c}$: Management perceptions of *financial resources* are related to strategy implementation in state corporations.

$H_{1.4d}$: Management perceptions of *organisational culture* are related to strategy implementation in state corporations.

$H_{1.5e}$: Management perceptions of *leadership* are related to strategy implementation in state corporations.

$H_{1.6f}$: Management perceptions of *communication* are related to strategy implementation in state corporations.

The relationships between the market factors and strategy implementation in state corporations are as follows:

$H_{2.1a}$: Management perceptions of *customers* are related to strategy implementation in state corporations.

$H_{2.2b}$: Management perceptions of *suppliers* are related to strategy implementation in state corporations.

$H_{2.3c}$: Management perceptions of *competitors* are related to strategy implementation in state corporations.

$H_{2.4d}$: Management perceptions of the *labour market* are related to strategy implementation in state corporations.

The relationships between the external factors and strategy implementation in state corporations are as follows:

$H_{3.1a}$: Management perceptions of s*ocio-cultural factors* are related to strategy implementation in state corporations.

$H_{3.2b}$: Management perceptions of *technology* are related to strategy implementation in state corporations.

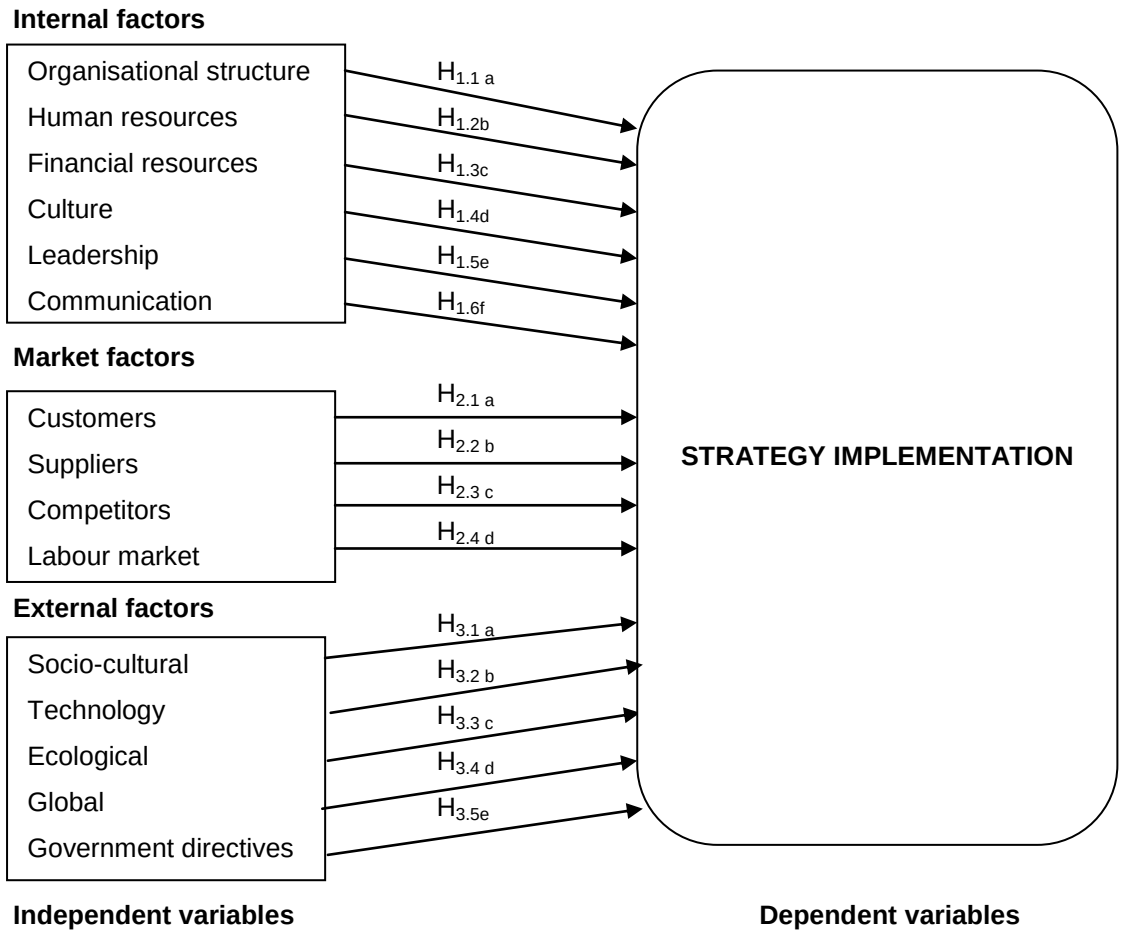
$H_{3.3c}$: Management perceptions of *ecological factors* are related to strategy implementation in state corporations.

$H_{3.4d}$: Management perceptions of *global factors* are related to strategy implementation in state corporations.

$H_{3.5e}$: Management perceptions of *government directives* are related to strategy implementation in state corporations.

In accordance with the results of factor analyses, the original hypothesised model illustrated in Figure 1.4 and the hypotheses defined in Chapter six were revised. The revised hypothesised model, depicted in Figure 8.1 and subsequent hypotheses revised are subjected to further analysis in the rest of the study. Figure 8.1 shows the revised hypothetical model on factors impacting strategy implementation in state corporations in Kenya.

Figure 8.1: Revised hypothetical model of factors impacting strategy implementation in Kenyan state corporations



Source: Own compilation

Managers need to take cognisance of the factors shown in the above model by engaging in various actions and tasks according to guidelines to be based on the output of the analysis of statements used in the questionnaire. In the following section the results of the correlation analysis are presented.

8.9 RESULTS OF CORRELATION ANALYSIS

Kerlinger (2004:12) defines a hypothesis as a "conjectural statement" of the relationship between two or more variables. According to Zikmund (2004:43), the purpose of a hypothesis in a study is to explain certain facts and guide the explanation of others. This section presents the testing of the hypotheses formulated in the study. Kerlinger (2004:15) maintains that although the Chi-square test is also

known as a goodness of fit test, it tests the statistical relationships between two variables. It has limitations in that it does not show the direction and the strength of the association of the variables. Hair *et al.* (2006:746) criticise the Chi-square for its inability to indicate the differences between equivalent models. It has been established that the Chi-square exhibits the tendency to indicate significant differences between the predicted and actual matrices as the sample size increases. This would mean that the hypothesised fit would be rejected when not necessarily significant. Due to this shortcoming of the Chi-square test, Kothari (2004:87) and Norusis (2007:55) recommend the Spearman's Rho correlations test to assess the relationships and to measure the level of association between two or more variables since it overcomes the limitations of Chi-square test and shows the direction (whether positive or negative) and strength of the relationship between variables. A correlation analysis measures ranges between -1 and 1.The strength of the correlation values is guided by the following measures:

- strong relationship exists if $r \geq 0.7$;
- fairly strong relationship exists if $0.5 \leq r < 0.69$;
- average relationship exists if $0.3 \leq r < 0.49$;
- weak relationship exists if $0.1 \leq r < 0.29$, and
- slight relationship exists if < 0.09.

In addition, a positive correlation value denotes direct linear relationships while negative correlation denotes inverse relationships. The results of the correlations analysis for the internal, market and external factors are discussed below.

8.9.1 Results of the correlations analysis for internal factors impacting strategy implementation

According to Thompson *et al.* (2007:121), the internal factors represent all the interacting variables within the business that have a positive or negative effect on the establishment, survival, growth and goal achievement of an organisation. In addition, Bosch *et al.* (2006:43) argue that for organisations to survive and remain competitive, the management needs to be aware of the internal variables as it is controllable and have an influence on strategy execution in the organisation. Table

8.28 illustrates the factor correlation relationships of the internal factors and dependent variable strategy implementation.

Table 8.28: Correlation matrix for internal factors impacting strategy implementation

Internal factors	SI	OS	HR	FR	OC	L	C
Strategy Implementation (SI)	1						
Organisational structure (OS)	0.510	1					
Human resources (HR)	0.510	0.245	1				
Financial resources (FR)	0.584	0.401	0.422	1			
Organisational culture (OC)	-0.549	0.387	0.441	0.484	1		
Leadership (L)	0.601	0.447	0.501	0.471	0.576	1	
Communication (C)	0.736	0.345	0.521	0.514	0.483	0.563	1

As can be seen in Table 8.28, most of the correlation results indicate fairly strong relationships. *Strategy implementation* has the strongest relationship with *communication* and has a fairly strong relationship with *leadership, financial- and human resources and organisational structure.* A negative relationship exists between *strategy implementation* and *organisational culture. Organisational structure* had a weak relationship with *human resources,* average *relationships* with *financial resources, organisational culture, leadership* and *communication. Human resources* had a fairly strong relationship with *leadership* and *communication,* and average relationships with *financial resources* and *organisational culture*. *Financial resources* had a fairly strong relationship with communication and average relationships with *organisational culture* and *leadership*. *Leadership* had a fairly strong relationship with *communicatio*n. The weakest relationship is found amongst *human resources* and *organisational structure.*

Kantabutra (2010:378) has established a direct correlation between strategy, planning, and communication. Furthermore, it was argued that organisational leadership, staff empowerment and motivation are critical factors that determine the effectiveness of strategy implementation. There must be a coordinated effort by managers, employees and other stakeholders to translate strategic plans into actions through various types of planning, support and information-sharing with employees. However, Fugazzotto (2009:288) warns managers to take into account organisational culture, the environment, resources and distinctive competencies if

strategic decisions are to be translated into actions. Sward (2006:48) is the opinion that managers are usually charged with the task of communicating values to all employees.

8.9.2 Results of the correlations analysis for market factors impacting strategy implementation

According to Kotler (2008:210), market forces entail diagnosis of competitors' goals, current strategy, assumptions of the industry, and capabilities in terms of strengths and weaknesses. Daft (2010:70) proposes that elements of a market analysis entail an analysis of their sources of competitive advantage. These would include the customers' actions, suppliers, competitors and labour market. Table 8.29 illustrates the factor correlation relationships of the market factors and the dependent variable *strategy implementation*.

Table 8.29: Correlation matrix for market factors impacting strategy implementation

Factors	SI	CU	S	CO	LM
Strategy Implementation (SI)	1				
Customers (CU)	0.706	1			
Suppliers (S)	0.390	0.655	1		
Competitors (CO)	-.0642	0.578	0.562	**1**	
Labour market (LM)	0.160	0.236	0.485	0.211	1

As can be seen in Table 8.29, *strategy implementation* has the strongest relationship with *customers* and has an average relationship with *suppliers.* A negative relationship exists between *strategy implementation* and *competitors. Customers* had strong relationships with *suppliers* and *competitors* and an average relationship with *labour market. Suppliers* had a strong relationship with *competitors* and an average relationship with *labour market*. The weakest relationship exists between *strategy implementation* and the *labour market*.

Lally (2007:8) relates market forces to strategy and argues that managers are good at creating strategies based on market conditions, but they often stop there without considering whether elements underneath the strategy – values, staff, and the rest – are aligned with it. If they are not, the strategy fails. The core idea is that regardless

of how market conditions change, when the manager realigns his or her strategy, other organisational elements must also change. In agreeing with this view Sward (2006:48) indicates that managers should also work diplomatically with senior management in order to facilitate effective penetration of the market. Often the manager has to entertain both the employees and senior management when working to accomplish strategy geared for customer satisfaction.

8.9.3 Results of the correlations analysis for external factors impacting strategy implementation

Table 8.30 illustrates the factor correlation relationships of the external factors and the dependent variable strategy implementation.

Table 8.30: Correlation matrix for external factors impacting strategy implementation

Factors	SI	SC	T	E	G	GD
Strategy Implementation (SI)	1					
Socio-cultural (SC)	0.611	1				
Technology (T)	0.373	0.325	1			
Ecological (E)	0.558	0.520	0.290	1		
Global forces (G)	0.565	0.524	0.331	0.679	1	
Government Directives (GD)	-0.022	-0.020	0.220	-0.012	0.070	1

As can be seen in Table 8.30, some of the correlation results indicate weak relationships. However, *strategy implementation* has fairly strong relationships with *socio-cultural-, ecological- and global forces* as well as an average relationship with *technology.* A negative relationship exists between *strategy implementation* and *government directives. Socio-cultural forces* had fairly strong relationships with *ecological-* and *global forces* and a negative slight relationship with *government directives*. *Technology* had weak relationships with *ecological forces* and *government directives* and an average relationship with *global forces*. *Ecological forces* had a fairly strong relationship with *global forces* and a negative slight relationship with *government directives*.

Sababu (2005:34) observes a correlation between social-cultural environment and strategy implementation, and argues that the pace at which the social-cultural environment changes has consequences for strategy implementation in

organisations. In addition, Taylor and Murphy (2004:285) note a direct relationship between technology and strategy implementation. These authors further argue that technological changes such as obsolescence, new discoveries, and speed of technology transfer impact to strategy implementation. On the other hand David (2007:55) correlates ecological environment and strategy implementation and argues that effective strategic managers make decisions and implement decisions and strategies taking into consideration ecological requirements. Some of the ecological requirements considered include environmental protection laws, waste disposal, and energy consumption. A positive correlation is also found between global forces and strategy implementation (Hellriegel *et al*., 2008:91). These authors maintain that global strategies force organisations to adapt strategies in terms of world-wide consistency, standardisation and low costs, which ultimately impact on strategy implementation efforts.

In the next section, the results of the regression analysis and testing of significant relationships will be discussed.

The following section presents the results of the multi-collinearity diagnostics testing to determine whether all variables measure different theoretical concepts.

8.10 RESULTS OF THE MULTI-COLLINEARITY DIAGNOSTICS TESTING

According to Trochim (2006:85), multi-collinearity exists when two or more variables are highly correlated with each other. Roux (2006:55) believes that proper multi-collinearity diagnostics are necessary since highly correlated variables designed to test different concepts usually measure the same theoretical concepts. Multi-collinearity diagnostics analysis facilitates the identification of measuring items or variables that have a high correlation among themselves. According to Campbell and Fiske (2009:88), when multi-collinearity exists within the data set, it can negatively affect the parameters of measurement, especially in a multiple regression model, and hence produce a misleading result. During multi-collinearity diagnostics analysis, Field (2009:66) suggests that a tolerance value of less than 0.1 indicates a serious collinearity problem. In addition, when the Variance Inflated Factor (VIF) values are greater than 10, then there is cause for concern.

8.10.1 Multi-collinearity diagnostics for internal variables

Table 8.31 indicates the results of the multi-collinearity diagnostics analysis test performed for internal variables.

Table 8.31: Results of the multi-collinearity diagnostics for internal variables

Dependent variable: Strategy implementation **Internal variables**	**Multi-collinearity statistics**	
	Tolerance value	**VIF**
Organisational Structure	0.736	1.359
Human resources	0.603	1.658
Financial resources	0.636	1.573
Organisational culture	0.630	1.587
Leadership	0.406	2.463
Communication	0.490	2.042

The findings in Table 8.31 show tolerance values varying from 0.406 to 0.736 for the internal factors, which are all higher than the acceptable limit of 0.1. In addition, VIF values for all the variables are less than 10. This means that the variables are not highly correlated among themselves, hence the data set is free from multi-collinearity problems.

8.10.2 Multi-collinearity diagnostics for market variables

Table 8.32 indicates the results of the multi-collinearity diagnostics analysis test performed for market variables.

Table 8.32: Results of the multi-collinearity diagnostics for market variables

Dependent variable: Strategy implementation **Market variables**	**Multi-Collinearity statistics**	
	Tolerance value	**VIF**
Customers	0.489	2.046
Suppliers	0.454	2.202
Competitors	0.599	1.669
Labour Market	0.744	1.344

As can be seen in Table 8.32, the tolerance values for the market factors vary from 0.454 to 0.744, which are all higher than the acceptable limit of 0.1, while the VIF values for all the variables are less than 10, demonstrating that the variables are not highly correlated among themselves, and therefore the data set is free from multi-collinearity problems.

8.10.3 Multi-collinearity diagnostics for external variables

Table 8.33 indicates the results of the multi-collinearity diagnostics analysis test performed for external variables.

Table 8.33: Results of the multi-collinearity diagnostics test for external variables

Dependent variable: Strategy implementation **External variables**	**Multi-Collinearity statistics**	
	Tolerance value	**VIF**
Socio-cultural	0.654	1.530
Technology	0.792	1.263
Ecological	0.515	1.941
Global forces	0.486	2.056
Government Directives	0.914	1.094

The tolerance values depicted in Table 8.33 for the external factors vary from 0.486 to 0.914 which are all higher than the acceptable limit of 0.1. The VIF values for all the variables are less than 10, indicating that the variables are not highly correlated among themselves; hence the data set is free from multi-collinearity problems.

The next section discusses the testing of the multiple linear regression models.

8.11 MULTIPLE REGRESSION ANALYSIS AND TESTING OF SIGNIFICANT RELATIONSHIPS

According to Leedy and Ormrod (2005:54), multiple regression analysis is a descriptive statistical tool used in three situations, namely:

- to predict values for a criterion variable from the values of several predictor variables;
- in order to control variables to evaluate the contribution of other variables better, and
- to test and explain causal relationships.

According to Mugenda and Mugenda (2003:142), when a t- value of a variable is less than 1.96 at a significance level of 0.05 or less than 3.09 at a significance level of 0.001, the hypothesis is rejected. Therefore, critical values higher than 3.09 are significant at a 0.001 alpha value and higher than 1.96 are significant at a 0.05 alpha value. According to Albright and Park (2009:59), beta values provide more intuitive

information about the strength of factor loadings. Low or weak beta values suggest that variables are unreliable indicators of strategy implementation. Beta values closer to 1 are strong indicators of strategy implementation.

For this study, multiple regression analysis was used to test and explain the casual relationships between variables. The specific significant factors within the internal-, market- and external variables were extracted using the Spearman's Rho Correlations test to determine if there is support for the revised hypotheses. The testing of statistical significant relationships as hypothesized is next discussed.

8.11.1 Interpretation of the statistically significant relationships of the internal factors

This section discusses the results, interpretation and deductions of the statistically significant relationships of the internal variables established in the study. According to Thompson *et al.* (2007:121), the internal factors represent all the interacting variables in the business that have a positive or negative effect on the establishment, survival, growth and goal achievement of an organisation. In addition, Bosch *et al.* (2006:43) argue that for organisations to survive and remain competitive, the management needs to be aware of the internal variables it is controllable and have an influence on strategy execution in the organisation. Table 8.34 shows the results of the statistically significant relationships of the internal factors.

Table 8.34: Multiple regression results of internal factors impacting strategy implementation

Dependent variable: Strategy implementation R^2 = 0.638				**Hypotheses number**	**Hypotheses**
Independent variables	**Beta**	**T-value**	**Sig. (*p*)**		
Organisational structure	0.212	6.136	0.000*	$H_{1.1a}$	Supported
Human resources	0.011	-2.574	0.008**	$H_{1.2b}$	Supported
Financial resources	0.113	3.022	0.003**	$H_{1.3c}$	Supported
Organisational culture	0.033	0.877	0.381	$H_{1.4d}$	Not supported
Leadership	0.125	2.925	0.004* *	$H_{1.5e}$	Supported
Communication	0.503	12.267	0.000*	$H_{1.6f}$	Supported

* $p < 0.001$ ** $p < 0.05$

As can be seen in Table 8.34, about 64 per cent of the variance in strategic implementation can be explained by the variances in the internal factors. Evidence

was found of statistically significant relationships (*p*=0.001 and *p*=0.05) between the independent variables *organisational structure, human and financial resources, leadership and communication* and the dependent variable *strategy implementation*. These independent variables therefore affect strategy implementation. This is also evident from the t-values which exceed critical value of $t \geq 1.96$ at $p < 0.05$ significance level and $t \geq p\ 3.09$ at $p < 0.001$ significance level. Consequently $H_{1.1a}$, $H_{1.2b}$, $H_{1.3c}$, $H_{1.5e}$ and $H_{1.6f}$ are supported. The magnitude of all the path coefficients (Beta values) was weak positive, except for communication.

As *organisational culture* has a critical value of 0.877 which is below the 1.96 cut-off point, the hypothesis ($H_{1.4d}$) is rejected. The results suggest that state corporations' managements in Kenya do not believe that organisational culture can impact strategy implementation. It could also mean that managements in state corporations in Kenya are not aware that a strong organisational culture could encourage employees to work together towards positive strategy implementation. Management in state corporations in Kenya do not think organisational culture guides strategy decisions or that it needs to accommodate proposed changes.

8.11.2 Interpretation of the statistically significant relationships of the market factors

This section discusses the results, interpretation and deductions of the statistically significant relationships of the internal variables established in the study. According to Kotler (2008:65), market forces play a significant role in the implementation of strategies in organisations. The elements of market analysis profile for Kenyan state corporations entailed an analysis of their sources of competitive advantage. These include the actions of customers, suppliers, competitors and the labour market. Therefore the second set of hypotheses related to the effect of market forces on strategy implementation. Table 8.35 shows the results of the statistically significant relationships of the market factors**.**

Table 8.35: Multiple regression results of market factors impacting strategy implementation

Dependent variable: Strategy implementation $R^2 = 0.577$				Hypotheses number	Hypotheses
Independent variables	**Beta**	**T-value**	**Sig. (*p*)**		
Customers	0.602	13.186	0.000*	$H_{2.1a}$	Supported
Suppliers	-0.268	-5.652	0.000*	$H_{2.2b}$	Supported
Competitors	0.019	0.511	0.610	$H_{2.3c}$	Not supported
Labour Market	0.408	9.893	0.000*	$H_{2.4d}$	Supported

* $p < 0.001$

Evidence was found of statistical significant relationships (p<0.001 and p<0.05) between the independent variables *customers, suppliers, labour market* and the dependent variable *strategy implementation*. These independent variables therefore affect strategy implementation. As can be seen in Table 8.35, about 58 per cent of the variance in strategic implementation can be explained by the variances in the market factors. There is also evidence that the t-values exceed critical value, that is, $t \geq 3.09$ with $p < 0.001$ significance level. Consequently $H_{2.1a}$, $H_{2.2b}$, and $H_{2.4d}$, are supported. The magnitude of the path coefficients (Beta values) for *customers* and *labour market* were fairly strong positive. The magnitude of the paths coefficient for *suppliers* was found to have a weak negative relationship.

The independent variable *competitors* had a critical value of 0.511 which is below the 1.96 cut-off point (P>0.05), so the hypothesis $H_{2.3c}$ is rejected. The results suggest that state corporations' managements in Kenya do not believe that competitors can impact strategy implementation. It could be because some state corporations do not have competitors, since they act as an industry regulator while others provide core services to the citizens with no private competitors. As a result, they do not regard awareness of competitors' strategies, offering a unique service to their customers or differentiating their products or services, as required. There is also no need to reflect on best practices of other organisations as they have monopoly in the country.

8.11.3 Interpretation of the statistically significant relationships of the external factors

This section discusses the results, interpretation and deductions of the statistically significant relationships of the internal variables established in the study. As

previously explained (in Chapter six), the macro/external factors are variables with the business environment that cannot be controlled by management in the short-term. These variables however have an impact on the strategic implementation process. Table 8.36 shows the results of the statistically significant relationships of the external factors model**.**

Table 8.36: Multiple regression results of external factors impacting strategy implementation

Dependent variable: Strategy implementation $R^2 = 0.531$				**Hypotheses Number**	**Hypotheses**
Independent variables	**Beta**	**T-value**	**Sig. (*p*)**		
Socio-cultural	0.366	8.783	0.000*	$H_{3.1a}$	Supported
Technology	0.093	2.449	0.015**	$H_{3.2b}$	Supported
Ecological	0.221	4.711	0.000*	$H_{3.3c}$	Supported
Global forces	0.236	4.887	0.000*	$H_{3.4d}$	Supported
Government directives	-0.030	-0.845	0.399	$H_{3.5e}$	Not supported

* $p < 0.001$ ** $p < 0.05$

As can be seen in Table 8.36, about 53,1 per cent of the variance in strategic implementation can be explained by the variances in the external factors. Evidence was found of statistically significant relationships ($p<0.001$ and $p<0.05$) between the independent variables *socio-cultural, technology, ecological, global forces* and the dependent variable *strategy implementation*. These independent variables therefore impact strategy implementation. This is also evident from the t-values which exceed critical value of $t \geq 1.96$ at $p < 0.05$ significance level and of $t \geq 3.09$ at $p < 0.001$ significance level. Consequently $H_{3.1a}$, $H_{3.2b}$, $H_{3.3c}$ and $H_{3.4d}$ are supported. The magnitude of the paths coefficients (Beta values) for *socio-cultural, technology, ecological and global forces* were weak positive.

As *government directives* had a critical value of -0.845 which is below the 1.96 cut-off point, ($P>0.05$), the hypothesis $H_{3.5e}$ is rejected. The results suggest that state corporations' managements in Kenya do not believe that government directives can impact strategy implementation. It can also mean that the management of the state corporations in Kenya do not agree that there are a lot of political interference or that top managers are directed by the governing party. They seem to not consider

inflation rates as influencing strategy implementation and have not bother to reduce paper use in state corporations.

In the next section, the multiple regression results to evaluate how well the three main factors predicted strategy implementation are presented.

8.11.4 Multiple regression results for the three main factors

Table 8.37 depicts the multiple regression analysis of the adjusted model summary based on the statistically significant relationships.

Table 8.37: Multiple linear regression model summary

Model	R	R^2	Adjusted R^2	Std. Error of estimate
Dependable variable: Strategy implementation	0.804(a)	0.646	0.643	0.52187

a) Predictors[3] (Constant):
Internal factors: Organisational structure (OS); Human resources (HR); Financial resources (FR); Leadership (L); Communication (C)
Market factors: Customers (CU); Suppliers (S); Labour market (LM)
External factors: Socio-cultural (SC); Technology (T); Ecological (E); Global forces (G)

As can be seen in Table 8.37, about 64.36 of variance in strategy implementation can be explained by the three main factors. As independent variables, these three factors significantly predicted the dependent variable *strategy implementation*. The resultant output had an adjusted R^2 of 0.646 (p=0.05) and yielded twelve critical variables contributing significantly to explaining the variance in overall strategy implementation in state corporations.

Table 8.38 presents a summary of the significant multiple regression results depicted in Tables 8.35 to 8.37.

Table 8.38: Summary of the significant multiple regression results

Independent variables	Beta	T-value	Sig. (*p*)	Hypotheses number	Hypotheses
Organisational structure	0.212	6.136	0.000*	$H_{1.1a}$	Supported
Human resources	0.011	-2.574	0.008**	$H_{1.2b}$	Supported
Financial resources	0.113	3.022	0.003**	$H_{1.3c}$	Supported
Organisational culture	0.033	0.877	0.381	$H_{1.4d}$	Not supported
Leadership	0.125	2.925	0.004**	$H_{1.5e}$	Supported
Communication	0.503	12.267	0.000*	$H_{1.6f}$	Supported
Customers	0.602	13.186	0.000*	$H_{2.1a}$	Supported
Suppliers	-0.268	-5.652	0.000*	$H_{2.2b}$	Supported
Competitors	0.019	0.511	0.610	$H_{2.3c}$	Not supported
Labour market	0.408	9.893	0.000*	$H_{2.4d}$	Supported
Socio-cultural	0.366	8.783	0.000*	$H_{3.1a}$	Supported
Technology	0.093	2.449	0.015**	$H_{3.2b}$	Supported
Ecological	0.221	4.711	0.000*	$H_{3.3c}$	Supported
Global forces	0.236	4.887	0.000*	$H_{3.4d}$	Supported
Government directives	-0.030	-0.845	0.399	$H_{3.5e}$	Not supported

*p <0 .001 ** p <0 .05

As can be seen in Table 8.38, a total of twelve statistically significant relationships were found.

8.11.5 Discussion of significant relationships

In the next section, the multiple regression results for the three main sets of factors will be highlighted.

a) Organisational structure

Structures are formal frameworks needed to divide, group and coordinate jobs and tasks and must be aligned with strategies to ensure effective strategy implementation (Robbins & Coulter, 2005:93). Thorp (2005:86) asserts that when the organisational structure is not aligned with its strategy, it results in misalignment, which leads to wasted energy, misuse of human and physical resources, and higher operating costs. Organisational structure provides the formal authority and flow of information within an organisation. An organisational structure clearly shows some tangible evidence of who reports to whom, and ultimately leads to the formation of different levels of management in the organisation According to Campbell and Goold (2007:62), the existing structures and processes in an organisation are designed to support the current ways of doing things, and if the strategy indicates

that the organisation needs to change to a different way, there are likely to be problems should the existing structures be used to implement that strategy. In support of this view, Willmott and McCarthy (2002:43) argue that the current structures may as well distort and dilute the intended strategy to the point where no discernible change can take place. The Kenyan state corporations must therefore provide an appropriate structure to enable them to implement their strategy better to meet their objectives. Therefore $H_{1.1a}$ is supported as follows:

$H_{1.1a}$: Management perceptions of *organisatonal structure* are related to strategy implementation in state corporations.

b) Human resources

According to Bosch *et al.* (2006:28) HR must be managed and aligned with strategies to ensure successful strategy implementation. In addition Nel *et al.* (2004:522) suggest that a critical relation exists between an organisation's HR and its contribution to the achievement of the organisation's objectives and subsequent strategy implementation. The human resources are crucial as they are the driving forces behind the success of strategy implementation (Bosch *et al.,* 2006:28). Organisations need employees with the relevant knowledge, skills, abilities and creativity to implement chosen strategies (Adjibolosoo, 2011:92). A motivated, committed and flexible workforce is needed to enact changes associated with marketplace demands for new product introductions, cost reduction strategies, and new production technologies (Akhtar *et al*., 2008:15-16). Wang and Shyu (2009:1791) agree that highly trained, skilled and motivated employees are likely to impact positively on strategy implementation. Therefore $H_{1.2b}$ is supported as follows:

$H_{1.2b}$: Management perceptions of *human resources* are related to strategy implementation in state corporations.

c) Financial resources

Resources are necessary to implement the complete strategic plan of an organisation (Harvey, 2004:104). Thompson *et al.* (2007:114) describe financial resources as funds available for the implementation of organisational strategies and

other strategic objectives. Dollinger (2006:60) emphasises the importance of financial resources for the survival of organisations. These resources determine the acquisition of other resources such as HR, machinery and equipment, materials and markets, or information. In addition, Geuna (2001:607) points out that availability of funding has an overall effect on the success of the strategy being implemented. Insufficient and ineffective administration of financial resources negatively affects strategy implementation in organisations (Owoeye & Oyebade, 2009:15). Therefore, $H_{1.3c}$ is supported as follows:

$H_{1.3c}$: Management perceptions of *financial resources* are related to strategy implementation in state corporations.

d) Leadership

Thompson *et al.* (2007:438) argues that leadership influences an organisational structure and organisational systems in terms of strategy implementation, while Pearce and Robinson (2005:78) assert that leadership ensures that the organisation's effort is united and directed towards achievement of its goals. An essential factor in leadership is the capacity to influence and organise clear strategic directions for employees. Handy (2004:68) emphasises that a leader shapes and shares a vision which gives meaning to the work of employees. According to Catano and Stronge (2007:38), managers are expected to create change and develop policy while helping employees and giving them a sense of direction and vision for the future and creating a sense of mission. In managing organisations, managers interact with employees and coordinate their work to influence them to support strategy implementation and goals (Ismail *et al.,* 2010:12). Therefore $H_{1.5e}$ is supported as follows:

$H_{1.5e}$: Management perceptions of *leadership* are related to strategy implementation in state corporations.

e) Communication

Communication is one of the most important components in the strategy implementation process. According to Cole (2003:61), communication involves understanding of people, listening, explaining, getting others talk, being tactful,

tolerance of others mistakes, giving honest praise and honest criticism and keeping everyone informed. Sababu (2005:98) confirms that the success of strategy implementation is enhanced by incorporating continuing and open communication among employees affected and involved in the strategic implementation process. Ram and Charan (2009:49) concur with Sababu (2005:98) that the most effective method of communication during strategy implementation process involves; slogans, posters, events, memos, videos, web sites among others.

Schaap (2006:14) contends that frequent communication up and down in an organisation enhances strategic consensus through the fostering of shared attitudes and values. In support of this view, Thompson *et al.* (2007:115) state that success of strategy execution is enhanced by incorporating open communication among the parties involved in the strategy implementation process. In addition, Peng and Litteljohn (2005:360) demonstrate that effective communication is a key requirement for effective strategy implementation. Meaningful communication informs and educates all employees and can be used to motivate employees to support the strategy implementation process. Communication is a powerful catalyst for establishing and sustaining trust; and is evident by highly committed workers and leaders (Mayfield & Mayfield 2002:90). Peng and Littlejohn (2005:545) indicate that organisations going through fundamental strategic change ensure efficient and frequent corporate communication during the strategic implementation process. It was further indicated that IT is pivotal to the success of strategy implementation and building corporate reputation. Therefore $H_{1.6f}$ is supported as follows:

$H_{1.6f}$: Management perceptions of *communication* are related to strategy implementation in state corporations.

f) Customers

According to Kotler (2008:40), a customer is any individual or organisation that buys goods or services from an organisation. Daft (2010:69) adds that customers, with their specific characteristics, purchasing power and behaviour and as recipients of the organisation's output, determine the success of strategy implementation. Further, Kotter and Schlesinger (2009:109) conclude that customers' actions, such as buying goods in bulk, either concentrated or large, determine the success of strategy

implementation in state corporations. In the rapidly changing and globally competitive environment, organisational success is thought to be dependent on the ability to continuously collect information about customer needs and wants, and to use it to improve organisational performance by creating greater value for customers (Paarlberg, 2007:201). Morgan and Rego (2006:426) observe that managers often use customer feedback data to set goals, formulate strategies and monitor performance metrics believed to be leading indicators of future business performance. Therefore $H_{2.1a}$ is supported as follows:

$H_{2.1a}$: Management perceptions of *customers* are related to strategy implementation in state corporations.

g) Suppliers

Daft (2010:88) describes suppliers as people and organisations who provide the raw materials that organisations use to produce their output. According to Daft (2010:70), an organisation's strategy implementation decision may be influenced by the status of its suppliers, and is a critical factor for strategy adoption and implementation. Further, Thompson *et al. (*2007:278) comment those suppliers' actions such as increasing their prices or reducing the quality of goods and services, impact on strategy implementation in organisations.

The quality of goods and services received from suppliers also affects strategy implementation. According to Wu and Blackhurst (2009:4594), the performance of suppliers must also be evaluated in terms of quality and on-time delivery. Most importantly, organisations should have a purchasing and supply policy on ethics, in which guidelines for daily activities are clearly spelled out (Hugo & Badenhorst-Weiss, 2011:94). This ethical code of conduct should be known to all employees, and top management should ensure that they all understand and support the policy. $H_{2.2b}$ is supported as follows:

$H_{2.2b}$: Management perceptions of *suppliers* are related to strategy implementation in state corporations.

h) Labour market

Labour market refers to all the people who are able to work and want jobs in a country or area (Lay, 2003:7). According to Daft (2010:89), change in the various sectors of the labour market environment can create many challenges for organisations, which in turn impacts effective strategy implementation. Labour market changes such as wages, employment policies, and vacations affect strategy implementation. Change in the various sectors of the labour market environment can create many challenges for organisations and for effective strategy implementation (Daft, 2010:89). State corporations compete with the private sector for highly skilled employees (Harris, 2008:33). Nunez and Livanos (2009:476) find that the rapid expansion of higher education has produced an unprecedented number of highly-skilled employees whose employment prospects have become more uncertain. There is a rising mismatch between the demand for and supply of some specific jobs, which creates imbalances in the labour market, ultimately impacting organisational strategy. Therefore $H_{2.4d}$ is supported as follows:

$H_{2.4d}$: Management perceptions of the *labour market* are related to strategy implementation in state corporations.

i) Socio-cultural variable

According to McDermott and O'Dell (2009:80), social-cultural factors include forces such as population demographics, income distribution, beliefs, values, attitudes, lifestyles of people, cultures, demographics, religion and ethics, which impact strategy implementation. Changes in these factors affect all goods, services, markets and customers as they shape the way people live, work, produce and consume commodities (Sims, 2004:495). Kotler and Armstrong (2006:595) observe that cultural beliefs, practices and attitudes of employees can affect consumer reactions, and the pace at which these social-cultural environment changes take place can affect strategy implementation. Employing employees with acceptable morals and values will encourage ethical behaviour and result in effective strategy implementation (Shieh, 2008:832). Therefore $H_{3.1a}$ is supported as follows:

$H_{3.1a}$: Management perceptions of s*ocio-cultural factors* are related to strategy implementation in state corporations.

j) Technology variable

Sekaran (2007:51) notes that managers who are working with and take full advantage of information technology, keep abreast of all the latest innovations. Naor (2008:676) notes that Information technology has increasingly become important because employees use it to acquire, process and communicate information. According to Kinsey (2005:207), communication by email has revolutionised command and control in organisations. Taylor and Murphy (2004:285) comment that advanced technologies need more professionally qualified and well-educated employees, and may need different leadership and management styles which in turn can an affect strategy implementation. Technology changes such as obsolescence, new discoveries,and speed of technology transfer impact on strategy implementation. Therefore $H_{3.2b}$ is supported as follows:

$H_{3.2b}$: Management perceptions of *technology* are related to strategy implementation in state corporations.

k) Ecological variables

According to Charkravarthy (2002:128), ecology refers to the relationships among human and other living things, air, soil and water. The interaction between human activities and their surroundings has a bearing on an organisation's strategic decisions, and can result in air and/or water pollution. More advanced cutting-edge technology nowadays enables businesses to move to a 100% paperless administrative environment while saving large quantities of energy, paper and ink (Harrington *et al.*, 2006:62). Increasing recognition and the need for sound environmental management and policies has arisen as a result of excessive pressures and demands put on natural resources, including fragile ecosystems, leading to environmental problems such as deforestation, wetland drainage, soil erosion and pollution, which will influence strategic decisions (Kouzes & Posner, 2005:92). Therefore $H_{3.3c}$ is supported as follows:

$H_{3.3c}$: Management perceptions of *ecological factors* are related to strategy implementation in state corporations.

l) Global forces variable

Marginson and Wende (2007:3) comment that globalisation has enabled the flow of employees, information, knowledge, technologies, products and financial capital among organisations. Busi and Bititci (2006:10) emphasise that organisations have and should become more collaborative to form a network that possesses all the resources and competencies needed to satisfy their customers.

Crossman and Clarke (2010:601) observe that organisations are promoting international exchange or mobility programmes, cross-cultural comparisons and learning from international best-practice examples. Global developments, epitomised by increasing levels of internationalisation and competitive forces, are increasingly driving organisations in all countries towards adopting strategic business practices (Hinson, 2006:120). Therefore global developments such as internationalisation and competitive forces of businesses in other countries drive strategy formulation and ultimately impact on strategy implementation. Therefore $H_{3.4d}$ is supported as follows:

$H_{3.4d}$: Management perceptions of *global factors* are related to strategy implementation in state corporations.

The study has shown through the use of multiple linear regression analysis that internal, market and external variables are positively related to strategy implementation in Kenya's state corporations (Section 8.11). This implies that an improvement in these significant factors within these variables (internal, market and external variables) will result in increased positive effects on strategy implementation.

In the next section the results of the regression analysis of the demographic variables are presented.

8.12 RESULTS OF REGRESSION ANALYSIS OF THE DEMOGRAPHIC VARIABLES

Age, gender, highest education level, position in the corporation and length of service of respondents were the demographic variables tested for their level of significance in affecting strategy implementation in state corporations in Kenya. Table 8.39 shows the results of regression.

Table 8.39: Results of regression of the demographic variables

Dependent Variable: Strategy Implementation	R^2 =0.094		
Independent factors	**Beta**	**T-value**	**Sig. (p)**
Gender	0.002	0.037	0.971
Age	0.296	5.301	0.000*
Education	0.015	0.279	0.780
Time period that State Corporation is in existence	-0.085	-1.640	0.102
Position in State Corporation	-0.037	-0.698	0.485
Length of employment in State Corporation	-0.112	-1.999	0.046**

*p <0 .001 ** p <0.05

Table 8.39 shows that age of respondents affects strategy implementation, while their length of service in the state corporation affects strategy implementation negatively. It must be noted that the magnitude of the paths (Beta values) was not strong. For example, when employees are older they have acquired more working experience and may be in a higher managerial position in the state corporation, thus being more familiar with strategy implementation. However, it was indicated that the longer they were in the service, the less they contributed to strategy implementation. Employees who remain in the corporation gain experience, and tend to maintain the *status quo* in their work, but are not committed to driving strategy implementation. Such a scenario can discourage creativity and innovation which are necessary to ensure successful strategy implementation. Implementation of organisation strategy inevitably results in a strategic change which can be any shift in the *status quo* of an organisation to enable it to be better aligned with its environment. This strategic change would be better handled by young dynamic, better educated and better trained managers than by older static managers.

In the next section the results of the descriptive statistics are discussed.

8.13 DESCRIPTIVE STATISTICS

This study assessed the various factors affecting strategy implementation in Kenya's state corporation, and the results are shown in Table 8.40. A five-point Likert scale consisting of strongly agree, agree, undecided/neutral, disagree and strongly disagree, was used to measure the findings from which the means and the standard deviations were computed. The five-point Likert scale varyies from strongly disagree

(SA) = 1 to strongly agree (SD) = 5. Table 8.40 shows the results of the descriptive statistics of the factors impacting strategy implementation.

Table 8.40: Descriptive statistics of the factors impacting strategy implementation

Variables	Mean	Std. Deviation	Variance
Internal factors			
Organisational structure	3.64	0.82	0.67
Human resources	3.14	0.64	0.41
Financial resources	3.18	0.64	0.41
Leadership	3.45	0.83	0.69
Communication	3.24	0.97	0.95
Market factors			
Customers	3.61	0.81	0.66
Suppliers	3.60	0.63	0.40
Labour Market	3.03	0.72	0.52
External factors			
Socio-cultural	3.34	0.74	0.55
Technology	3.61	0.80	0.64
Ecological	3.40	0.77	0.59
Global forces	3.25	0.91	0.83
Strategy implementation	3.48	0.87	0.76

As can be seen in Table 8.40, with regard to the internal factors impacting strategy implementation, the mean scores for organisational structure tend towards 4 (agree) indicating respondents' are mostly in agreement that this factor may impact strategy implementation. However, respondents tend towards being neutral (3 rating) for human and financial resources, leadership and communication as factors impacting strategy implementation. Variance scores are relatively low and all are below 1, indicating not much variability around the mean scores.

With regard to the market factors impacting strategy implementation, the means scores of customers and suppliers tend towards 4 (agree), indicating that some respondents seems to agree that these market factors impact strategy implementation. Respondents tend to be neutral (rating 3) regarding whether the labour market affects strategy implementation. Variance scores are relatively low and mostly below 1, indicating not much variability around the mean scores.

With regards to the external factors impacting strategy implementation, respondents tend to only agree that technology impacts strategy implementation, with neutral (rating 3) scores for socio-culture, ecological and global forces impacting strategy implementation. Variance scores are relatively low and mostly below 1, indicating not much variability around the mean scores.

With regard to strategy implementation, respondents tend to be undecided whether the strategic implementation has taken place. The variance is lower than 1.00 indicating that there is not much variability from the mean score.

8.14 RESULTS OF BIOGRAPHIC DATA

Table 8.41 depicts the results of the biographic data of the respondents and their respective state corporations.

Table 8.41: Biographic data of the respondents and their respective state corporations

Demographic characteristics	Categories	State corporations		Total (100%)
		Public (%)	Private (%)	
Institutional sector		**97**	**3**	**100**
Gender	Male	55	2	57
	Female	42	1	43
Age	18 - 25 years	3	0	3
	26 - 35 years	12	1	13
	36 - 45 years	40	1	41
	46 - 55 years	38	1	39
	56 - 65 years	4	0	4
Education	National certificate	2	0	2
	National Diploma	5	0	5
	Bachelors degree	34	2	36
	Postgraduate degree	56	1	57
Time period state corporation is in existence	Less than 1 year	1	1	2
	1-5 years	5	0	5
	6-10 years	4	0	4
	11-15 years	12	0	12
	Over 16 years	75	2	77
Position in state corporation	Top management	40	1	41
	Middle management	52	1	53
	Supervisor	5	1	6
Length of employment in state corporation	Less than 1 year	6	0	6
	1-5 years	14	1	15

Demographic characteristics	Categories	State corporations		Total (100%)
	6-10 years	16	0	16
	11-15 years	24	1	25
	Over 16 years	37	1	38
Business activity	Education	24	1	25
	Health	4	0	4
	Agriculture	12	0	12
	Financial	22	0	22
	Telecommunication	4	0	4
	Industrial	2	1	3
	Energy	12	0	12
	Aviation	2	0	2
	Transport	6	0	6
	Environment and natural resources	6	0	6
	Sports, culture and social services	3	1	4

It is evident in Table 8.41 that most of state corporations operate in the public sector. The state corporations operate in a dynamic business environment which requires dynamic strategies in order to offer quality services to citizens. The findings in Table 8.41 show that most of the state corporations were in the public employment sector (97%) while 3% were in the private sector. This shows that the public state corporations were therefore playing a key role in providing employment for citizens. The Kenyan government has privatised some state corporations which were not performing according to government expectations; there the 3% private state corporations. The aim of the privatisation strategy was to hopefully improve their performance. Improving the performance of none performing state corporations (public and private) will play a critical role in the country's economy as well as enhance service delivery.

From Table 8.41, it is evident that more than half of the respondents (57%) were male, with 43% being female respondents. Respondents were mostly in the 36-45 years and 46-55 years age bracket, with 41% and 39% respectively. Few of the respondents were 56 years or older (4%) or in the 18-25 years age bracket (3%). More than half of the respondents (57%) had postgraduate degrees while 36% of the respondents had bachelor degrees. The national diploma and certificate accounted for 5% and 2% respectively. This shows that most of the managers running the state corporations have postgraduate degrees. This further shows high levels of competencies in the management of the state corporations in Kenya. More than half

(57%) of the respondents had postgraduate degrees, while 36% had bachelor's degrees. This shows that the public state corporations had invested heavily in the skills and competencies of the managerial staff. This is crucial for effective formulation and implementation of strategies. It also suggests that the profile of managers has changed substantially in recent times from older static managers to young dynamic, better educated and better trained managers. This has inevitably forced the organisations to change the way they do business.

The majority of the state corporations (89%) had been in existence for over 11 years or more, with only 2% in operation for less than a year. This shows that most state corporations had adequate time to be experienced with strategy implementation issues. More than half (53%) of the respondents were middle-level managers, with top management accounting for 41%, and only 6% were supervisors. This indicates that the majority of respondents were on management levels dealing with strategy implementation. Many respondents (63%) had worked in their respective state corporations for a long period of time (longer than 11 years). A few (6%) had been employed for less than a year. Most managers had thus worked in their respective state corporation for long enough to be well versed in operational and strategic issues of the state corporations.

Twenty-five per cent of the total respondents were from the state corporations operating in the education sector, followed by the financial sector at 22%. A smaller number were employed in the agriculture and energy sectors (12% each respectively). The other sectors were health, telecommunication, industrial, aviation, transport, environment and natural resources, sports, culture and social services, which accounted for less than 6% each. Care has been taken to include as many possible sectors.

8.15 SUMMARY

In this chapter, empirical data was presented, analysed, interpreted and discussed. Firstly, the chapter showed that the study achieved an 86.6% response rate, which was a very high success rate. Secondly, the chapter discussed the process of data cleansing and verification which culminated with testing of the normality of the data

set, using the Kolmogorov-Smirnov test. This was done to test whether the data collected for all the variables was normally distributed.

In addition, the Kaiser-Meyer-Olkin (KMO) test was performed to measure sampling adequacy while Barlett's test was done to measure sphericity to ensure that the data set did not conform to an identity matrix. The findings showed that both the KMO statistic and Barlett's test were highly significant, which provided an excellent justification for further statistical analysis to be conducted.

The next step involved validity assessment, which involves ascertaining whether the means of measurement are accurate and whether they are actually capturing the variables they were supposed to measure. Exploratory factor analysis was done to assess the discriminant validity of the measuring instrument with a cut-off point of 0.3 and above for significant factor loadings considered. Specifically, Principal Component Factor Analysis with Varimax Rotation were conducted. The items which did not meet the minimum loading threshold of 0.3 were eliminated from the factor structure. In addition, the study sought to assess if the data collected was reliable to measure the various variables in the study. Cronbach's alpha reliability coefficients to verify the consistency of the inter-item reliability of the research instrument were used. The Cronbach's alpha values for all the variables were computed and found to be satisfactory (that is, greater than 0.6). In addition, the percentage of the variance and eigenvalues were computed and discussed.

Multi-collinearity diagnostics was also performed and the VIF and tolerance statistics were found to be highly significant. In addition, the study showed through the use of multiple linear regression analysis and correlation analysis that key variables with the micro environment that positively influenced strategy execution included: organisational structure, human resources, financial resources, leadership, and communication, while for market environment they included customers, suppliers, and labour market. In addition, the significant factors for external variables included social-cultural, technology, ecological and global forces. Therefore, improvement of these factors would result in enhanced strategy implementation.

Descriptive statistics to indicate the mean scores, standard variation and variance of the factors was also done, to measure the degree of central tendency and the deviations from the means. A discussion on the analysis of the biographic data was also reported in this chapter. The biographical data provided information about the respondents on gender, age categories, highest education levels, duration of the existence of the state corporation, position held at the corporation, length of employment in the corporation, business activity of the state corporation and the employment sector. The biographical data showed that the study gathered representation from both males and females, the majority being in 36-45 year and 46-55 year groups. More than half of the respondents had postgraduate degrees, which show high levels of competence in the management of the state corporations in Kenya. Most respondents had worked in their respective state corporations for over 11 years, which implies that most managers were well experienced with the operations and strategic issues of the corporation.

In the next chapter, a summary of the study, conclusions and recommendations will be provided.

CHAPTER NINE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

9.1 INTRODUCTION

In chapter eight, the empirical findings were presented, analysed, interpreted and discussed in detail. The response rate and sample size was reported. Data analysis procedures were clearly outlined. Results of the demographic data were given. The results of the factor analysis for regrouping and/or renaming of items in the internal, market and external factors were described. The reliability and validity of the measuring instrument and results ascertaining the analysability of the items in the factors were established. As a result of the regrouping and/or renaming of constructs, a revised set of hypotheses were formulated alongside a revised hypothetical model. Regression analysis significance testing identified the different factors predicting strategy implementation. The results of the descriptive statistics of the respondents were given.

This chapter presents a summary of the study, conclusions and recommendations providing guidelines for strategy implementation in state corporations, based on the empirical findings. The contributions and limitations of this study will thereafter be highlighted and areas for further research suggested. The next section reviews how the objectives of the study were met.

9.2 HOW THE RESEARCH OBJECTIVES WERE MET IN THE STUDY

The primary objective of this study was to identify factors affecting strategy implementation in Kenya's state corporations. This objective was achieved by seeking the perceptions of managers in Kenya's state corporations. The findings showed twelve statistically significant variables that managers should pay attention to in order to enhance strategy implementation in these corporations. Table 9.1 illustrates how the secondary objectives in this study were met.

Table 9.1: How secondary objectives were met

Objectives of the study	How and where it was achieved
To undertake a detailed theoretical investigation regarding the internal, market and external factors affecting strategy implementation	This has been achieved in the debate and detailed discussion of the literature chapters, three (strategy implementation), four (internal factors) and chapter five (external factors which included both the general and market factors). It involved identifying the theory, following its development, mounting critiques, determining empirical additions and defining the key terminologies and concepts that have been used interchangeably. Recent authoritative literature provides support for the debate. • Chapter three identified approaches and tactics to strategy implementation, dimensions and levels of strategy implementation and explains the strategy implementation process. • Chapter four identified internal factors perceived to affect strategy implementation to include: structure, goals and values, human resources, financial resources, culture, systems, leadership, corporate governance, communication and strategic architecture. • Chapter five identified market factors perceived to impact strategy implementation to include: customers, suppliers, competitors and the labour market as well as external factors which include; political/legal, economic, technological, socio-cultural, ecological and global forces.
To propose a conceptual model regarding the factors affecting strategy implementation	This has been achieved by using the constructs identified in the hypothetical model to develop the research instrument. Items in the questionnaire were developed from the literature contained in chapters' three to five within the identified constructs in the hypothetical model. Section 7.5.2.3 shows the structure of the questionnaire that was developed to seek the opinions of managers of state corporations in Kenya
To test the proposed model empirically by assessing the factors affecting strategy implementation in Kenyan state corporations	This has been achieved in chapter eight where managers' perceptions regarding strategy implementation in state corporations were presented.
To provide recommendations and guidelines for overcoming the factors hindering strategy implementation in Kenyan state corporations	This has been achieved in this chapter in sections 9.4 which has provided the recommendations for each of the identified factors impacting strategy implementation in state corporations in Kenya. Section 9.6 provides guidelines for the identified factors to enhance strategy implementation.

In the next section, a summary of the chapters in this study is provided.

9.3 SUMMARY OF THE STUDY

In Chapter one a background to the study was given. A research problem was stated and its objectives outlined. The major concepts in the study were clarified. The models supporting the study were given, upon which a conceptual hypothetical model for testing in this study was constructed. A brief outline of the methodology in the study was provided.

Chapter two focused on the business environment in Kenya. It gave background information on Kenya including its geographical position in Africa, ease of doing business in Kenya, and its global competitiveness. The chapter also focused on the state corporations in Kenya. In addition, a PEST analysis was conducted in which the political/legal, economic, social and technological environments prevailing in the country were analysed.

In Chapter three, an extensive literature search was conducted on secondary sources dealing with strategy implementation and related concepts which included major approaches to strategy implementation, tactics in strategy implementation, fundamental dimensions of strategy implementation, the strategy implementation process, levels of strategy implementation in state corporations, approaches to implementation of new strategies, and challenges of implementing new strategies. This chapter assisted in conceptualising the concept of strategy implementation and highlighted the concepts related to strategy implementation. The chapter addressed the first secondary objective of the study, which was to conduct a detailed theoretical investigation regarding the strategy implementation.

Chapter four explored the literature on the internal environmental factors perceived to impact strategy implementation. The internal or micro business environment represents all the interacting variables in a business that have a positive or negative impact on the establishment, survival, growth and goal achievement of an organisation. In a review and discussion of the internal environment, the factors were classified into four main groups. The first main group of factors addressed goals and values, and included literature on objectives, vision, mission as well as strategic and tactical plans. The second main group of factors dealt with resources and capabilities in terms of human, financial, physical or infrastructure and intangible resources. The third main group of factors focused on strategic architecture which involved systems, procedures, structures and organisational culture. The fourth main group of factors attended to leadership issues such as having an open innovation leadership paradigm and different leadership styles. Managers can directly or indirectly influence the internal environment and thus influence the outcome of strategic decisions. This chapter addressed the first secondary objective of the study which

was to conduct a detailed theoretical investigation regarding the internal factors affecting strategy implementation.

Chapter five provided generic literature on external factors affecting strategy implementation. This chapter broadly captured literature from the business environment context both locally and internationally. This was based on the understanding that state corporations, like other organisations, do not survive on their own in a completely isolated manner. They are linked to the surrounding environments (also known as the external environment) within which they operate. To clearly understand the market environment and market force dynamics that affect strategy implementation, this study utilised Porter's five forces model and the labour market as identified by Daft (2010). Key market forces that were identified and discussed included risk or threat of new entrants, rivalry among current competitors, bargaining power of buyers, bargaining power of suppliers, the threat of substitute products or services, and the labour market, as erll as the macro business environment comprised of interacting variables external to organisations and their markets that have a positive or negative effect on their establishment, survival, growth and goal achievement. Macro variables, also known as external variables discussed in this chapter, comprised political and legal factors, economic variables, socio-cultural factors, technological factors, ecological factors and global forces such as creating a borderless world, global leadership and global competition. This chapter also addressed the first secondary objective of the study which was to conduct a detailed theoretical investigation regarding the market and external factors affecting strategy implementation.

In Chapter six, the operationalisation of the variables in the hypothetical model was dealt with and research hypotheses for the three main sets of factors were formulated. The relationship between strategy implementation and the independent internal factors such as structure, human resources, financial resources, culture, systems, leadership, corporate governance and communicatio*n* levels were indicated. The relationship between market factors such as customers, suppliers, competitors, labour market and strategy implementation were stated. Hypotheses were formulated to explore the relationship between external factors such as

political/legal, economic, socio-cultural, technology, ecological, globalisation and strategy implementation.

Chapter Seven presented the research methodology for the study. An outline of the research methodology and its research approaches were given. It also described the population and sampling techniques. There was a detailed discussion on the different data collection methods available for the study and a motivation for the method chosen for the study was given. The questionnaire design and data analysis procedures were clearly outlined and followed. A description of how the data was analysed was also elaborated on.

Chapter eight presented the empirical findings, analysis, interpretation and discussions. This chapter addressed the third secondary objective of the study, which was to test the proposed model empirically using the data collected from the top and middle-level managers of state corporations in Kenya. The response rate and sample size were displayed. An outline of the data analysis procedure was given. Results of the demographic data were presented. The results of the analysability of the sample with the aid of the Kaiser-Meyer-Olkin (KMO test) which measures sampling adequacy as well as Barlett's test which measures sphericity, were provided. Results of the factor analysis and the subsequent discussions of the regrouping/renaming of items of factors were indicated. The reliability and validity of the measuring instrument were established. Following the regrouping/renaming of items of factors, revised hypotheses and a revised hypothetical model were presented. Multi-collinearity diagnostics testing was also conducted to ascertain that two or more variables did not highly correlate with each other. The correlation and subsequent regressions and testing of significance of the variables for all three sets of factors were performed. A detailed discussion was given on variables with significant relationships to predict success in strategy implementation. Finally, the results of descriptive statistics of respondents and their biographical data were presented.

The purpose of this last chapter is related to the last secondary objectives of the study which was to provide recommendations and guidelines on how to address the

factors impacting strategy implementation in state corporations in Kenya. This final chapter summarises the study.

9.4 CONCLUSIONS AND RECOMMENDATIONS OF THE STATISTICALLY SIGNIFICANT RELATIONSHIPS

In the next sections, the conclusions and recommendations of the statistically significant relationships found between internal, market and external factors impacting on strategy implementation in state corporations are presented.

9.4.1 Conclusions and recommendations of the internal factors

Five statistically significant relationships were found between the internal factors, namely, organisational structure, human resources, financial resources, leadership, communication and strategy implementation in state corporations in Kenya.

9.4.1.1 Organisational structure

Organisational structure ($H_{1.1a}$) provides sufficient evidence of statistically significant relationships ($p<0.05$) between the organisational structure and strategy implementation. This shows that the managers of state corporations in Kenya believe that the existing organisational structure impacts positively on strategy implementation in the state corporations. The perceptions of managers in state corporations in Kenya are that their operational activities are aligned with their organisational structure which supports strategy implementation. In addition, managers in state corporations in Kenya agree that the organisational structure encourages team work and enhances employee empowerment. The managers in state corporations in Kenya also believe that organisational structure facilitates the corporation's culture.

These results are consistent with Thorp (2005:86) who argues that when the organisational structure is not aligned with its strategy, it results in misalignment, which leads to wasted energy, misuse of human and physical resources, and higher operating costs. According to Campbell and Goold (2007:62), the existing structures and processes in the organisation are designed to support their current ways of conducting business, and if the strategy indicates a need to change and they do not,

it is likely that problems can occur should the existing structures be used to implement that strategy.

It is recommended that Kenyan state corporation managers:

- create a suitable organisational structure to meet set objectives of the intended strategy. This will require continuous monitoring and assessing the business environment to keep up with changes affecting strategy implementation and to ensure it meets the demands of all the clients;
- align their organisational structure with the chosen strategy and if there is incongruence, adjustments should be made either to the organisational structure or the strategy to ensure strategic fit prior to implementation as not all forms of organisational structures are equally supportive in implementing a given strategy. The corporations' organisational culture should also complement the organisational structure to implement strategies successfully;
- have tangible evidence of who reports to whom with a clearly defined formation of different management levels. The organisational structure assists in coordinating activities that promote effective strategy implementation;
- specify the allocation of responsibilities for specific tasks in an organised, systematic manner so that tasks can be carried out effectively and efficiently. The organisational structure should clearly allocate special value developing tasks and roles to specific employees and states how these tasks and roles can be coordinated to result in optimal efficiency, quality and customer satisfaction;
- ensure there is a well-organised structure that clearly defines how jobs or tasks are formally grouped in teams, and coordination is ensured amongst the teams.

9.4.1.2 Human resources

Human resources ($H_{1.2b}$) provides sufficient evidence of statistically significant relationships between *human resources* and *strategy implementation*. This shows that the managers of state corporations in Kenya agree that human resources affect strategy implementation positively. Kenyan state corporation managers further agree that there is enough staff to implement their chosen strategies and that all staff are involved in decision-making. In addition, managers of Kenyan state corporations consider their staff to have the required skills to implement strategies by being

flexible in adapting to new developments. They also consider their staff as committed to strategy implementation and regard them as champions who drive the strategic implementation process. According to Nel *et al.* (2004:522), organisations have realised that there is a critical relationship between HR and its contribution to the achievement of the organisation's objectives and subsequent strategy implementation. As Adjibolosoo (2010:12) rightly cautioned, organisations will only accomplish strategy implementation when scarce financial, effort, energy and time resources are channelled to improve the quality of the human factor.

It is suggested that managers of state corporations in Kenya:

- improve HR's technical expertise and knowledge to find and utilise the opportunities in the competitive environment;
- ensure that staff have all the resources needed to implement the planned strategy. In a transitional economy such as Kenya, there are experienced and talented managers, qualified technocrats and competent professionals who strive to implement their corporations' strategy effectively;
- bear in mind that it should be possible to implement the chosen strategy with the HR available as it is impossible to implement a strategy which exceeds resource availability;
- effectively manage HR so that employees perform at optimal level. Informal and formal networking is key in mobilising HR. For strategy implementation to succeed, a team-based approach is advisable, which will require investment in staff team-building activities;
- strive to recruit and retain HR with the relevant knowledge, skills, abilities and creativity to face strategy implementation challenges;
- make optimal use of the available HR by having the right HR practices in places such as staffing, training and development, performance appraisal, performance-based pay (reward), information sharing and participation to tap into their human potential as it will enhance strategy implementation;
- encourage employees towards continuous learning to obtain high levels of knowledge to become multi-skilled. With limited employment opportunities in Kenya, it is absolutely essential that employees be multiskilled, as highly

trained, skilled and motivated employees are likely to impact strategy implementation positively;

- find new ways of executing tasks and encourage staff to be flexible to adapt to changes necessary to affect new ways of executing tasks. Staff should also be involved into decision-making, as they are after all the people who need to implement strategies.

9.4.1.3 Financial resources

This study demonstrated that financial resources ($H_{1.3c}$) were statistically significant and therefore had a positive relationship with strategy implementation. This shows that managers of state corporations in Kenya agree that the corporations have a sound budgeting procedure for resource allocation. Managers of state corporations also agree that there are adequate financial resources to implement planned strategies in sate corporations. They use a funding model for each strategy and make adequate provision in the budgets for new strategies. Kenyan managers perceived the state corporations to be over-reliant on non-governmental funding. They also pointed out that the board of directors' performance is periodically evaluated. Financial resources are the most important for the survival of institutions as they determine the acquisition of other resources such as human resources, machinery and equipment, materials and markets or information, according to Dollinger (2006:60). This is confirmed by Serpa (2005:430) who indicates that financial resources are needed to implement a chosen strategy. Geuna (2001:607) points out that the availability of funding has an overall effect on the strategy being implemented.

It is recommended that managers in Kenyan state corporations:

- have access to adequate financial resources, not just government funding, and should actively seek partnerships with the private business sector. State corporations should therefore strengthen their relationships with industry in their quest towards sustainability;
- strive to efficiently manage the financial resources during the strategy implementation process as it will result in either success or failure of the implementation of any strategy;

- need to ensure they audit their finances to ensure management account for all funds allocated for a specific strategy;
- Kenya's state corporations managers should systematically control the utilisation of the financial resources since unsound financial control can result in poor strategy implementation, ineffective operation and overall inefficiency in their service delivery;
- bear in mind that it is only possible to implement a strategy when there are adequate financial resources. It is not possible to implement a strategy which requires more resources than can be made available by the organisation. This will require setting up a funding model allocating funding to specific activities. There also need to be sound budgeting procedures in place and it should be ensured that staff stick to budgets allocated for activities.

9.4.1.4 Leadership

A fairly strong statistically significant relationship existed between *l*eadership ($H_{1.4d}$) and strategy implementation. Managers of Kenyan state corporations believed that they are committed to driving strategies forward. They further believe that their strategic leaders cultivate a team spirit among staff and provide the staff with clear strategic directions. The perception of the managers of Kenya's state corporations is that the strategic leaders influence employees towards strategic goal attainment and that changes and new developments are communicated timeously to all employees. These findings are consistent with Pearce and Robinson (2008:201) who argue that leadership is needed for effective implementation of a strategy, as this ensures that the organisational effort is united and directed towards achievement of its goals. Mintzberg and Quinn (2007:188) have also indicated that management should cultivate a team spirit and act as a catalyst in the whole strategy implementation process.

It is suggested that Kenyan state corporations' managers:

- should employ leaders with a sense responsibility and authority to execute strategies. Leaders can influence action in the desired direction, but this depends on the leader's personality, style, commitment, attitude and reputation. A participating, visionary and transformational leadership style is necessary to

drive strategy implementation successfully, as it involves change. A transformational leader is always focused on changes, which means he or she thinks, talks and dreams of change all the time. Visionary leadership will ensure these leaders have a long-term vision for the corporation, and direct their efforts towards increasing effectiveness during strategy execution;

- utilise leaders who can influence staff towards unity of direction through teamwork or creating a team spirit to excel in strategy implementation. The Chief Executive and his management team should be at the forefront of providing the necessary leadership;
- monitor the business environment to detect changes which may affect their planned strategy implementation processes and effect the necessary changes timeously;
- develop relationships and collaborate with global stakeholders to ensure their corporations benefit from the mutual association.

9.4.1.5 Communication

Communication ($H_{1.5e}$) showed a fairly strong, statistically significant relationship with strategy implementation. The Kenyan state corporations' managers agreed that strategies must be communicated to all staff, and that staff involved must be updated about progress made during strategy implementation. They also agreed that the success of strategy implementation is enhanced by incorporating continual and open communication to all staff involved in the strategic implementation process. The state corporation managers agreed that suitable communication media need to be used to disseminate information within the corporation and feedback mechanisms are in place to monitor strategy implementation effectiveness. According to Cole (2003:61), meaningful communication informs, educates and motivates all staff to support the strategy implementation process. Johnson (2008:22) adds that the communication medium utilised to pass information on to staff is important as it may determine whether the entire team buys into the strategy formulation and implementation process. Therefore, communication is a powerful catalyst for establishing and sustaining the trust of highly committed staff. Sababu (2005:98) reiterates that the success of strategy implementation is enhanced by incorporating continuing and

open communication among employees involved in the strategic implementation process.

It is recommended that managers of Kenyan state corporations:

- strive to enhance effective communication throughout the corporation to ensure that staff are well informed about the vision of the chosen strategy. Communication from visionary management will inspire staff towards strategy implementation;
- develop networks of contacts, utilise both formal and informal information sources and choose suitable communication channels because timely and accurate information assists in monitoring progress made with strategy implementation. Feedback should be provided to all staff involved and remedial action taken when necessary;
- ensure that staff who excel must be congratulated and their achievements shared with the outside world. Staff should also be rewarded according to their contribution made during strategy implementation. Where problems are evident, these staff should be assisted, to ensure effective strategy execution;
- choose a suitable communication medium to convey information to staff as it influences their understanding of what is expected from them, and encourages buy-in of the strategy itself and strategy implementation models;.
- communicate their strategic vision and business strategy to all staff, as failure to do so may result in implementation failure. New developments during strategy implementation should also be communicated to all staff involved;
- ensure frequent up and down communication as it enhances strategic consensus which fosters shared staff attitudes and values.

Having discussed the conclusions and recommendations of the internal factors, the next section presents the conclusions and recommendations of the market factors affecting strategy implementation.

9.4.2 Conclusions and recommendations of the market factors

Three statistically significant relationships were found between the market factors customers, suppliers, labour market, and strategy implementation in state corporations in Kenya.

9.4.2.1 Customers

A fairly strong, statistical significant relationship existed between customers ($H_{2.1a}$) and strategy implementation. This shows that managers in state corporations in Kenya have identified their customers' primary needs and keep up-to-date with changing customer needs. They consult with customers on strategic issues and obtain their feedback on service delivery. They also ensure that there are strategies in place to retain customers. Paarlberg (2007: 202) cautioned organisations that in the rapidly changing and globally competitive environment, their organisational success in terms of strategy implementation is dependent on their ability to continuously collect information about customer needs and wants by creating greater value for customers, and so improve their organisational performance. Morgan and Rego (2006:426) observe that managers often use customer feedback data to set goals, formulate strategies and monitor performance metrics, believed to be leading indicators of future business performance.

It is recommended that Kenyan state corporation managers:

- obtain client feedback data prior to strategy execution, to ensure they meet their clients' specific demands. Ongoing feedback is also necessary to keep up-to-date with changing client needs. Public opinion is a fundamental requisite for improving government responsiveness by not merely reacting to client demands but by taking the initiative in proposing solutions for previously identified problems;
- be sensitive towards large key customers' needs. Their bargaining power represents a major force to take into consideration and can negatively affect the success of the state corporation and implementation of the chosen strategy.
- put in place a customer retainment strategy to ensure that especially large customers do not move over to private sector competitors;

- monitor performance of a strategy during the strategy implementation process so that any deviations from the planned process can easily be detected and rectified.

9.4.2.2 Suppliers

A fairly strong, statistical significant relationship existed between suppliers ($H_{2.2b}$) and strategy implementation. There was a perception among the managers that suppliers play a critical role by providing them with essential market information. The managers agreed that they chose suppliers based on quality standards, and preferred a multiple supplier base to a single one. In addition, they consulted with stakeholders prior to selecting a supplier. It seems that the management of state corporations in Kenya believe that a procurement code of conduct is essential for a corporation that strives to retain suppliers who are reliable and who meet their delivery times. Wu and Blackhurst (2009:4595) warned that suppliers can attempt to increase their bargaining power through differentiating their services or by using technology to improve their products or services. There is a threat of product imitation as well as the widespread diffusion of the technology. Thomson *et al.* (2007:234) argue that strong suppliers can have great bargaining power if their products are unique or have a high switching cost.

It is suggested that managers of Kenyan state corporations:

- have a multiple supplier base and consult their stakeholders when selecting suppliers as they can provide valuable information regarding observed quality and on-time delivery of supplies;
- use the Internet to source reliable suppliers who meet their minimum quality standards. They should also strive to negotiate an affordable price with their suppliers as they can then offer an affordable service to their customers;
- have a procurement code of conduct in place which specifies quality standards, lead times, payment period and contract period;
- strive to procure goods in large quantities because they will benefit from quantity discount. This will boost service delivery and indirectly make strategy implementation cheaper in the long run.

- monitor their suppliers' performance as they may increase their prices or reduce the quality of goods and services, which could affect their own performance and make a misfit of the intended strategy being implemented.

9.4.2.3 Labour market

Labour market ($H_{2.4d}$) showed a fairly strong, statistically significant relationship with strategy implementation. Managers of Kenyan state corporations perceived the state corporations to be unaffected by labour market regulations. They set staff selection criteria according to labour market requirements and allowed the labour market to dictate their recruitment process. The managers further perceived their corporations to be implementing labour market policies effectively. In addition, the managers agreed that their corporations had access to an adequate skilled and experienced labour market. According to Button *et al.* (2006:134) organisations should adhere to labour market policies such as workforce diversity to avoid labour discrimination as it can ultimately have an impact on strategy implementation. Change in the various sectors of the labour market environment can create many challenges for organisations and effective strategy implementation (Daft, 2010:89). Nunez and Livanos (2009:476) find that the rapid expansion of higher education has produced an unprecedented number of highly skilled employees whose employment prospects have become more uncertain, more so because there is a rising mismatch between the demand and the supply of some specific jobs, which creates imbalances in the labour market, ultimately affecting organisational strategy.

It is recommended that Kenyan state corporations' managers:

- strive to fight inequality in the labour market in order to improve economic performance, as it can constrain effective strategy implementation;
- implement labour market policies effectively and allow the labour market to dictate the recruitment process to follow;
- select staff according to labour market requirements to provide them with skilled and experienced staff who will understand the business environment's challenges. Their staff selection should not just be driven by local labour market regulations as they need staff with international knowledge and experience to provide them with information about global trends.

9.4.3 Conclusions and recommendations of the external factors

Four statistically significant relationships were found between the external factors, namely, socio-cultural, technology, ecological and global forces, and strategy implementation in state corporations in Kenya.

9.4.3.1 Socio-cultural

A fairly strong, statistical significant relationship existed between socio-cultural ($H_{3.1a}$) and strategy implementation. It seems that managers of state corporations in Kenya allow society to guide their employee behaviour, and adhere to equity in the workplace. They are also tolerant to different cultural groups and value staff who behave ethically. They ensure that their corporation keeps pace with society preferences, such as online communication. According to Ratnaningsih *et al.* (2010:53), socio-cultural factors are larger scale forces within cultures and societies that affect the thoughts, feelings and behaviour of individuals. Changes in these cultural variables have a major impact on goods, services, markets and customers, as they shape the way people live, work, produce and consume commodities, which influence the implementation of strategic decisions in an organisation. James (2003:466) argues that strategy implementation in developing countries does not have to be shaped by the prevailing socio-economic circumstances, such as high per capita incomes, skilled labour and an urban-based population, such as in developed countries.

It is suggested that Kenyan state corporations' managers:

- conduct a lifestyle analysis to identify consumer activities, interests and outlook. This could include activities such as sport, entertainment and hobbies; interests such as house, job, family, fashion and food; and opinions classified as social issues, politics, education, business and outlook. These join people together and managers can use them to forge a certain strategic decision forward. This lifestyle information can also be used to create new products and marketing strategies to meet the needs of their customers;
- ensure their employees come from divergent backgrounds in terms of race and gender, as they can then act as a strategic resource for the corporation. Employees from different cultures should be trained how to tolerate each other.

- strive for workplace equity and encourage recruitment of both young and older workers to encourage creativity and increase productivity. Young employees have new ideas and skills in new technologies such as online communication to ensure that problems are detected and communicated in a fast efficient manner. Older employees have knowledge about intra-organisational structures and the relevant markets and networks to influence strategy implementation positively;
- encourage staff to behave ethically. Society should guide the behavour of employees to behave ethically in the workplace.

9.4.3.2 Technology

A fairly strong statistically significant relationship existed between technology ($H_{3.2b}$) and strategy implementation. The managers of Kenya's state corporations fully understand the importance of technology in strategy implementation. They have the latest IT equipment to perform tasks, and communicate with customers via the latest social media technology such as Facebook. These managers are of the opinion that they experience few Internet disruptions and have adequately qualified IT staff. Taylor and Murphy (2004:285) assert that the new technology can completely change the rules of competition in an industry. According to Peace *et al. (*2002:47), the Kenyan ICT sector is undergoing strong growth, which has changed people's lives and the way they participate in development activities, using various information and communication devices such as mobile cellular phones, radios, faxes, televisions and computers. According to Kinsey (2005:207), communication by email has revolutionised command and control in organisations as it permits information to flow easily and quickly within organisations and facilitates quick decision-making because employees share information, which positively affects strategy implementation.

It is recommended that managers of Kenyan state corporations:

- adapt the latest and appropriate technology in order to monitor the changing expectations of society, to enhance the implementation of strategic decisions. Using the latest technology can assist them in remaining competitive, and increase job effectiveness and efficiency;

- communicate to customers by email and utilise other modern methods like social media as it permits information to flow easily and quickly, and facilitates quick decision-making during strategy implementation because employees can share information;
- obtain a Management Information System (MIS) to detect problems at an early stage during the strategic implementation process. This will require employing qualified IT staff. The MIS can provide them with forecasting scenarios which help to improve the effectiveness of the strategic implementation process and overall profitability of the state corporation;
- provide for Internet disruptions and power failures by having back-up documentation in a hard copy version to aid business in times of interruption.

9.4.3.3 Ecological

A fairly strong statistically significant relationship existed between ecological ($H_{3.3c}$) and strategy implementation. The managers of Kenya's state corporation fully agreed that they used energy-saving devices such as low voltage bulbs, and reduced air pollution by having plants in offices. They further seemed to encourage staff to use electronic communication. There are environmental preservation policies in place. This shows that the managers of Kenya's state corporation acknowledge the interaction between human activities and their impact on the environment, and their impact on the corporation's strategic decisions. Kouzes and Posner (2005:88) assert that the interaction between an organisation and its surroundings can result in air pollution created by dust particles and other arid gaseous discharges, and water pollution when industrial toxic wastes are dumped or leaked into the water supplies. David (2007:55) points out that some organisational activities, especially in the manufacturing sector, result in solid waste pollution, which is caused by the disposal of industrial toxic wastes on land, such as scattered used polythene packages, papers, garbage and so on, and this has an impact on strategy implementation.

It is suggested that Kenyan state corporations' managers:

- develop policies and regulations aimed at conserving the environment, such as reducing air pollution, waste, deforestation, and the excessive demands put on

natural resources. They then need to develop and implement strategies after careful considering these ecological influences;

- encourage staff to have plants in their offices, as this is environmentally friendly. Staff also need to be encouraged to reduce the use of paper, and instead communicate with each other, their customers and suppliers via electronic communication;
- equip offices with energy-saving devices such as low voltage bulbs.

9.4.3.4 Global forces

A fairly strong statistically significant relationship existed between global forces ($H_{3.4d}$) and strategy implementation. The managers of Kenya's state corporation agreed that their corporations compete on a global scale, and that they network with other state corporations on new innovations. The managers acknowledged that they learn from best practices abroad, and created opportunities for knowledge exchange with other international state corporations. According to Amegago (2009:33), there is a general awareness among managers of state corporations that globalisation allows for growth in world systems, networks, movements and relationships, not only economic and technological but cultural, social and political as well. Crossman and Clarke (2010:601) observe that organisations are promoting international exchange or mobility programmes and cross-cultural comparisons, and are learning from international best-practice examples. Hellriegel *et al*. (2008:91) point out that global strategies force management to adapt strategies with world-wide considerations. Haste (2009:207) argues that with increased internationalisation of customers and markets, managers in most industries are now concerned with developments in both domestic and international markets, which create both opportunities and competitive challenges for organisations seeking profitable growth.

It is suggested that managers of Kenyan state corporations:

- adequately prepare to function as "global citizens" who are internationally recognised. They should equip themselves with international knowledge, and acquire appropriate skills and experience to ensure they understand the local and global business environment;

- increase performance standards of quality, cost, productivity, product introduction time and smooth flowing operations, as this will enable them to compete globally;
- need to change or adjust their strategies and/or implementation process to accommodate changes in the international market;
- seriously collaborate with international state corporations and other global partners through mutually beneficial networks which may assist them to become globally competitive. They should learn from best practices abroad and create opportunities for knowledge exchange with other international state corporations. These international networks can also provide them with information on new innovations.

In the following section the conclusions and recommendations on the statistically insignificant relationships are presented.

9.5 CONCLUSIONS AND RECOMMENDATIONS ON THE STATISTICALLY INSIGNIFICANT RELATIONSHIPS

Only three factors (one each) among internal, market and external factors, showed no statistically significant relationships with strategy implementation.

9.5.1 Conclusions

A brief discussion covers the three statistically insignificant relationships found in this study.

9.5.1.1 Organisational culture

With regard to organisational culture ($H_{1.4d}$), it seems that managers of state corporations in Kenya do not believe that organisational culture could have any significant relationship with strategy implementation in Kenya. There managers did not seem to realise that organisational culture shapes employee behaviour or guides strategic decisions and accommodates proposed changes. They did not show concern that all strategies should match their organisational culture and that their shared beliefs and values should be aligned with their strategies. Contrary to this finding, Wheelen and Hunger (2004:321) stresses that the culture of an organisation

needs to be compatible with the strategy being implemented, because where there is incompatibility between strategy and culture, it can lead to high organisational resistance to change, and also demotivation of staff, which in turn can discourage strategy implementation efforts. McDermott and O'Dell (2009:65) concur that organisational culture plays an important role in the success of strategic planning and implementation, and suggest that the approach, tools and structures to support strategic implementation decisions and knowledge-sharing should match the management style adopted by managers.

9.5.1.2 Competitors

With regard to competitors ($H_{2.3c}$), it seems that managers of state corporations in Kenya do not believe that competition could influence their strategy implementation process. They seemed unaware that the strategies of competitors who offer unique service to the customers could derail their strategy implementation, or that they should use differentiation as a basis for competition. These managers also did not regard their state corporations as leaders in terms of best practices. All this could be explained as outlined by the World Bank (2004:55) which pointed out that sub-Saharan African global trade has been hampered by inadequate infrastructure network, limited diversification, a significant labour force gap, lack of harmonisation of customs and administrative procedures, and protectionist measures employed by developed countries. Most state corporations in Kenya act as industry regulators, such as the energy regulatory authority, communication commission of Kenya, and insurance regulatory authority, while others offer essential services which are not for profit maximisation, such as the Kenya Bureau of Standards.

9.5.1.3 Government directives

Government directives ($H_{3.5e}$) was found to be statistically insignificant in terms of its relationship with strategy implementation in Kenya. This suggests that Kenya's state corporation managers did not think their corporations had experienced much political interference or been affected by inflation rates. However, Kimuyu (2007:213) indicates that the trade regime in Kenya has long been over-regulated. According to Government of Kenya (2003:13), there has been less government capitation for state corporations, and over the years the exchequer's funding level has been dwindling in real terms. Kenyan state corporations' managers also indicated that top managers

are not appointed as directed by the governing party. They are also unconcerned about reducing the use of paper, which could be linked to the poor telecommunication service which is still hampering the growth of technology adoption in Kenya (Mutula, 2005:128). According to Asiedu (2006:64), a government directive requires the management to re-define their strategies to ensure they conform to the specified government directives which may also require the re-defining of their strategy implementation plans.

9.5.2 Recommendations

The recommendations based on all the statistically insignificant relationships are next provided. It is recommended that state corporations managers:

- study and clearly understand the culture of their state corporations. Despite the fact that this study showed no significant relationship between culture and strategy implementation, the literature has shown the need to make the strategy compatible with the culture, since if there is incompatibility between strategy and culture, it can lead to high organisational resistance to change, as well as de-motivation which can frustrate the strategy implementation efforts. Furthermore, literature on culture has shown that culture gives employees a sense of how to behave and act. When culture influences the actions of employees to support current strategy, implementation is strengthened. Hence managers should not totally ignore the organisational culture in their state corporations;
- strive to achieve competitive advantage by offering distinctive or unique products or services that clearly add value to the customers, since extreme rivalry poses a strong threat to strategy implementation as well as overall profitability. Severe competition results in pressure on prices, margins and profitability for all state corporations;
- ensure that the state corporation strategies are supported and aligned with government policies, directives and programmes. They should actively lobby with government to enact good policies and directives that support strategy implementation. Government should recognise state corporations as partners in economic development. State corporations should engage actively in

research and development to ensure that only feasible strategies are implemented.

9.6 GENERAL GUIDELINES FOR STRATEGY IMPLEMENTATION IN KENYA

Table 9.2 contains some internal environmental guidelines to state corporations in Kenya on how to successfully implement strategies.

Table 9.2: Internal environmental strategy implementation guidelines for Kenyan state corporations

No.	State corporation managers in Kenya should:
1	Align operational activities with their organisational structure
2	Appoint and develop teams capable of implementing strategies
3	Ensure the organisational structure enhances employee empowerment
4	Ensure the organisational structure facilitates the corporation's organisational culture
5	Allocate enough staff to selected strategies for implementation
6	Involve all staff in decision-making processes regarding strategy implementation
7	Encourage flexibility to adapt to new developments
8	Appoint staff with the skills required to implement strategies
9	Utilise sound budgeting procedures for resource allocation
10	Develop a specific funding model for each strategy
11	Budget for new strategies which may emerge
12	Avoid over-reliance on non-governmental funding
13	Evaluate their board of directors' performance periodically
14	Ensure that their employees behave according to the organisational culture
15	Let their organisational culture guide their strategic decisions
16	Instill an organisational culture that accommodates proposed changes
17	Select strategic leaders who are committed to championing strategies
18	Provide staff with clear strategic direction
19	Influence all employees towards strategic goal attainment
20	Cultivate a team spirit among staff
21	Communicate to all employees all strategies intended to be implemented
22	Communicate changes and new developments timeously to all employees
23	Use suitable communication modes to disseminate information on strategy implementation
24	Implement feedback mechanisms to report on strategy implementation effectiveness

In Table 9.3 market environmental guidelines are provided on issues that managers of Kenya's state corporations should observe when implementing strategies.

Table 9.3: Market environmental guidelines for strategy implementation in Kenya's state corporations

No.	State corporations in Kenya should:
1	Identify their primary customer needs and satisfy them
2	Keep up-to-date with their customers' changing needs
3	Consult with customers on strategic issues prior to implementation
4	Obtain customer feedback on their service delivery
5	Have strategies in place to retain particularly key customers
6	Choose suppliers based on quality standards and delivery
7	Have a multiple suppliers base
8	Obtain stakeholders' input prior to supplier selection
9	Familiarise themselves with their competitors' strategies
10	Offer a unique or differentiated service to their customers
11	Learn from their competitors' best practices
13	Be knowledgeable on labour market regulations and requirements
14	Select skilled experienced staff

In Table 9.4, some external environmental guidelines are indicated that managers of Kenya's state corporations should observe when wishing to implement strategies.

Table 9.4: External environmental guidelines for strategy implementation in Kenya's state corporations

No.	Managers in state corporation in Kenya should:
1	Inspire society to behave ethically
2	Employ workforce equity
3	Offer employee cultural training to promote tolerance of other cultures
4	Value and retain staff who behave ethically
5	Obtain and use the latest IT equipment to perform tasks
6	Have adequately qualified IT staff
7	Communicate with customers via latest technology e.g. online communication and social media
8	Provide alternatives for service delivery for times when Internet disruptions occur
9	Encourage employees to have plants in their offices to reduce air pollution
10	Encourage electronic communication between employees, suppliers and customers
11	Have environmental preservation policies such as reducing paper waste
12	Ensure they can compete on a global scale by continuously focusing on innovations
13	Network with other state corporations on new innovations
14	Become knowledgeable and learn from best practices abroad
15	Forecast the influence of increased inflation rates on their activities
16	Minimise the influence of political interference by making sound strategic decisions
17	Allow government to assist in appointing skilled experienced top managers

It is clear from Tables 9.2 to 9.4 that there are many business environmental issues that state corporations need to address to ensure effective strategy implementation. The empirical findings revealed that five internal environmental-, three market environmental- and four external environmental factors influence strategy implementation.

In the next section, the contributions of the study are provided.

9.7 CONTRIBUTIONS OF THE STUDY

The present study has made the following important contributions to how strategy implementation in Kenyan state corporations can be affected, and to the body of knowledge on strategy implementation in Kenyan state corporations. The contributions are as follows:

- This study has made a significant contribution by developing a hypothetical model that illustrates which factors affect strategy implementation in state corporations in Kenya. This model can now be extensively used by state corporations in Kenya and in other developing countries as a framework for facilitating strategy implementation.
- This study has also made a contribution by developing a measuring instrument that is suitable to identify the factors influencing strategy implementation. This instrument could be further developed by testing more statements within these identified factors or by adding other factors which may influence strategy implementation in state corporations in Kenya. It could also be used to identify factors influencing strategy implementation in other corporations in other developing and developed countries.
- The results of this study can also be tested amongst corporates in the private sector to identify similarities and differences between private and public sector influences on strategy implementation.
- The study has built a body of knowledge by identifying internal, market and external factors which impact on strategy implementation in state corporations in Kenya. The use of an advanced statistical computer package, named STATISTICA 10 (2010) to perform multiple regression analysis enabled the identification of highly significant variables which managers must observe in order to ensure effective strategy implementation.
- This study is important for policy makers of the Government of Kenya during policy formulation to take into consideration the factors that could prevent strategy implementation from taking place. It could also assist government in methods to improve service delivery in state corporations and other government ministries.

- The findings of the study are useful to the management of state corporations in Kenya since it has provided guidelines on how to mitigate challenges and barriers to effective strategy implementation.
- The study also shows that having an organisational structure aligned to formulated strategies, adequate human and financial resources, effective leadership and communication, plays a significant role in Kenya during strategy implementation in state corporations. These controllable internal environmental factors seem to play a more important role in strategy implementation than external environmental factors. Other studies have not identified these factors as impacting strategy execution, and specifically not in developing countries such as Kenya.
- This study has also provided recommendations to the Kenyan government, management of state corporations and other stakeholders, to enable them to make informed strategy implementation decisions, and to provide a platform for collaboration and networking with international organisations.
- The study has contributed greatly in giving direction and assistance to other African countries facing similar challenges in strategy implementation, by becoming knowledgeable on how to address the factors affecting strategy implementation in their respective countries prior to implementation.
- This study has developed a single framework that integrates factors from several theoretical perspectives in an effort to understand strategy implementation in state corporations in Kenya. Such theoretical perspectives are brought together and tested for statistical significance, and have culminated as a model worth further testing.

In the next section, lessons learnt by the researcher will be presented.

9.8 REFLECTIONS ON LESSONS LEARNT

This study has been a driver of change in my life as a lecturer, a researcher, a consultant, and a person. In the course of my study, I have consulted many people, books, articles and I have come to realise that knowledge is shared experience. There have been many personally beneficial changes as a result of this study, including a much better understanding of identifying, reviewing, writing, citing

relevant materials, selecting the right design, collecting relevant materials, and how and when to apply the right analytical method to bring out valid and reliable results.
I also learnt that, perfection consists of not doing extraordinary things, but in doing ordinary things extraordinarily well. Moreover, this research has enriched my view of strategic management in general and strategy implementation in particular. How to focus on linking theory to practice was a learning curve.

This study has been challenging but rewarding.Through the study, I learnt the power of hard work, of humility respectively and this became a tool for excellence in my life. As a researcher, it was important to know what literature exists on strategy implementation, and how other researchers have approached the subject matter. Another important lesson was that, I learnt to manifest an attitude of professional zeal, self-discipline and became a good listener in the process of carrying out my role as a doctoral researcher. Many people discouraged me but I had learnt to carry on with zeal and fervor. I was able to concentrate on essentials and kept away from energy-draining peripheral issues. Another important lesson was that every decision made in the research process and statements derived from the literature study had to be motivated. That ensured that the study reflected sufficient depth of understanding. Moreover, motivating the various decisions and directions taken in the course of undertaking the research made the research more useful.

Another lesson learnt in the process was the significance of documenting the design and methodology of the study in detail from the onset. It enables the research process to flow with ease, and makes it transparent and easy to follow. The importance of keeping the research purpose and objectives in focus when writing the different chapters was yet another lesson as it helped the researcher not to divert from the core purpose and objectives of the study. The expertise attained in ensuring that there was coherence and that the chapters flowed well, was a fundamental and much appreciated lesson which will assist in future studies.

9.9 LIMITATIONS OF THE STUDY

In this study, all the objectives outlined in Chapter one were met. The present study has attempted to make a significant contribution to the body of knowledge on strategy implementation. However, a few limitations should be considered when

making interpretations and conclusions relating to the findings of this study. These limitations are as follows:

- Permission had to be obtained from the relevant authorities prior to starting the empirical study. This affected the selection of state corporations as permission was not granted in some. The researcher however replaced these state corporations with others from the data base.
- The study faced some limitations in the distribution of questionnaires and the pace at which the completed questionnaires were returned. The completed questionnaires were collected by the researcher with the assistance of two research assistants and, in most cases, the managers required appointments to be made before meeting with them. In most cases, the managers could not be located in their offices as they would be attending meetings and, at times, they indicated that they were overwhelmed by the number of questionnaires from other students which they had to complete. This situation required high level skills of relationship building and persuasion in order to convince them of the necessity of completing the questionnaire.
- This study is purely quantitative in nature, yet the integration of quantitative and qualitative research has become increasingly common in recent years.
- Survey responses came from top and middle-level managers assuming that these managers could gauge the perceptions in the relevant state corporations. . The study had therefore to contend with the fact that bias may have inflated the magnitudes of the observed linear effects.

In spite of the limitations of this study, which were largely overcome, it presents promising future research possibilities as indicated in the next section.

9.10 RECOMMENDATIONS FOR FUTURE RESEARCH

Based on the outcomes of this research, the following specific recommendations are made for future research:

- to gain more insight into factors impacting strategy implementation in state corporations in Kenya using a larger sample size to provide more representativeness of the sample population;

- to increase the sample size by gauging the perceptions of both the managers and subordinate staff;
- to conduct a similar study of private sector organisations to assess if similar factors influence their strategy implementation;
- to explore the differences and similarities of factors affecting strategy implementation in a developed country or a developing country, such as Kenya;
- to test the model developed in this study using a new sample with Structured Equation Modelling (SEM) to show the relationships and influences among factors so that further theory development could take place;
- to carry out a comparative study of public and private state corporations;
- to integrate quantitative and qualitative techniques (methodological triangulation) to enhance the credibility and validity of research findings.

In the following section the study is finally concluded.

9.11 CONCLUDING REMARKS

The importance of effective strategy implementation in state corporations in Kenya cannot be over-emphasised. The potential contributions of state corporations in promoting economic growth in both developed and developing countries is widely accepted, documented and supported by theoretical and empirical evidence. This study has provided guidelines that could be used to improve strategy implementation both locally and internationally. The application of these guidelines may help in determining the survival, growth, development and prosperity of these state corporations in Kenya and beyond.

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ANNEXURE 1: QUESTIONNAIRE

Nelson Mandela Metropolitan University
for tomorrow

• PO Box 77000 • Nelson Mandela Metropolitan University
• Port Elizabeth • 6031 • South Africa • www.nmmu.ac.za

Centre for Applied Business Management
Summerstrand South Campus
DEPARTMENT OF BUSINESS MANAGEMENT
Tel. +27 (0)41 5042875 Fax. +27 (0)41 5832644
nasreen.adams@nmmu.ac.za

FACTORS AFFECTING SUCCESSFUL STRATEGY IMPLEMENTATION IN KENYAN STATE CORPORATIONS

9 October 2012

Dear Respondent

I am currently (2012) conducting research for my PhD on the factors affecting successful strategy implementation in state corporations in Kenya. I am collecting information in the form of a survey to gain insight on which factors impact successful strategy implementation in Kenyan state corporations. This study will provide useful guidelines on how to promote successful strategy implementation in Kenyan state corporations.

All data sources will be treated as confidential and would be used for research purposes only. The majority of the data will be reported in statistical form and no individual respondents will be identified. You can complete the questionnaire anonymously.

<u>The questionnaire comprises of five sections</u>:

- **Section A** explores the impact of internal factors on strategy implementation.
- **Section B** investigates the impact of market forces on strategy implementation.
- **Section C** explores the impact of external factors on strategy implementation.
- **Section D** examines how strategies are implemented.
- **Section E** explores the perceived outcome of strategy implementation.
- **Section F** canvasses biographical data of respondents

.

Your cooperation in this regard is greatly appreciated.

Sincerely

Anne Kiboi	Prof S. Perks and Prof EE Smith
STUDENT	**PROMOTERS**

Instruction: Rate the following statements by indicating your choice with an 'X'.

SECTION A: INTERNAL FACTORS

	In this state corporation …	**Strongly agree**	**Agree**	**Neutral**	**Disagree**	**Strongly disagree**
1	All operational activities are aligned with the organisational structure	5	4	3	2	1
2	The organisational structure encourages team work	5	4	3	2	1
3	The organisational structure enhances employee empowerment	5	4	3	2	1
4	The organisational structure facilitates the corporation's culture	5	4	3	2	1
5	The organisational structure is aligned with intended strategies	5	4	3	2	1
6	There is enough staff to implement chosen strategies	5	4	3	2	1
7	All staff are involved in decision-making processes	5	4	3	2	1
8	Staff are flexible in adapting to new developments	5	4	3	2	1
9	Employees are encouraged to suggest new ways to execute tasks	5	4	3	2	1
10	Staff has the required skills to implement strategies	5	4	3	2	1
11	There is sound budgeting procedures for resource allocation	5	4	3	2	1
12	Managers use a funding model for each strategy	5	4	3	2	1
13	Provision is made in budgets for new strategies	5	4	3	2	1
14	There is over reliance on non-governmental funding	5	4	3	2	1
15	There is sound financial practices	5	4	3	2	1
16	Organisational culture shapes employee behaviour	5	4	3	2	1
17	The organisational culture guides strategic decisions	5	4	3	2	1
18	The organisational culture accommodates proposed changes	5	4	3	2	1
19	All strategies implemented match the organisational culture	5	4	3	2	1
20	Shared beliefs and values are aligned with strategies	5	4	3	2	1
21	There are systems and procedures that link all business processes	5	4	3	2	1
22	Systems and procedures coordinate tasks systematically	5	4	3	2	1
23	All managers have access to all systems and procedures	5	4	3	2	1
24	The systems and procedures are regularly reviewed and updated	5	4	3	2	1
25	There are appropriate systems and procedures to support our operational needs	5	4	3	2	1
26	Strategic leaders are committed towards driving strategies	5	4	3	2	1
27	Strategic leaders cultivate a team spirit among staff	5	4	3	2	1
28	Strategic leaders choose strategies based on stakeholders' needs	5	4	3	2	1
29	Strategic leaders provides staff with clear strategic direction	5	4	3	2	1
30	Strategic leaders influence employees toward strategic goal attainment	5	4	3	2	1
31	The board of directors align the interests of stakeholders and managers	5	4	3	2	1
32	The board of directors engage in continuous risk assessments	5	4	3	2	1
33	The board of directors are skilled and experienced in giving strategic guidance	5	4	3	2	1
34	The board of directors' performance is periodically evaluated	5	4	3	2	1
35	The selection of the board of directors is transparent and unbiased	5	4	3	2	1
36	There is open communication amongst staff	5	4	3	2	1
37	Suitable communication modes are used to disseminate information	5	4	3	2	1

	In this state corporation …	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
38	There are feedback mechanisms regarding strategy effectiveness	5	4	3	2	1
39	Strategies are communicated to all employees	5	4	3	2	1
40	Changes and new developments are communicated timeously to all employees	5	4	3	2	1

SECTION B: MARKET FACTORS/FORCES

	Our state corporation …	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Has identified our primary customers needs	5	4	3	2	1
2	Keeps up-to-date with changing customer needs	5	4	3	2	1
3	Consults with customers on strategy issues	5	4	3	2	1
4	Obtains customer feedback on service delivery	5	4	3	2	1
5	Has strategies in place to retain customers	5	4	3	2	1
6	Chooses suppliers based on meeting quality standards	5	4	3	2	1
7	Has a procurement code of conduct	5	4	3	2	1
8	Prefers a multiple suppliers base above a single supplier base	5	4	3	2	1
9	Consults with stakeholders prior to choosing a supplier	5	4	3	2	1
10	Has reliable suppliers that meet delivery deadlines	5	4	3	2	1
11	Is affected by competitors' actions	5	4	3	2	1
12	Is aware of competitors' strategies	5	4	3	2	1
13	Offers a unique service to the customers	5	4	3	2	1
14	Is regarded in our country as the leader in terms of best practices	5	4	3	2	1
15	Uses differentiation as a basis for competition	5	4	3	2	1
16	Is unaffected by labour market regulations	5	4	3	2	1
17	Sets staff selection criteria according to labour market requirements	5	4	3	2	1
18	Allows the labour market to dictate our recruitment process	5	4	3	2	1
19	Implements labour market policies effectively	5	4	3	2	1
20	Has access to an adequate skilled and experienced labour market	5	4	3	2	1

SECTION C: EXTERNAL FACTORS

	Our state corporation …	**Strongly agree**	**Agree**	**Neutral**	**Disagree**	**Strongly disagree**
1	Has a conducive and supportive legal envirnment to conduct business	5	4	3	2	1
2	Has experienced a lot of political interferences	5	4	3	2	1
3	Appoints top managers as directed by the governing party	5	4	3	2	1
4	Is governed by laws pertaining to our business sector	5	4	3	2	1
5	Has experienced the political environment as stable	5	4	3	2	1
6	Has assisted in relieving unemployment in the country	5	4	3	2	1
7	Is unaffected by increased interest rates	5	4	3	2	1
8	Is unaffected by inflation rates	5	4	3	2	1
9	Offers employees market related financial benefits	5	4	3	2	1
10	Bases employees' salaries on economic performance levels	5	4	3	2	1
11	Allows society to guide employee behaviour	5	4	3	2	1
12	Adheres to equity in the workplace	5	4	3	2	1
13	Tolerates different cultural groups	5	4	3	2	1
14	Values staff that behave ethically	5	4	3	2	1
15	Keeps pace with society preferences such as online communication	5	4	3	2	1
16	Has the latest Information Technology equipment to perform tasks	5	4	3	2	1
17	Communicates with customers via latest technology e.g. Facebook	5	4	3	2	1
18	Experiences few Internet disruptions	5	4	3	2	1
19	Has adequate qualified Information Technology staff	5	4	3	2	1
20	Has few power failures that disrupt operations	5	4	3	2	1
21	Has reduced the use of paper	5	4	3	2	1
22	Uses energy saving devices such as low voltage bulbs	5	4	3	2	1
23	Reduces air pollution by having plants in offices	5	4	3	2	1
24	Encourages electronic communication to all	5	4	3	2	1
25	Has environmental preservation policies	5	4	3	2	1
26	Can compete on a global scale	5	4	3	2	1
27	Takes world-wide actions into consideration when planning actions	5	4	3	2	1
28	Networks with other state corporations on new innovations	5	4	3	2	1
29	Learns from best practices abroad	5	4	3	2	1
30	Has created opportunities for knowledge exchange with other international state corporations	5	4	3	2	1

SECTION D: STRATEGY IMPLEMENTATION

	Our state corporation ….	**Strongly agree**	**Agree**	**Neutral**	**Disagree**	**Strongly disagree**
1	Is focused on implementing all strategies	5	4	3	2	1
2	Has develop plans of action for strategy execution	5	4	3	2	1
3	Has a champion driving the strategic implementation process	5	4	3	2	1
4	Has committed staff that strive to implement all strategies	5	4	3	2	1
5	Monitors the progress of implemented strategies	5	4	3	2	1
6	Has allocated specific time frames for strategy implementation	5	4	3	2	1
7	Has policies and procedures in place for effective strategy execution	5	4	3	2	1

SECTION E: BIOGRAPHICAL DATA

1. Gender

Male	1	Female	2

2. Age

18 - 25 years	1	36 - 45 years	3	56 - 65 years	5
26 - 35 years	2	46 - 55 years	4	Over 65 years	6

3. Education

Secondary and below	1	National Diploma	3	Postgraduate degree (e.g. Honours/MBA)	5
National certificate	2	Bachelor’s degree	4	Other (please specify)	6

4. Time period that State Corporation is in existence

Less than 1 year	1	1-5 years	2	6-10 years	3	11-15 years	4	16 years +	5

5. Position in State Corporation

Top management	1	Middle management	2	Supervisor	3	Other, specify:	4

6. Length of employment in State Corporation

Less than 1 year	1	1-5 years	2	6-10 years	3	11-15 years	4	16 years +	5

7. Business activity

Education	1	Aviation	8
Health	2	Transport	9
Agriculture	3	Housing	10
Financial	4	Tourism	11
Telecommunication	5	Environment & Natural resources	12
Industrial	6	Home Affairs	13
Energy	7	Sports, Culture& Social services	14

8. Employment sector

Public	1	Private	2

Thank you for completing this questionnaire

ANNEXURE 2: PERMISSION TO COLLECT DATA

REPUBLIC OF KENYA

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telephone: 254-020-2213471,2241349
254-020-310571,2213123, 2219420
Fax: 254-020-318245,318249
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Our Ref: **NCST/RCD/14/012/1417**

Date: **3rd October, 2012**

Anne Wanjiru Kiboi
The Catholic University of Eastern Africa
P.O.Box 62157-00200
NAIROBI

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "**Factors affecting successful strategy implementation in Kenyan State Corporations.**" I am pleased to inform you that you have been authorized to undertake research in **Nairobi Province** for a period ending ***31st October, 2014.***

You are advised to report to **the Chief Executive Officers of the selected State Corporations** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

DR.M.K.RUGUTT, PhD, HSC
DEPUTY COUNCIL SECRETARY

Copy to:

The Chief Executive Officers
Selected State Corporations

ANNEXURE 3: LIST OF ALL STATE CORPORATIONS IN KENYA

1. National Social Security Fund
2. National Hospital Insurance Fund
3. National Bank of Kenya
4. Kenya Tourist Development Corporation
5. Kenya Roads Board
6. Kenya Revenue Authority
7. Kenya Post Office Savings Bank
8. Kenya National Assurance Co. (2001)
9. Kenya Industrial Estates
10. Industrial Development Bank
11. Industrial and Commercial Development Corporation
12. Consolidated Bank
13. Agricultural Finance Corporation
14. New Kenya Co-operative Creameries Ltd
15. Telkom Kenya Limited
16. South Nyanza Sugar Company
17. Pyrethrum Board of Kenya
18. Postal Corporation of Kenya
19. Nzoia Sugar Company
20. National Oil Corporation of Kenya
21. National Housing Corporation
22. National Cereals and Produce Board
23. Kenyatta International Conference Center
24. Kenya Wine Agencies
25. Kenya Bureau of Standards
26. Export Processing Zones Authority
27. Export Promotion Council
28. Transport Licensing Board
29. Public Archives Advisory Council
30. Betting Control & Licensing Board
31. Water Services Regulatory Board
32. Tea Board of Kenya
33. Retirement Benefit Authority

34. National Tea Zones Development Authority
35. National Irrigation Board
36. National Environment Management Authority
37. Kenya Sugar Board
38. Kenya Sisal Board
39. Kenya Plant Health Inspectorate Services
40. Kenya Industrial Property Institute
41. Kenya Dairy Board
42. Kenya Bureau of Standards
43. Kenya Civil Aviation Authority
44. Horticultural Crops Development Authority
45. Export Promotion Council
46. Export Processing Zones Authority
47. Electricity Regulatory Board
48. Communications Commission of Kenya
49. Commission for Higher Education
50. Coffee Board of Kenya
51. Capital Markets Authority
52. University of Nairobi
53. Moi University
54. Maseno University
55. Western University College of Science and Technology
56. Kenyatta University
57. Jomo Kenyatta University of Agriculture and Technology
58. Egerton University
59. Kenya Education Staff Institute
60. Kenya Institute of Education
61. Tea Research Foundation
62. National Museums of Kenya
63. Kenya Sugar Research Foundation
64. Kenya Medical Research Institute
65. Kenya Marine and Fisheries Research Institute
66. Kenya Institute of Public Policy Research and Analysis
67. Kenya Institute of Administration

68. Kenya Industrial Research and Development Institute
69. Kenya Forestry Research Institute
70. Kenya Agricultural Research Institute
71. Coffee Research Foundation
72. Kenya National Examination Council
73. Athi Water Services Board
74. Lake Victoria South Water Services Board
75. National Campaign Against Drug Abuse Advisory Board
76. Water Services Trust Fund
77. Water Resources Management Authority
78. Teachers Service Commission
79. Rift Valley Water Services Board
80. Northern Water Services Board
81. National Sports Stadia Management Board
82. National Council for Law Reporting
83. National Aids Control Council
84. Nairobi Water Services Board
85. Moi Teaching and Referral Hospital
86. Local Authorities Provident Fund
87. Kenyatta National Hospital
88. Kenya Wildlife Service
89. Kenya Tourist Board
90. Kenya National Library Services
91. Kenya Ferry Services
92. Kenya Accountants and Secretaries National Examination Board
93. Higher Education Loans Board
94. Coast Water Services Board
95. Central Water Services Board
96. Bomas of Kenya
97. Agricultural Development Corporation
98. Tana and Athi Rivers Development
99. Lake Basin Development Authority
100. Kerio Valley Development Authority
101. Kenya Water Institute

102. Kenya Utalii College
103. Kenya Medical Training College
104. Cooperative College of Kenya

Source: Kenya National Bureau of Statistics (2010:86)