STRATEGY IMPLEMENTATION CHALLENGES IN GOVERNMENT PARASTATALS: A CASE OF KENYA REVENUE AUTHORITY

BY

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STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than United States International University.

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Viola Kiplagat (ID 622944)

This research proposal has been presented for examination with our approval as the appointed supervisors.

Signed: ___________________________  Date: ___________________________  
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Dean Chandaria School of Business
ABSTRACT

The general objective of the study was to analyse the strategy implementation challenges among government parastatals in Kenya. The study was guided by the following specific objectives: to determine if employees at KRA are a challenge to strategy implementation, to examine if the organization’s structure and operations are a challenge to strategy implementation, and to assess if the strategic process is a challenge on strategy implementation.

To realize this objective, a survey design will be adopted. The target population constituted KRA employees in Nairobi, from which a sample size of 120 respondents were identified through stratified sampling. Primary data was collected from the strategic managers using a combination of questionnaire and structured interviews. A fact sheet was used to summarize the data collected before it is cleaned, coded and edited for completeness and accuracy before being analyzed using the Statistical Package for Social Scientists (SPSS) to obtain descriptive statistics. Data presentation was in the form of frequency tables and figures.

The study revealed that employees are indeed a challenge to strategy implementation at KRA. This was evidenced by is a positive significant relationship between employee competencies and strategy execution at KRA, with a beta of 1.828. Additionally the study revealed that communication contributes 60.3 percent of strategy execution. In the same regard, t was revealed that all employees know exactly how to work upon the strategy, as well they were asked to state if employees in KRA are empowered to make their own decisions and finally how employee empowerment impacts strategy implementation. There also exists a positive significant relationship between employee empowerment and strategy execution, with a beta of 1.928.

The studies further revealed that majority of the respondents agree KRA’s organizational structure dictates the strategy execution process. Additionally the administrative system facilitates strategy execution. In the same regard leadership in KRA has ensured that leaders show equal attention to all functional-level concerns.
There is also communication flow in KRA organization between top management and KRA has maintained the flexibility to adapt goals based on environmental changes. Finally the study established that service quality in KRA has influenced the strategy execution process, as well performance measurement has been streamlined to keep the execution process intact.

In conclusion, the study revealed that there is a positive relationship between strategic process and strategy implementation. Additionally the study reveals that firm strategic process alone cannot steer KRA to effective strategy implementation, this includes lack of strategic clarity, as well as the strategic purpose notwithstanding the strategic flexibility. The model was significant with $F=0.00$ This is an indication that firm strategic process alone cannot steer KRA to effective strategy implementation.

From the study the researcher recommended that KRA consider employees as being the key contributors to the strategic process and thus the need to always involve them in the entire strategic process. The study also recommended the need to constantly make adjustment to their organization structure in line with the changes in the competitive environment. Finally the study recommended better use of time, effort, elimination of unnecessary errors and the improved communication between the avoidance employee and the person creating the organization goals.
ACKNOWLEDGMENTS

I acknowledge my Supervisor Professor Stephen Nyambegera for his guidance and support throughout my research. I thank my parents Mr. and Mrs. Joseph Sergon for their moral, financial and emotional support that they accorded me while undertaking this study. I thank our Almighty God for his grace and sustenance that has seen me complete this Course successfully.
DEDICATION

This work is dedicated to first and foremost to God for seeing me through. To my adoring parents, sisters and brothers, I extend my uttermost appreciation for their encouragement and support during my entire life time.
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<tr>
<td>KRA</td>
<td>Kenya Revenue Authority</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Scientists</td>
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<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
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<td>USA</td>
<td>United States of America</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Many organizations are faced with the challenge of strategy implementation, however, despite the experience of many organizations, it is possible to turn strategies and plans into individual actions, necessary to produce a great business performance. But it is not easy. Many companies repeatedly fail to truly motivate their people to work with enthusiasm, all together, towards the corporate aims. Most companies and organizations know their businesses, and the strategies required for success. However, many corporations especially large ones struggle to translate the theory into action plans that will enable the strategy to be successfully implemented and sustained. As with all new strategies, the chances for failure are high. If you want your product to grow and succeed, you must learn how to make strategies and ideas a reality (Martin, 2010).

Successful strategy implementation requires a combination of various aspects. According to Chetty (2010) the six factors that need to be considered in order for an organization to successfully implement its strategy include: obtaining top executive commitment, generating engagement at all levels, communicating a clear tangible strategy, cascading accountabilities, selecting the best people to drive key initiatives, and the ability to monitor and tract progress. All six dimensions must be managed comprehensibly to align them with the firm’s strategic choices. Qi (2010) puts forward seven factors for successful strategy execution namely adequate feedback systems, sufficient resources, good leadership and direction skills, motivation for all involved staff, communication and coordination, an appropriate company structure, an appropriate company culture. Brenes, et al., (2007) points out five key dimensions of successful execution of business strategy. These five dimensions are the strategy formulation process, systematic execution, implementation control and follow-up, CEO’s leadership and suitable, motivated management and employees, and, finally, corporate governance (board and shareholders) leading the change.
At the global scene studies have shown that most companies have strategies, but far fewer achieve them. Various studies support this view, for example: a study by Bigler (2011) showed that 90 percent of formulated strategies of firms in the USA and Europe are not implemented on time and do not achieve the intended results. Freedman (2013) mentioned that although strategy formulation is glamorous, unfortunately its implementation often gets a short drift. Similarly a study by Charan and Colvin, suggested that 70 percent of 10 chief executive officers who fail do so not because of bad strategy, but because of bad execution. According to Charan and Colvin (1999) 70 percent of CEOs are dismissed because of the failure to execute strategies. In another study of 200 companies by Cobbold and Lawrie, (2011), 80 percent of directors said they had the right strategies but only 14 percent thought they were implementing them well, no doubt linked to the finding that despite 97 percent of directors having a 'strategic vision', only 33 reported achieving significant strategic success. Zagotta and Robinso (2012), further avow that for one to be successful as a CEO of any organization there is need to know that strategy gets you to the starting line but execution is what gets you to the finish line.

In Africa a study by Makerere University (2010) following, incorporating a well-defined ICT policy and master plan, showed that for ICT to be used as a vehicle and a winning strategy in assuring successful integration of ICT in enterprises, the challenge that faces the institution is the execution of the strategy. Similarly a study on the perceived importance of strategy implementation in South African organizations, established that strategy implementation is more important than strategy formulation in South African organizations and that the ability to implement a strategy in an organization is more important than the ability to formulate a strategy in an organization (Fourie, 2009).

In Kenya research has shown that strategy execution is one aspect that has influenced performance among firms. According to a study by Awino (2011), on selected strategy variables influencing performance in large manufacturing firms there is evidence that strategy competency model provides an environment where core competencies, strategy and strategy implementation process, core capabilities can be
linked effectively within the value chain to enhance corporate performance. The joint effect of core competencies, core capabilities, strategy and implementation has influenced firms’ performance by creating synergy in most of the large manufacturing organizations surveyed in the private sector in Kenya.

According to Paterman (2008), converting a strategy into results usually requires the coordination of people, operations as well as the strategy. But as the economic, political and business environments change, the ways in which they are carried out also changes. Leadership, and specifically strategic leadership, is widely described as one of the key drivers of effective strategy execution (Pearce and Robinson, 2007). However, a lack of leadership, by the top management of the organization, has been identified as one of the major barriers to effective strategy execution (Hrebinia, 2005). It is the duty of the executive to see how well to manage these three aspects in order to successfully execute the strategies. Successful managers understand the need for a sound business strategy and therefore they invest significant time, as well as money and effort in the development of strategies. This however is not a guarantee to improved performance in such organizations. If strategies are not executed properly, there are implications that come as a result of this. In regards to financial implications for instance the organizations are likely to lose on profits as well as on competitive advantage. In a research by the corporate strategy board, it was found that almost 37 percent of the potential value of a strategy is lost during execution (Management Today [MT], 2008).

Daft (2005) feels that the biggest challenge facing strategy execution today is the changing world that wants a paradigm of leadership to evolve to a new mindset that relies on human skills, integrity and teamwork. Quite apart from the benefit and moral value of a benevolent approach to treating colleagues as human beings and respecting human dignity in all its forms, research and observations show that well motivated employees are more productive and creative (Viedge et al., 2003). While management and leadership are similar, there are some significant differences. A fast changing and increasingly complex business environment requires visionary
leadership, and leaders who are willing to learn, experiment and influence organizational change (Botha, 2000).

Another challenge is the fear, sometimes realistic and sometimes unfounded, on the part of developers and employees that they do not have the skills to execute the laid down strategies. Daft (2005), believes that implementing strategies require the identification of the gap in skills and figure out how to bring those skills into the organization. Further Paterman (2008) proposes that mix of new hires, formal training, and informal coaching and development can be very much what an organization needs in order to successfully execute strategies.

According to Welch and Welch (2005), most Companies’ underperformance is due to breakdown between strategy and operations. Many Companies have learned how discussions about bad operations inevitably drive out discussions about good strategy implementation. When Companies fall into this trap, they soon find themselves limping along making or closely missing their numbers each quarter but never examining how to modify their strategy to generate better growth opportunities or how to break the pattern of short term financial shortfalls.

Research has shown that in spite of strategy execution being an important aspect to any organization, far more research has been carried out into strategy formulation as compared to the strategy implementation process. The focus of this study is therefore, to identify the challenges of strategy implementation in government parastatals in Kenya.

The Kenya Revenue Authority (officially abbreviated as K.R.A.) is the tax collection agency of Kenya. It was formed July 1, 1995 to enhance tax collection on behalf of the Government of Kenya. It collects a number of taxes and duties, including: value added tax, income tax and customs. Since KRA's inception, revenue collection has increased dramatically, enabling the government to provide much needed services to its citizenry like free primary education and Health Services to all. Over 90% of annual national budget funding comes from local taxes collected by the KRA. In the
backdrop of this reality, KRA faces the challenge of strategy implementation and thus this forms the basis of this study.

1.2 Statement of the Problem

Studies have shown that most firms have failed to properly execute strategies despite having well-articulated strategies. According to an Economist survey 57 percent of firms were unsuccessful at executing strategic initiatives over the past three years (Allio, 2009). Similarly, the White Paper of Strategy Implementation of Chinese Corporations in 2006 revealed that 83 percent of the surveyed companies did not implement their strategy smoothly, in the same manner 17 percent felt that they had a consistent strategy implementation process. It can therefore be inferred that strategy implementation is continually becoming a key challenge for organizations in these modern times.

There are studies that show strategy implementation in government parastatals in Kenya has been faced by many challenges. A study carried in Nakuru water and sanitation Services Company showed success in strategy implementation could only be achieved through planning can lead to strategy success (Gitonga, 2013). It is also evident that lack of proper utilization of resources could lead to difficulties in strategy implementation (Mwawasi, Wanjau, Mkala, 2013). This study therefore seeks to narrow the gaps mentioned. Generally it will address the gap by examining how the link between, the strategy and the human resources, the organization structure as well as the strategic process can be challenges to successful strategy execution.

1.3 General Objective of the Study

The general objective of this study was to analyze the challenges of strategy implementation in government parastatals in Kenya.

1.4 Specific Objectives

The specific objectives were:

1.4.1 To determine if employees at KRA are a challenge to strategy implementation
1.4.2 To examine if the organization’s structure and operations are a challenge to strategy implementation

1.4.3 To assess if the strategic process is a challenge on strategy implementation

1.5 Significance of the Study

1.5.1 KRA

The study also made a contribution towards the attitude of managers in their involvement in the process of strategy execution. Stakeholders as well would benefit from the study in that they would become aware of the factors which influence strategy execution and will utilize the knowledge to set standards.

1.5.2 Researchers and Academicians

The findings and recommendations of this study were important as they contributed to theory in strategy execution. Scholars interested in studies in strategy execution can also use the findings of this study.

1.5.3 Policy Makers

The findings of this study were also useful to policy-makers, and Parastatals especially those operating in Nairobi. One of the policy-makers includes the Kenya Government. The government could utilize this study to identify the status of parastatals in Kenya. The government can then make and implement policies towards creating an environment that will aid to parastatals be successful in strategy execution.

1.5.4 Other Governments

Other governments would want to understand the reasons behind the robust growth and good financial results in the country. As the East African integration pushes onwards it would be useful for other member states to know the challenges faced in
strategy execution in Kenya so that they can prepare their industry to well carry out businesses in Kenya.

1.6 Scope of the Study

Strategy execution was not limited to parastatals. However, the study was restricted in scope covering only KRA. The study was done in organizations with established management structures. The respondents for the study were strategic managers or senior managers involved in strategy execution. The scope of this study was also limited to the execution of an existing strategy. This means that this study did not go into more detail on the formation of the strategy to be executed. Strategy execution in turn can be studied from different viewpoints. The two basic viewpoints were: seeing strategy implementation as a straightforward operationalization of a previously formulated strategy and focused on the interpersonal and behavioral aspects related to strategy execution. This study acknowledged and integrated elements from both of the two views.

1.7 Definition of Terms

1.7.1 Leadership

This includes the actions that create the basic motivation for the actors to act according to the strategy. This includes the “soft” actions necessary so the actor knows what he is supposed to do, is able, and is motivated to do it (Hungler and Wheelen, 2007).

1.7.2 Organization Structure

This consists of lines of authority, reporting and coordination, as well as real and perceived career paths and decision-making authority (Hrebiniaj, 2005).

1.7.3 Strategic Management

The art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives (David, 2009).
1.7.4 Strategy Execution

Is the act of implementing the strategic change in the organization that is necessary to implement the strategic intentions (Lambert, 2009).

1.8 Chapter Summary

This chapter provided a background of the problem followed by the statement of the problem. Thereafter, research objectives were provided, followed by significance of the study in that order. Chapter two provides literature review organized in terms of the research objectives. In chapter three, research design, methodology, as well as the data type and the data collection instruments were explained. Chapter four provided the study findings in terms of descriptive and logic regression results based on the study objectives. Chapter five provided the summary as well as conclusions and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

In this chapter, literature was reviewed based on research objectives. To start with, reviewed relevant literature relating to the influence of people on strategy execution; followed by the influence of operations on strategy execution; and finally the influence of the strategy itself on strategy execution.

2.2 People as a Challenge to Strategy Implementation

One of the most important components of strategy implementation is the people element. In simple terms, people or rather employees in an organization play an essential role in implementation of the strategy. As such any organization which is serious about executing its strategy has to make sure that the people element of their execution system is given proper attention. According to Flood et al (2012) people have been always considered as the core asset for any organization, this especially so in labour intensive organizations. As such this kind of organizations can be deemed un-existent without people. Further, Raps (2005) affirms that human resources are a valuable intangible asset and therefore people are progressively becoming the key success factor within strategy implementation.

The problem however is that many organizations tend to ignore the people factor when it comes to strategy. In fact lower managers and employees are considered as the last people to even know about the company strategy. This therefore is the reason why Michlitsch (2010) attributes the conspicuous absence of the human factor as one of the major reasons why strategy implementation efforts fail. This he avows as resulting from the lack of understanding from managers that employees play a major role in strategy success. In this regard therefore the absence of people on board for any strategic initiative will definitely result into strategy failure.
2.2.1 Lack of Effective Communication as a Challenge to Strategy Implementation

Another important aspect of people that has an impact to strategy implementation is lack of effective communication. It is not easy to execute strategy when the strategy itself is not well understood. Poorly communicating strategy to employees has a strong impact to strategy execution (Beer and Eisenstat, 2010). Beer and Eisenstat avowed that a well-conceived strategy communicated to the organization equals a well-executed strategy. The knowledge of the strategy and understanding it are two different concepts. As such, for a strategy to be successfully executed these two concepts have to be integrated.

A study by Kaplan and Norton (2008) on strategy execution problems in organizations in the United States revealed that in the great majority of surveyed companies; not more than 10 percent of employees understood their company’s strategy. Other research studies have also revealed that less than 5 percent of the employees typically understand their organization's strategy (Kaplan and Norton, 2001). Similarly, Hrebinik (2005) has stated that in many organizations he studied, employees most often were not aware of their company’s strategy. It is clear that if all employees cannot understand the strategy and their roles in it, successful strategy execution is highly unlikely (Kaplan and Norton, 2008).

According to Raps (2005), one of the reasons why strategy implementation processes frequently leads to very challenging and complex problems or even fail, is the vagueness of the assignment of responsibilities. Michlitsch (2000) asserts the need for people to know clearly what they are supposed to do if the company wants to succeed. In addition, employees have to be given clear guidance to enable them successfully executing the strategy. Wheelen and Hunger (2005) states that lack of direction in the organization makes people to do their work according to their personal view of what tasks should be done, how, and in what order. This therefore compromises the priorities of the organization.
Strategy executors are comprised of top management, middle management, lower management and non-management. In this regard therefore for a strategy to be effectively executed, at least the people involved should be of very high quality (Govindarajan, 1989). At this juncture the quality of the executors is accredited to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position (Peng and Litteljohn, 2011). According to Viseras, Baines, and Sweeney (2005) there are 36 key success factors as far as strategy execution is concerned. These however can be categorized into three: people, organization and systems in the manufacturing environment. Their intriguing findings show clearly that success of strategy execution largely depends on the human or people side of the organization and less on organization and systems related factors. The current study acknowledges the relevance of these three categories and therefore incorporates them as variables in the study.

Studies have shown that there has been conspicuous absence of the human resource function in strategy implementation (Lawler and Mohrman, 2010). According to McKnight (2005) the human resources department is in most cases absent when it comes to strategy formulation and implementation as such most organizations consider the human resource function as being a non-business and non-important department. He therefore argues that the human resource function should be designed in a manner that makes it not only part of the whole organization anatomy but also as a strategic business partner. This will enable it to take part in both strategy formulation and implementation (McKnight, 2005). This assertion has also been echoed by Flood et al. (2000) who has confirmed this need and who further suggests that employs should not only be engaged in formulating the strategy but should also be involved in executing it.

2.2.2 Employee Competency

Most organizations are indeed guilty of ignoring employees’ competency. According to Bossidy and Charan, (2012) most managers overlook this important factor as they are too busy thinking about the other underpinning factors for instance how to
increase earnings and thus company growth, dealing with environment dynamics among other issues. This therefore means that little attention is given to employee competency.

Competency can be defined as the standard or quality of the outcome of the person’s performance. This is according to Rutherford (1995) where he asserts standard as being the minimum acceptable level of performance. According to Bossidy and Charan, (2012) competency has more than just knowledge and skills. This is because it involves the ability to meet complex demands, by drawing on and mobilizing psychosocial resources, including skills and attitudes, in a particular context. (OECD, 2004). If an organization has to be successful, it has to ensure that it has the right people for the job. This is mainly a result of their judgments, experiences, as well as, since these aspects go a long way in driving the organization’s performance (Bossidy and Charan, 2012). Without competencies, either on the top or in the bottom of the organizational structure, even the best strategy with the best environmental factors will have limited chances of success.

According to Michlitsch (2010) if employees lack the needed competencies or qualifications to enable them properly execute a company strategy, they have no room for success but will rather fail to do so. In this regard therefore maintaining competencies within organization do have a significant role in successful strategy execution (Michlitsch, 2010). As such, organizations need to bring on board through hiring and maintaining only qualified and competent people. Organizations also need to develop competencies for current employees through development programs such as training and development so as to endeavor to bring success to the organization. The lack of competencies is not solely attributable to lower level managers or employees. This is because even chief executive officers may not be appropriate to execute a new strategy (Wheelen and Hunger, 2005). According to the authors, the career cycle of such executives has an inverted or negative relationship between their tenure and organizational financial performance. The current studies agree with the findings of these studies; however these studies seem not to identify the specific skills and capabilities that are required to execute strategy. Further a lot of focus is only on
higher management skills such as leadership and the specific leadership skills that are necessary to align people and culture to execute strategy.

Hrebiniak (2005) has stated categorically that organizations with developed capabilities or competencies which are consistent with a chosen strategy would perform as compared to those organizations that are yet to achieve this fit between strategy and capabilities. Further Harrington (2006) finds that a higher level in total organizational involvement during strategy execution had positive effects on the level of implementation success, firm profits and overall firm success. Wheelen and Hunger (2005) have also confirmed this by stating that the required competencies of executives or chief executive officers depend on the desired strategic direction of the firm and that competencies must match the chosen strategy. There might be a need for an aggressive type of CEO if the firm is going for a concentration strategy as an example (Bossidy and Charan 2002). Taking into the consideration the above mentioned argument, it is proposed that the lack of competent employees is the main barrier to strategy execution among parastatals in Kenya.

2.2.3 Lack of Employee Commitment as a Challenge to Strategy Implementation

According to Stringer (2006) employee commitment is not just a personality trait but a quality that can be strategically influenced. As such most employees are involved in their daily jobs as they care about it and have a desire to accomplish their assigned tasks in the perfect way. Organizations therefore need committed employees so as to be able to successfully execute their set strategies [(North County Times (NCT, 2003)]. A study by Stringer (2006), showed that committed employees are more likely to give your customers better service, they are willing to take the time to solve difficult problems, their work is of higher quality, and they are more likely to stay with the organization.

According to Ryan and Ryan (2007), studies have shown that employees have reported that their talents and abilities are only being utilized to a 48% degree. In this regard therefore leaders have the responsibility of unleashing the remaining 52% by achieving buy-in to employees. Leaders must let their employees know how they will
benefit from embracing the vision (Dimatteo, 2006). Many leaders assumed that their employees are onboard with company‘s objectives. However, Ryan and Ryan (2007) stated that this cannot be assumed, and by only communicating the strategy to them, employees cannot be assumed to support the strategy and utilize their best capabilities to execute them.

This is the reason why Sterling (2013) attributes the failure of some strategies to lack of sufficient buy-in among those who execute them. Guffey and Nienhaus (2022) established a strong relationship between buy-in and employees’ support of the organization's strategic plan. These findings are also outlined by Hrebiniak (2005) who established inability to generate buy-in as an obstacle to strategy execution. According to Galpin (1998) the difference between successful and unsuccessful strategy execution is the way management motivates and educates its people to act on a business strategy. This therefore highlights the strong relationship between buy-in and motivation. From the above findings, it can be proposed that the lack of employee buy-in to strategy hinders strategy execution in parastatals in Kenya.

2.2.4 Lack of Employee Empowerment as a Challenge to Strategy Implementation

According to Hellriegel and Slocum, (2013) employee empowerment revolves around giving employees the authority, skills, and self-control to perform their tasks. Further, Pearce and Robinson (2007) defines empowerment as the act of allowing an individual or team the right and flexibility to make decisions and initiate action. Brymer (1991) sees empowerment as a process of decentralizing decision making in an organization, where managers give more autonomy to their lower level and front line employees. In the same regard, Lincoln, Travers, Ackers & Wilkinson (2012) view empowerment as the use of certain techniques to transform those without power into equitable position. In this regard, therefore it is clear that the concept of empowerment is the practice of giving employees the authority to make decisions that enhance the processes as perceived by the employee without referring to superiors. Employees who are competent, employees are aware of the strategy and their role in it cannot participate in its execution without being empowered to do so.
Employee empowerment has very strong relationship with employee’s ability to execute strategy (Argyris, 1998). The skills and capabilities of employees cannot be fully utilized without such employees being empowered. In a study by Wharton and Gartner, it is revealed that execution decisions take too long to be executed. As such, when decisions take too long to be executed it is a sign of lack of empowerment because employees do not have the power to make their own decisions and thus they need to wait until the busy top management makes them. Employee empowerment is thus essential to strategy implementation since decisions about certain issues are better left to people directly working and responsible for them.

A study by Mahoney and McMillan (2010) revealed that workers directly involved in a process know best how to improve it. Since Kenyan organizations have high power distance, as identified by Hofstede (2003), it is evident that Kenyan organizations in general do not apply empowerment principles. And since existing literature has shown a link between empowerment and successful strategy execution, it can be proposed that employee empowerment is one of the factors impacting successful strategy execution in Kenyan organizations. As such the lack of employee empowerment in Kenyan organizations is seen as a major barrier to strategy implementation.

2.3 Operations and structure as a Challenge to Strategy Implementation

According to Kotler (2010) the term operations is commonly used for industries which create and provide services, similarly in the same context the term manufacturing is used to describe industries making physical products. In a restaurant for example, the operations team includes the waiters and waitresses, doormen, somelier among others while marketing promising various service levels, Kotler explains the importance of these two departments working well together. Ray et al. (2006) argues that when looking at the link between strategy implementation and operations, the adoption of effectiveness of business processes as a dependent variable may be more appropriate than adopting overall firm performance as a dependent variable as such the results are consistent with resource-based. This can
well be achieved based solely on the strategic business processes. This link therefore according to Stalk, Evans, Schulman (2012) is therefore the building blocks of a corporate strategy which is not seen as products and markets but business processes. The current study will indeed analyze operations as a challenge to strategy execution with specific reference to the strategic business process.

2.3.1 Organizational Structure as a Challenge to Strategy Implementation

The organization structure of any organization has a role to play with regards to strategy execution (Heide et al., 2012). An effective organizational structure can positively influence the strategy execution process while at the same time it can be an implementation barrier. According to Drazin and Howard (2009), a proper strategy-structure alignment is a necessary precursor to the successful implementation of new business strategies (Noble, 2009). They point out that organizations need to constantly make adjustments to their organizational structure in line with the changes in the competitive environment require. Consequently firms that delay in making this realignment may end up exhibiting poor results which can place them at a serious competitive disadvantage. Schaap (2010) further suggested that the act of adjusting organizational structure with respect to a perfect strategy can greatly help to ensure successful strategy implementation.

2.3.2 Administrative Systems as Hindrances to Strategy Implementation

Govindarajan (2009) suggests that few researchers have focused on the design of differentiated administrative systems that can facilitate the execution of a variety of business strategies which are pursued by diversified corporations. There three key administrative mechanisms through which firms can use to cope with uncertainty in this context include: design of organizational structure, design of control systems and selection of managers. On the basis of these distinctions, various constellations were put up. Bivariate results did not provide support for the interaction between the business strategy, decentralization, and effectiveness. When budget evaluative style, decentralization, and locus of control were aligned appropriately to meet the requirements of the business strategy, superior performance occurred. This was a
clear indication of how the two aspects influence each other. Govindarajan and Fisher (1990) believe that leadership characteristics, structural variables, and control systems contribute differentially to the effectiveness of a strategy.

2.3.3 Ineffective Leadership as a Challenge to Strategy Implementation

Kyarimpa (2009) advises that ineffective leadership is a challenge to the successful strategy execution. This is especially in developing nations where majority of the organizations lack effective leadership (Harrington, 2006). Effectively, in such organizations emphasis is placed on shorter-term frames, strong focus on command, control and predictability, with little emphasis being placed on employee empowerment and motivation. Mintzberg (2010), recognizes that management and leadership are two different things which are both required for better strategy execution. He emphasizes that people are tired of managers who are not leaders and vice versa. Contemporary management thinking suggests that managers do things right, while leaders do the right things. He contended that managers combine human and other resources to achieve goals, while leaders solve problems creatively.

A strong sense of purpose is normally the discretion of true leadership as such it plays an important role in harnessing the creative energies of all the people in the business Schultz et al. (2013). An exceptional leadership is a key ingredient to making strategic change effective and lasting (Daft, 2005). According to Daft one of the enormous challenge facing leaders today is the changing business environment which demands a paradigm of leadership to evolve to a new mindset that relies on human skills, integrity and teamwork. Schultz, et al. (2013) further state that the advantage and moral value of a benevolent approach to treating other employees especially the lower echelons as human beings and respecting human dignity in all its forms, research and observations show that well motivated employees are more productive and creative.

Megginson, et al. (2006), state that there exists a difference between management and leadership According to them leading is an essential part of managing, but not the whole of it. As such it is the innate ability of one person to influence others to strive
to attain goals or objectives. Management, while requiring the use of leadership, also includes the other functions of planning, organizing, staffing and controlling (Megginson, Byrd and Megginson, 2006). Instead of just sitting back or rather simply reacting to the changes in the business environment, it is essential for strategic leaders to examine past events and take action so as to anticipate what these might mean for the future.

Harrison (2013) indicates that senior executive management has a significant impact on the strategies and performance of their organizations. This is also the case for excellent leadership which also has an enormous positive influence. The influence of leadership can take both positive and negative dimensions. It follows therefore that poor leadership can have a powerful negative influence and create dissonance amongst employees (Worley and Doolen, 2006). As such the current study seeks to examine how leadership as an aspect of an organizations operations set-up, influences the strategy execution process among parastatals in Kenya.

According to White (2004) the responsibility of formulating and implementing the strategy lies largely on leaders of an organization. Leaders are the ones who decide what must be done, and then actually figure out how it is going to be done. (Meyer, Botha 2010) reiterates the aspect of leaders having a skill set that allows them to analyze the opportunities and the threats that may exist, both currently and going forward, and thereafter having the ability to analyze the resources and abilities that an organization possesses to deal with those opportunities and threats (Harrison and St John, 2004).

2.3.4 Internal Management of the Organization as Challenge to Strategy Implementation

According to Armstrong (2006) the use of performance contracts and the accompanying increase of operational autonomy have also induced some developments in the strategy execution of organizations. Several organizations are introducing types of internal devolution of management capacities or internal contracting. For instance, Armstrong (2010) noted that companies have created
business units which are responsible for the development of commercial activities. These according to Armstrong has enabled business units manage their products in a comprehensive way and are responsible for the different functions of marketing, public relations, strategic planning, financial management, human resources and logistics. There are developments towards devolution of operational autonomy to local regional offices (Chetty, 2010). Key elements in this process are differentiation, subsidiary and communication networks. The current study seeks to analyse how the internal organization management, can facilitate successful strategy execution.

2.3.5 Lack of Proper Financial Management as a Challenge to Strategy Implementation

Lack of proper financial management is considered as a key challenge to strategy implementation. The use of performance-based targets has induced an increased cost consciousness. Organizations have to develop cost-accounting systems and provide yearly financial statements (Slater & Olson, 2011). The information provided improves the company’s capacity to control the organizations’ financial practices. With performance management the outlook on better budget estimates, based on an increased knowledge of real costs, is realistic. In some cases, transfers are corrected on the basis of achieved performance results such that a failure to meet performance targets results in a decrease of financial transfer to company. On the other hand, there is a positive financial return to the company in case performance results exceed set targets (Nickols, 2010). These positive corrections are dependent, however, on developments of the overall budgetary position of the company are therefore limited.

These remarks attenuate the real impact of the budget as an incentive. There is also a need to enhance the performance orientation of the different financial management instruments (budgets, accounts and audits) and the coherency and consistency of these instruments. More coherence and consistency would mean that budget; accounts and audits are based on the same output and cost categories. Most organizations with contracts develop accrual and cost accounting but fail to use the resulting cost information in their budget estimates. Compliance audits remain more important than performance audits (Chimhanzi, 2010).
2.4 The Strategic Process - a Challenge to Strategy Implementation

Strategy lies at the heart of general management (Porter, 1996) and characterizes the company by its vision (Collins and Porras, 1996). According to Porter (2006), today’s business suffer incompleteness in terms of unique purpose of a strategy. Rather, Porter (2006) prefers to refer to strategy as an action plan and guideline. In the same regard, Mintzberg (1987) confers with the perspectives of strategy and further defines strategy as a plan as “some sort of consciously intended course of action, a guideline to deal with a situation” (p.11). The only difference however is that, he acknowledges that the meaning of strategy comes into being immediately the strategy is in the collective mind of a company. Strategy is indeed a prerequisite of a shared perspective which helps the company to function most effectively. As such, having a formal strategy formulation is suggested to be the main determinant for organizational consistency (Dumpelmann, 2009; Spreitzer, 1995).

Bossidy and Charan (2009) believe that a clear and formal strategy formulation can take away such shortcomings to facilitate a successful execution of a business’ strategy. In the same manner, a clear and formal strategy gives room for the execution of tools which strengthen the position of employees within the organization and also makes the employees part of the execution process. As such employees can act in accordance with the strategy and thus pick up signals from the market or their work domain and add to the strategy in favor of the corporate organization (Martin, 2010).

The need to have a good strategy is as essential as the strategy execution itself since companies have long known that for them to be competitive they ought to develop a good strategy first before developing an appropriate realignment of structure, systems operations, leadership and people (Qi, 2005). According to Carroll (2000), most companies benefit from having a formal strategy in three ways. First of all, is the better use of time and effort, secondly is elimination of the unnecessary errors to be made and identifies problems that may arise beforehand, lastly, is the aspect of improved communication between the avoidance employee and the person creating the organizational goals. Carroll (2000) brings forward the study of Gillen et al.
(1984), in which is concluded that “a quality system incorporating difficult, relevant, and participative goals, along with frequent feedback, is most likely to be related to higher performance”. Similarly, Bamberger (1994) suggests that the formal strategy formulation, or strategic plan, can reinforce the company values with attempts to create an identical vision amongst the employees (Dumpelmann, 2009). On the other hand however, a strategic plan needs not be too strict in terms of what actions need to be taken and how to undertake these actions. This is because such plans restrict innovativeness in organizations. Further Boonsta and De Caluwé (2006) believe that strategies need to bring along change that is necessary for a company to survive.

2.4.1 Lack of Strategy Flexibility as a Challenge to Strategy Implementation

Strategy flexibility is essential for organizations as it helps such organizations to cope with uncertainty. This is according to Mintzberg (1978) who infers to the notion of intended and realized strategies. As such the realized strategy might not be the same as the intended strategy because of the decisions taken by such firms. This is normally the case if such organizations have anticipated changes or when they had to change their strategy to respond to competitors’ actions and behavior. Ultimately, it is important that changes in strategy are communicated to the employees.

As Kaplan and Norton observe, there is a persistent failure to balance the tension between strategy and execution. This is really disappointing, bearing in mind the fact that the better matching of actions to strategy was the original reason Kaplan and Norton popularized balanced scorecards in the 1990s. With more than 60 percent of large and medium-sized organizations in North America having adopted scorecard-type frameworks, we might have expected better. Most organizations go a long way to write, making or closely missing their numbers each quarter but have never put in mind the concept of examining how to modify their strategy to generate better growth opportunities or how to break the pattern of short term financial shortfalls (Martin, 2010).

According to Rutan (1999), all strategy implementation aspects during the planning phase are fundamental for execution. This is mainly because at this stage there is no
time to do that. As such it is critical for every member of the strategy development team to understand and agree upon the details of the plan. Qi (2005) reiterates the need for management to make the commitment to stay focused on the agreed upon plans and therefore only make significant changes to the strategic plan after making careful consideration on the overall implications and consequences of such change. Brenes, et al. (2007) further admits that organizations need to maintain a balance between ongoing business activities and working on new strategic initiatives. This is so because the challenges to strategy execution often results from companies dwelling on new strategy development and in the process forget their main line of business that underlie within previously formulated business strategies.

2.4.2 Lack of Strategy Clarity as a Challenge to Strategy Implementation

Nickols (2010) posits that strategy is execution. According to him there are four cases of strategy execution: flawed strategy and flawed execution, sound strategy and flawed execution, flawed strategy and sound execution, and sound strategy and sound execution. In the same line of thought he further avows that any organization has a pretty good chance for success, only when the strategy and the execution are sound barring aside environmental and competitive influences. Zagotta and Robinso (2002), further contends that executing the wrong strategy is one of the major problems leading to unsuccessful execution of strategies. The current study therefore acknowledges and concurs with these sentiments and shall seek to establish the impact of having a wrong strategy on the process of strategy execution in KRA.

According to Fourie (2009) some strategies such as cost strategies often seek to minimize the costs incurred by the organizations. This goes a long way in influencing the execution process as this minimizes the essential role of employees through limiting their discretionary behavior. Similarly a product breadth strategy emphasizes the importance of employees as the goal is to produce a consistent, but wide variety of products at a low cost. Thus, the orientation is more toward manufacturing efficiency resulting in a more tightly coupled production process (Hayes,
According to Paterman (2008), a strategy which does not emphasize the contribution of employees should not require an extensive level of strategic involvement of the human resource function. In this setting therefore the role of the human resource function remains primarily that of handling administrative matters related to employment. In this regard therefore such strategies limit the activities of the human resource function and thus the entire execution process. On the other hand, there are certain strategies that seek to maximize the contribution of employees through requiring high levels of discretionary behavior (MacDuffie, 1995). This includes flexible production which strives to minimize buffers in the production process by minimizing lead times and scaling production up and down quickly (Womack, Jones, & Roos, 1990). This is not different from a product innovation strategy which seeks to quickly and frequently modify products and procedures to adapt to changing customer needs. As such it scales up the production process and therefore enhances organization performance. This therefore goes a long way in influencing the execution process.

### 2.4.3 Strategic Purpose as a Challenge to Strategy Implementation

According to Parise and Cross (2007), the first step in strategy execution is to be sure that the members of the organization understand the business strategy so as to have a clear view of what the organization needs to deliver upon. This will include purpose, market positioning, key strategic initiatives and priorities, required tradeoffs and integrations, performance standards and deliverables, timing and sequencing. Hrebiniak and Joyce (2005) further admit that this may sound obvious, but many companies fail to do a good job of strategy development and implementation, let alone communication. This is mainly because majority of executives misunderstand strategy and confuse the strategic and operating agendas.

Moreover, human resource plans and activities frequently stay firmly rooted in operations and fail to serve or advance the strategic requirements of the business.
Candidly, this will need to change if long-term competitive advantage is to be realized and sustained; companies will need to develop, acquire or contract the requisite competencies to plug these gaps. Similarly Powers (2008) believes that a firm and foundational understanding of business strategy allows an organizational strategist to explore the organizational implications of the strategy and to determine, develop and lead those organizational initiatives necessary to build an organization that is capable of delivering the strategy.

Parise and Cross (2007), believes that most organizations are not well aware of the difference between strategy and strategic threads, which are mere elements of strategies. As such without a strategy, time and other resources are easily wasted on piecemeal, disparate activities; mid-level managers will fill the void with their own, often parochial, interpretations of what the business should be doing; and the result will be a potpourri of disjointed, feeble initiatives, this therefore comes in the way of the strategy execution process and thus negatively influence the strategy execution process. Day (1999) further stresses that an effective strategy must be straightforward in both intent and direction. Similarly Kotler (2000) suggests that while goals are what every business unit wants to achieve, strategy is the game plan for getting there, and each business must tailor a strategy to achieve its goals. As such a goof strategy will not make the execution process successful. It can furthermore be argued that bearing in mind the modern dynamic business environment, static strategy cannot create value in the long term this is because the changes in the environment will render the strategy obsolete eventually. As such the execution process will not be successful. Ansoff and McDonnell (1990) further suggest that in an environment where challenges develop too rapidly to be anticipated, management needs to be flexible and thus provide rapid response.

2.5 Chapter Summary

This chapter presented a comprehensive review of available literature relating to the influence of people, operations and the strategy itself on strategy execution. This enabled an informed and more focused study of the strategy execution processes in
Kenyan parastatals. Chapter three covered the research design and methodology which highlights the design and methodological issues that were adopted.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, methodology that was adopted to facilitate the realization of the study objectives was explained. The methodology included the design for data collection as well as a theoretical model that assisted in identifying the data to be collected, followed by the target population, sampling design and sample size. Thereafter, data type and data collection methods, data analysis and the research procedures used are explained in that order.

3.2 Research Design

A research design constitutes decisions taken by a researcher regarding what, where, by how much and by what means concerning an enquiry or a research study (Kothari, 2007). The selection of a research design in social sciences is dependent on the researcher’s determination of the approach he or she intends to use to answer their research questions (Sekaran, 2003; Saunders et al. 2009). The study adopted a survey design in order to obtain the necessary data. According to Mugenda and Mugenda (2003), a survey design is an attempt to collect data from an identified group of persons, with the objective of determining the current status given the specified variables, in this case, the current status of strategy execution processes in Kenya Revenue Authority with respect to specified variables. This design was adopted since it facilitated the collection of original data necessary to realize the research objectives. The design was also appropriate in collecting useful data that could be quantified and reported as a representation of the real situation or characteristic in the study population.
3.3 Population and Sampling

3.3.1 Population

Cooper and Schindler (2003) describe a population as the total collection of elements whereby references have to be made. The population of interest for this study was the Kenya Revenue Authority employees and senior management who have the relevant information. The research targeted top level managers, middle level employees and assistant managers who add up to a total of 240 respondents.

Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy Commissioners</td>
<td>30</td>
<td>12.5%</td>
</tr>
<tr>
<td>Managers</td>
<td>90</td>
<td>37.5%</td>
</tr>
<tr>
<td>Assistant Manager</td>
<td>120</td>
<td>50%</td>
</tr>
<tr>
<td>Total</td>
<td>240</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Human resource department, KRA

3.3.2 Sampling

3.3.2.1 Sampling Design

According to Tryfos (1996), sampling frame is the list from which the samples are drawn; ideally the frame should be the target population. The sampling frame for this study consisted of a list of all senior managers at KRA.

3.3.2.2 Sampling Techniques

Stratified random sampling was used to pick the sample sizes for the study. The advantage of this method is that there was an increase in a sample’s statistical efficiency and enabled different research methods and procedures to be used in different strata (Cooper and Schindler, 2003). The sample from the population was selected on the basis of suitability for the objective research, as a matter of convenience.
3.3.2.3 Sample Size

Statistical sampling relies on mere chance to determine who is selected in the sample and calls for random selection in the inclusion of the cases into the sample. According to Hayer (1997), it is a statistical determination of the appropriate sample size and enables the researcher to generalize results to the population. In this study, the sampling technique which was used to obtain quantitative data was stratified sampling technique. The process aimed at having each sector represented. First, the population was divided into the strata based on the level of management. Thereafter a simple random sampling was used to get a population sample from each stratum. The simple random sampling technique presents each individual in the population of study with an equal chance or probability to be selected (Cooper and Schindler, 2006). Mugenda and Mugenda (2003), considers a sample size of 30% as sufficient enough, this study therefore, made use of 50% of the population size and thus target 120 respondents as the sample size made of 15 deputy commissioners, 45 managers’ employees and 65 assistant managers.

<table>
<thead>
<tr>
<th>Table 3.2: Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
</tr>
<tr>
<td>Deputy Commissioners</td>
</tr>
<tr>
<td>Managers</td>
</tr>
<tr>
<td>Assistant Managers</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The primary data was collected using the structured questionnaire specified in sub-section above. This was done with the assistance of trained research assistants who are graduate students with past experience in data collection. As noted earlier, a structured questionnaire was adopted as the reliable tool for collecting the required information. The questions asked in the questionnaires were based on the research questions that were raised in the first chapter. The questionnaires were used to capture
specific information from the respondents. This method provided immediate feedback and clarification of the questions asked to the respondents.

3.5 Research Procedures

The questionnaires designed by the researcher were based on the research questions and was pre-tested to ascertain the suitability of the tool before the actual administration. Pre-testing was done by administering the questionnaire to five respondents who were selected randomly form the sample size. This enabled the researcher to fine tune the questionnaire for objectivity and efficiency of the process. The questionnaire was estimated to take fifteen minutes to complete. One research assistant, who was trained on communication and interviewing respondents using the questionnaire tool, was used to administer the refined questionnaire and also help in data entry. To ensure that the respondents gave impartial information the questionnaires were pretested to make sure that they were reliable and easily understood by the respondents.

3.6 Data Analysis Method

After the fieldwork and before analysis, all questionnaires were adequately checked for reliability and verification. Both quantitative and qualitative analyses were be used. In quantitative analysis, descriptive statistics was employed. The data from the questionnaire was coded and keyed into the statistical package of social sciences (SPSS) version 19.0 for ease of analysis. A content analysis was used to analyze the qualitative data while descriptive statistics was used to analyze quantitative data. These included mean, mode, standard deviations and inferential statistics. The data was then presented in form of figures, tables and percentages for easy understanding.

3.7 Chapter Summary

The chapter described the methodology that was used in carrying out the study. The research design was descriptive in nature focusing on KRA. The population, the sample size, the sampling techniques and questionnaire as a primary data collection instrument were all described. The questionnaire developed was pilot tested before a
refined one was administered to the respondents. The chapter has also indicated that, data was analyzed using SPSS and excel and then presented in inform of Figures and tables.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presented the results and findings of the study on the research questions with regards to the data collected from the respondents with respect to KRA. The initial section covered the background information with respect to the respondents; consequently the second section covered findings on if employees at KRA are a challenge to strategy implementation. The third section presents findings if the organization’s structure and operations are a challenge to strategy implementation and the final section assessed if the strategic process is a challenge on strategy implementation. The target respondents were one hundred and twenty (120) deployed in various departments of KRA.

4.2 Normality Test

In order to test for normality, Shapiro-Wilk tests were carried out as seen in table 4.2, below. It was established that the test was not significant an indication that the data had a normal distribution. The confirmatory factor analysis in table 4.2 (b), show than none of the variables had to be dropped and were therefore used in the study. The study used 3 main variables so we had 3 components (people, strategy, structure). Because the principal components analysis was conducted on the correlation matrix, the variables are standardized, which means that the each variable has a variance of 1, and the total variance is equal to the number of variables used in the analysis, in this case, 3. The Total column contains the eigenvalues. The first component accounted for the most variance (and hence have the highest eigenvalue), and the next component accounted for as much of the left over variance as it can, and so on. The percentage of Variance represents contains the percent of variance accounted for by each principal component. While the Cumulative percentage, showed the cumulative percentage of variance accounted for by the current and all preceding principal components. In this case For example, the third row shows a value of 100. This means that the first three components together account for 100% of the total variance.
The number of rows reproduced on the right side of the table (b) were determined by the number of principal components.

**Table 4.1: Normality Test**

(a)

<table>
<thead>
<tr>
<th>Tests of Normality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Strategy</td>
</tr>
</tbody>
</table>

<sup>*</sup> This is a lower bound of the true significance.

<sup>a</sup> Lilliefors Significance Correction

b) Confirmatory factor Analysis

**Total Variance Explained**

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>Component</td>
<td>Initial Eigenvalues</td>
<td>Extraction Sums of Squared Loadings</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------</td>
<td>-------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>1.892</td>
<td>63.071</td>
</tr>
<tr>
<td>2</td>
<td>.692</td>
<td>23.068</td>
</tr>
<tr>
<td>3</td>
<td>.416</td>
<td>13.861</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
c) Component Matrix

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>.856</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td></td>
<td>.811</td>
</tr>
<tr>
<td>Strategy</td>
<td></td>
<td>.708</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
1 component extracted.

4.3 Background Information

A total of one hundred 100 of the one hundred and five responded which is indeed about 83% of the sample size. Irungu (2007) and Ongore (2008) attained a response rate of 74 percent and 87.5 percent respectively. From previous studies, it is well known that questionnaires are associated with low response rates. Therefore, the questionnaire should be followed by a detailed cover letter and cover page which will provide instructions regarding the research subject, the researcher’s and supervisor’s details as this will increase the response rate (Balta, 2008). The current study followed a similar process since this was needed to enhance response rate.

4.3.1 Age of the Respondents

The study sought to find out the age distribution of the employees at KRA Table 4.1 provides a summary of the age of the respondents as a result of the responses given by the respondents. As clearly seen in the table, the majority 32 percent of the respondents were between the ages of 31-40 years. They were closely followed by those with the age ranging between 26-30 years and were indeed 26 percent of the respondents. The remaining respondents shared the same spoil at 14 percent.
Table 4.2: Age of the Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 25</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>26-30</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>31-40</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>41-45</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Above 45</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.3.2 Education Level

Table 4.4 indicates that 54% of the respondents from KRA have undergraduate qualifications, as their highest education level. While 28% reported that they had attained a post-graduate degree as their highest level of education, 12% had doctorate qualifications. Those who reported as having attained a diploma or any other qualifications as their highest education level made up 8% of the respondents.

Table 4.3: Level of Education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctorate</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>Diploma</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3.3 Number of Years in the Organization

The results of the study shows that majority of the respondents have been in KRA for more than ten years. Specifically, 48 percent of the respondents have been in the organization between 5-10 years, while 38 percent of the respondents have been in
the organization less than five 5, years. Similarly, 10 percent of the respondents have been in the organization between 11-15 years while 4 percent between 16-20 years. None of the respondents has been in the organization more than 20 years.

<table>
<thead>
<tr>
<th>Years in the Organization</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>38%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>48%</td>
</tr>
<tr>
<td>11-15 years</td>
<td>4%</td>
</tr>
<tr>
<td>16-20 years</td>
<td>0%</td>
</tr>
<tr>
<td>More than 20 years</td>
<td>0%</td>
</tr>
</tbody>
</table>

Figure 4.1: No. of Years in the Organization

4.4 People and Strategy Execution

The first objective of the study was to establish if employees at KRA are a challenge to strategy implementation. The following subsection presents a summary of the findings in this regard.

4.4.1 Employee Competencies

The study sought to establish how employee competencies affect strategy execution. Respondents were asked if there is a lack of competent people at all levels as well as how lack of competent people affects strategy implementation. As seen in the model summary table 4.5 (a), below the R square value is 33.8 which indicates that indeed employee competencies account for 33.8 percent of strategy execution at KRA, while the remaining percentage is accounted for by other variables not included in the model. The ANOVA table (b) value for F-static was 23.960 and p value of 0.00 shows that the model is significant. Finally, as seen in table 4.5 (c), there is a positive significant relationship between employee competencies and strategy execution at KRA, with a beta of 1.828 with the t-value at 4.895 which was significant. This implies that indeed strategy execution at KRA is largely influenced by how competent employees are.
Table 4.4: Relationship between Employee Competencies and Strategy Execution

a) Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.581&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.338</td>
<td>.324</td>
<td>5.90703</td>
</tr>
</tbody>
</table>

Predictors: (Constant), Competencies

b) ANOVA<sup>a</sup>

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>1</td>
<td>836.031</td>
<td>23.960</td>
<td>.000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>99</td>
<td>34.893</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td>2476.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Strategy execution
b. Predictors: (Constant), Competencies

c) Coefficients<sup>a</sup>

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>44.370</td>
<td>6.980</td>
<td>6.357</td>
</tr>
<tr>
<td></td>
<td>Competencies</td>
<td>1.828</td>
<td>.374</td>
<td>.581</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Strategy execution
4.4.2 Employee Communication

The study further sought to establish how employee communication affects strategy execution at KRA. The model summary in table 4.6 (a) shows that communication contributes 60.3 percent of strategy execution, the remaining percent is contributed by other variables not included in the model. The ANOVA table (b) value for F-static was 71.509 and p value of 0.00 shows that the model is significant. Finally as seen in table 4.6 (c), there is a positive significant relationship between employee communication and strategy execution at KRA, with a beta 1.855 of with the t-value at 8.456 which was significant. This implies that indeed strategy execution at KRA is largely influenced by effective employee communication.

Table 4.5: Relationship between Employee Communication and Strategy Execution

a)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.777&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.603</td>
<td>.595</td>
<td>4.57088</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Communication

b)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1494.033</td>
<td>1</td>
<td>1494.033</td>
<td>71.509</td>
<td>.000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>981.967</td>
<td>99</td>
<td>20.893</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2476.000</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Strategy

<sup>b</sup> Predictors: (Constant), Communication
### Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>40.316</td>
<td>4.537</td>
<td>8.885</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
<td>1.855</td>
<td>.219</td>
<td>.777</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Strategy

#### 4.4.3 Employee Empowerment

Finally the study sought to examine how employee empowerment affects strategy execution. Respondents were asked if all employees know exactly how to work upon the strategy, as well they were asked to state if employees in KRA are empowered to make their own decisions and finally how employee empowerment impacts strategy implementation. The study further sought to establish how employee empowerment affects strategy execution at KRA. The model summary in table 4.7 (a) shows that empowerment contributes 50 percent of strategy execution; the remaining percent is contributed by other variables not included in the model. The ANOVA table (b) value for F-static was 47.284 and p value of 0.00 shows that the model is significant. Finally as seen in table 4.7 (c), there is a positive significant relationship between employee empowerment and strategy execution at KRA, with a beta 1.928 of with the t-value at 6.876 which was significant. This implies that indeed strategy execution at KRA is largely influenced by effective employee empowerment.
Table 4.6: Relationship between Employee Empowerment and Strategy Execution

a)

**Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.708&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.502</td>
<td>.491</td>
<td>5.12457</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Employee Empowerment

**ANOVA<sup>a</sup>**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig. &lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>1</td>
<td>1241.725</td>
<td>47.284</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>99</td>
<td>26.261</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td>2476.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Employee Empowerment
<sup>b</sup> Dependent Variable: Strategy

**Coefficients<sup>a</sup>**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>B</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>39.723</td>
<td>5.656</td>
<td></td>
<td>7.024</td>
</tr>
<tr>
<td>Employee Empowerment</td>
<td>1.928</td>
<td></td>
<td>.708</td>
<td>6.876</td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Strategy
The regression results were further affirmed by the descriptive results shown in table 4.8 where majority of the respondents were in agreement that in KRA Lack of competent people affects strategy implementation, people are encouraged to provide inputs in decision making, there is communication flow between top management and employees, strategy is seen to be highly sensitive information, employees, especially at lower level, understand the company’s strategy, employees understand why the company is going this direction, employees understand their roles in the company strategy and how their daily job contributes to it, employees can they link their daily jobs to overall strategic objectives, there are clear guidelines to implement the strategy to ensure unified methods of work, all employees know exactly how to work upon the strategy, employees in are empowered to make their own decisions and finally employee empowerment impacts strategy implementation.
<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of competent people affects strategy implementation</td>
<td>60%</td>
<td>31%</td>
<td>5%</td>
<td>2%</td>
<td>2%</td>
<td>4.25</td>
</tr>
<tr>
<td>People are encouraged to provide inputs in decision making</td>
<td>60%</td>
<td>20%</td>
<td>12%</td>
<td>9%</td>
<td>0</td>
<td>4.45</td>
</tr>
<tr>
<td>There is Communication flow between top management and employees</td>
<td>75%</td>
<td>18%</td>
<td>3%</td>
<td>5%</td>
<td>5%</td>
<td>3.91</td>
</tr>
<tr>
<td>Strategy is seen to be highly sensitive information</td>
<td>65%</td>
<td>28%</td>
<td>7%</td>
<td>0</td>
<td>0</td>
<td>3.15</td>
</tr>
<tr>
<td>Employees, especially at lower level, understand the company’s strategy</td>
<td>75%</td>
<td>24%</td>
<td>3.0</td>
<td>0</td>
<td>0</td>
<td>3.62</td>
</tr>
<tr>
<td>Employees understand why the company is going this direction</td>
<td>62%</td>
<td>29%</td>
<td>1%</td>
<td>2%</td>
<td>7%</td>
<td>4.09</td>
</tr>
<tr>
<td>Employees understand their roles in the company strategy and their</td>
<td>60%</td>
<td>43%</td>
<td>7%</td>
<td>0</td>
<td>0</td>
<td>4.11</td>
</tr>
</tbody>
</table>
daily job contributes to it

| Can Employees link their daily jobs to strategic objectives | 57% | 34% | 10% | 3% | 0 | 4.23 |
| Clear guidelines to implement the strategy to ensure unified methods of work | 55% | 44% | 6% | 2% | 1% | 3.96 |
| Employees know exactly how to work upon the strategy | 58% | 42% | 6% | 0 | 0 | 4.19 |
| Employees in are empowered to make their own decisions | 60% | 31% | 5% | 2% | 2% | 4.25 |
| Employee empowerment | 60% | 20% | 12% | 9% | 0 | 4.45 |

4.5 Organization’s Structure and Strategy Implementation

The study further sought to examine if the organization’s structure and operations are a challenge to strategy implementation. The following subsection presents a summary of the findings with regard to how organization structures as well as operations at KRA affect the implementation of the organization strategy. As seen in table 4.9, it is evident that majority of the respondents agree KRA’s organizational structure dictates the strategy execution process. Additionally the administrative system facilitates strategy execution. In the same regard leadership in KRA has ensured that leaders show equal attention to all functional-level concerns. There is also communication flow in KRA organization between top management and KRA has maintained the flexibility to adapt goals based on environmental changes. Finally the study
established that service quality in KRA has influenced the strategy execution process, as well performance measurement has been streamlined to keep the execution process intact.
Table 4.8: Organization’s Structure and Strategy Implementation

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational structure dictates the strategy execution process</td>
<td>31.7</td>
<td>35.0</td>
<td>13.3</td>
<td>13.3</td>
<td>3.3</td>
<td>3.68</td>
</tr>
<tr>
<td>Administrative system facilitates strategy execution</td>
<td>36.7</td>
<td>26.7</td>
<td>16.7</td>
<td>13.3</td>
<td>1.7</td>
<td>3.60</td>
</tr>
<tr>
<td>All leaders show equal attention to all functional-level concerns</td>
<td>25.0</td>
<td>35.0</td>
<td>25.0</td>
<td>10.0</td>
<td>0</td>
<td>3.61</td>
</tr>
<tr>
<td>There is communication</td>
<td>23.3</td>
<td>35.0</td>
<td>26.7</td>
<td>5.0</td>
<td>1.7</td>
<td>3.61</td>
</tr>
<tr>
<td>KRA has maintained the flexibility to adapt goals based on environmental changes</td>
<td>30.0</td>
<td>35.0</td>
<td>23.3</td>
<td>10.0</td>
<td>1.7</td>
<td>3.51</td>
</tr>
<tr>
<td>Service quality has influenced the strategy execution process</td>
<td>30.0</td>
<td>33.3</td>
<td>26.7</td>
<td>6.7</td>
<td>1.7</td>
<td>3.50</td>
</tr>
<tr>
<td>Performance measurement has been streamlined to keep the execution process intact</td>
<td>18.3</td>
<td>23.3</td>
<td>31.7</td>
<td>13.3</td>
<td>6.7</td>
<td>4.08</td>
</tr>
</tbody>
</table>
The model summary in table 4.10 (a) shows that organization structure contributes 62.1 percent of strategy execution, the remaining percent is contributed by other variables not included in the model. The ANOVA table (b) value for F-static was 49.22 and p value of 0.00 shows that the model is significant. Finally As seen in table 4.9 (c), there is a positive significant relationship between organization structure and strategy execution at KRA, with a beta 1.549 of with the t-value at 6.876 which was significant. This implies that indeed strategy execution at KRA is largely influenced by effective employee empowerment.

**Table 4.9: Relationship between Organization Structure and Strategy Execution**

a)

**Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.621a</td>
<td>.419</td>
<td>.375</td>
<td>4.33342</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organization Structure

b)

**ANOVAa**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1241.725</td>
<td>1</td>
<td>1241.725</td>
<td>49.22</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>1234.275</td>
<td>99</td>
<td>26.261</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2476.000</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable:Strategy
b. Predictors: (Constant), Organization Structure
Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>44.38</td>
<td>4.126</td>
<td>7.024</td>
</tr>
<tr>
<td></td>
<td>Organization Structure</td>
<td>1.549</td>
<td>.317</td>
<td>.6578</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Strategy

4.6 Strategic Process as a Challenge to Strategy Implementation

Finally the study sought to assess if the strategic process is a challenge on strategy implementation. The following subsection presents a summary of findings with regards to how the strategic process affects strategy implementation at KRA. The R value in Table 4.26 (a) was (0.499) indicating that there is a positive relationship between strategic process and strategy implementation. R squared value of (0.249) shows that only (24.9%) of strategy implementation is explained by strategic process. The remaining (75.1%) is explained by other factors put in place by the KRA in order to enhance their strategy implementation.

As shown in Table 4.10 (b) the model was significant with (F= 0.00). This is an indication that firm strategic process alone cannot steer KRA to effective strategy implementation. As depicted in Table 4.10 (c) strategic process had a t value of (0.3495) and p value of (0.00). In terms of the significance of the predictor variables, the individual variables whose t-values are significant (p= <0.05) are considered.
Table. 4.10: Regression results for strategic Process and strategy implementation

a)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.499a</td>
<td>.249</td>
<td>.233</td>
<td>6.29082</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Strategic Process

b)

**ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>616.001</td>
<td>1</td>
<td>616.001</td>
<td>15.566</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>1859.999</td>
<td>99</td>
<td>39.574</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2476.000</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: IStrategy
b. Predictors: (Constant), Strategic process
c)

**Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>49.896</td>
<td>7.252</td>
<td>6.880</td>
<td>.000</td>
</tr>
<tr>
<td>Strategic Process</td>
<td>1.475</td>
<td>.374</td>
<td>3.945</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Strategy
The regression results were further affirmed by the descriptive results as seen in table 4.11, it is evident that majority of the respondents agree KRA’s strategic formulation process dictated the strategy implementation process. There is also communication flow in KRA organization between top management which was evidenced by the majority of the respondents who agreed with the statements that firm’s strategy intent and direction was clear to all employees, goals and objectives were clear to all employees, firm’s vision provided an oversight to employee actions and finally the company’s mission was performance oriented.
<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRA encourages coordination &amp; integration of activities among employees from different departments.</td>
<td>52</td>
<td>24</td>
<td>12</td>
<td>4</td>
<td>8</td>
<td>4.28</td>
</tr>
<tr>
<td>Firm’s strategic intent is clear employees.</td>
<td>36</td>
<td>20</td>
<td>28</td>
<td>10</td>
<td>6</td>
<td>4.20</td>
</tr>
<tr>
<td>Firm’s goals and objective are clear employees.</td>
<td>24</td>
<td>28</td>
<td>20</td>
<td>10</td>
<td>12</td>
<td>4.11</td>
</tr>
<tr>
<td>Firm’s vision provides an oversight to employees’ actions.</td>
<td>44</td>
<td>16</td>
<td>16</td>
<td>14</td>
<td>10</td>
<td>4.01</td>
</tr>
<tr>
<td>Company’s mission is performance oriented</td>
<td>30</td>
<td>35</td>
<td>23</td>
<td>10</td>
<td>2</td>
<td>3.91</td>
</tr>
<tr>
<td>Company’s strategy is suitable for changes in the external environment.</td>
<td>33</td>
<td>30</td>
<td>27</td>
<td>6</td>
<td>2</td>
<td>3.90</td>
</tr>
<tr>
<td>Organization strategy is compatible with the mission.</td>
<td>18</td>
<td>24</td>
<td>31</td>
<td>13</td>
<td>7</td>
<td>4.18</td>
</tr>
</tbody>
</table>

4.7 Chapter Summary

In this chapter the researcher provided the findings with respect to the information given out by the respondents. The first section provided the study findings based on
the respondent’s background. This was followed by the findings on employee and strategy implementation. The section that follows presented the study’s findings on organization structure and finally the strategic process and strategy implementation. As seen in the chapter it was revealed that employees are indeed a challenge to strategy implementation at KRA. This was evidenced by a positive significant relationship between employee competencies and strategy execution at KRA, with a beta of 1.828. Additionally the study revealed that communication contributes 60.3 percent of strategy execution. The study further revealed that majority of the respondents agreed KRA’s organizational structure dictates the strategy execution process. Additionally the administrative system facilitates strategy execution. In the same regard leadership in KRA has ensured that leaders show equal attention to all functional-level concerns. There is also communication flow in KRA organization between top management and KRA has maintained the flexibility to adapt goals based on environmental changes. Finally the study revealed that there is a positive relationship between strategic process and strategy implementation. Additonally the study reveals that firm strategic process alone cannot steer KRA to effective strategy implementation, this includes lack of strategic clarity, as well as the strategic purpose notwithstanding the strategic flexibility. The model was significant with F= 0.00. This is an indication that firm strategic process alone cannot steer KRA to effective strategy implementation. The next chapter provided the conclusion, summary as well as the discussions and the recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary and discussions on the findings of the research as well as interpretations and relevance to established literature. It looked at the implications of the findings to the existing body of knowledge in the field of strategic management. First it summarized the findings starting with objectives of the study. The discussion section was presented in three sections, covering the findings on competitive strategies, organizational competencies and firm performance. Thereafter, the conclusion recommendations and limitations of the study were presented ending with suggestions for future research.

5.2 Summary

The general objective of the study was to analyse the strategy implementation challenges among government parastatals in Kenya. The study was guided by the following specific objectives: to determine if employees at KRA are a challenge to strategy implementation, to examine if the organization’s structure and operations are a challenge to strategy implementation, and to assess if the strategic process is a challenge on strategy implementation.

The research design used was stratified random sampling through which a sample of 120 respondents was identified. The target population constituted KRA employees in Nairobi. Primary data was collected from the strategic managers using a combination of questionnaire and structured interviews. A fact sheet was used to summarize the data collected before it is cleaned, coded and edited for completeness and accuracy before being analyzed using the Statistical Package for Social Scientists (SPSS) to obtain descriptive statistics. Data presentation was in the form of tables and figures.

The study revealed that employees are indeed a challenge to strategy implementation at KRA. This was evidenced by is a positive significant relationship between employee competencies and strategy execution at KRA, with a beta of (1.828).
Additionally the study revealed that communication contributes 60.3 percent of strategy execution. In the same regard, it was revealed that all employees know exactly how to work upon the strategy, as well they were asked to state if employees in KRA are empowered to make their own decisions and finally how employee empowerment impacts strategy implementation. There also exists a positive significant relationship between employee empowerment and strategy execution, with a beta of 1.928.

The study further revealed that majority of the respondents agreed that KRA’s organizational structure dictated the strategy execution process. Additionally the administrative system facilitates strategy execution. In the same regard leadership in KRA has ensured that leaders show equal attention to all functional-level concerns. There is also communication flow in KRA organization between top management and KRA has maintained the flexibility to adapt goals based on environmental changes. Finally the study established that service quality in KRA has influenced the strategy execution process, as well performance measurement has been streamlined to keep the execution process intact.

Finally the study revealed that there is a positive relationship between strategic process and strategy implementation. R squared value of 0.249 shows that only 24.9% of strategy implementation is explained by strategic process. The remaining 75.1% is explained by other factors put in place by the KRA in order to enhance their strategy implementation. The model was significant with F= 0.00 This is an indication that firm strategic process alone cannot steer KRA to effective strategy implementation.

5.3 Discussion

5.3.1 People as a Challenge to Strategy Execution

The study revealed that employees are indeed a challenge to strategy implementation at KRA. This was evidenced by is a positive significant relationship between employee competencies and strategy execution at KRA, with a beta of 1.828. This finding agrees with Flood et al (2012), who argues that people have been always
considered as the core asset for any organization, this especially so in labour intensive organizations. As such this kind of organizations can be deemed un-existent without people. Further, Raps (2005) affirms that human resources are a valuable intangible asset and therefore people are progressively becoming the key success factor within strategy implementation.

The findings also reveal that indeed the problem is that many organizations tend to ignore the people factor when it comes to strategy. In fact lower managers and employees are considered as the last people to even know about the company strategy. This therefore is the reason why Michlitsch (2010) attributes the conspicuous absence of the human factor as one of the major reasons why strategy implementation efforts fail. This he avows as resulting from the lack of understanding from managers that employees play a major role in strategy success. In this regard therefore the absence of people on board for any strategic initiative will definitely result into strategy failure.

Additionally the study revealed that communication contributes 60.3 percent of strategy execution. It is not easy to execute strategy when the strategy itself is not well understood. Poorly communicating strategy to employees has a strong impact to strategy execution (Beer and Eisenstat, 2010). Beer and Eisenstat avowed that a well-conceived strategy communicated to the organization equals a well-executed strategy. The knowledge of the strategy and understanding it are two different concepts. As such, for a strategy to be successfully executed these two concepts have to be integrated.

In the same regard, it was revealed that all employees know exactly how to work upon the strategy; as well they were asked to state if employees in KRA are empowered to make their own decisions. This is the reason why Sterling (2013) attributes the failure of some strategies to lack of sufficient buy-in among those who execute them. Guffey and Nienhaus (2022) established a strong relationship between buy-in and employees' support of the organization's strategic plan. These findings are also outlined by Hrebiniak (2005) who established inability to generate buy-in as an
obstacle to strategy execution. According to Galpin (1998) the difference between successful and unsuccessful strategy execution is the way management motivates and educates its people to act on a business strategy. This therefore highlights the strong relationship between buy-in and motivation. From the above findings, it can be proposed that the lack of employee buy-in to strategy hinders strategy execution in parastatals in Kenya.

There also exists a positive significant relationship between employee empowerment and strategy execution, with a beta of 1.928 as seen in the study. Employee empowerment has very strong relationship with employee’s ability to execute strategy (Argyris, 1998). The skills and capabilities of employees cannot be fully utilized without such employees being empowered. In a study by Wharton and Gartner, it is revealed that execution decisions take too long to be executed. As such, when decisions take too long to be executed it is a sign of lack of empowerment because employees do not have the power to make their own decisions and thus they need to wait until the busy top management makes them. Employee empowerment is thus essential to strategy implementation since decisions about certain issues are better left to people directly working and responsible for them.

5.3.2 Operations as a Challenge to Strategy Implementation

The studies further revealed that majority of the respondents agreed that KRA’s organizational structure dictates the strategy execution process. The organization structure of any organization has a role to play with regards to strategy execution (Heide et.al, 2012). An effective organizational structure can positively influence the strategy execution process while at the same time it can be an implementation barrier. According to Drazin and Howard (2009) a proper strategy-structure alignment is a necessary precursor to the successful implementation of new business strategies (Noble, 2009). They point out that organizations need to constantly make adjustments to their organizational structure in line with the changes in the competitive environment require. Consequently firms that delay in making this realignment may
end up exhibiting poor results which can place them at a serious competitive
disadvantage.

Additionally the administrative system facilitates strategy execution. In the same
guard leadership in KRA has ensured that leaders show equal attention to all
functional-level concerns. Govindarajan (2009) suggests that few researchers have
focused on the design of differentiated administrative systems that can facilitate the
execution of a variety of business strategies which are pursued by diversified
corporations. There three key administrative mechanisms through which firms can
use to cope with uncertainty in this context include: design of organizational
structure, design of control systems and selection of managers. On the basis of these
distinctions, various constellations were put up. Bivariate results did not provide
support for the interaction between the business strategy, decentralization, and
effectiveness. When budget evaluative style, decentralization, and locus of control
were aligned appropriately to meet the requirements of the business strategy, superior
performance occurred. This was a clear indication of how the two aspects influence
each other.

There is also communication flow in KRA organization between top management and
KRA has maintained the flexibility to adapt goals based on environmental changes.
Harrison (2013) indicates that senior executive management has a significant impact
the responsibility of formulating and implementing the strategy lies largely on leaders
of an organization. Leaders are the ones who decide what must be done, and then
actually figure out how it is going to be done. (Meyer, Botha 2010) reiterates the
aspect of leaders having a skill set that allows them to analyze the opportunities and
the threats that may exist, both currently and going forward, and thereafter having the
ability to analyze the resources and abilities that an organization possesses to deal
with those opportunities and threat.

Finally the study established that service quality in KRA has influenced the strategy
execution process, as well performance measurement has been streamlined to keep
the execution process intact. These remarks attenuate the real impact of the budget as an incentive. There is also a need to enhance the performance orientation of the different financial management instruments (budgets, accounts and audits) and the coherency and consistency of these instruments. More coherence and consistency would mean that budget; accounts and audits are based on the same output and cost categories.

5.3.3 Strategic Process as a Challenge to Strategy Implementation

Finally the study revealed that there is a positive relationship between strategic process and strategy implementation. R squared value of 0.249 shows that only 24.9% of strategy implementation is explained by strategic process. The remaining 75.1% is explained by other factors put in place by the KRA in order to enhance their strategy implementation. The need to have a good strategy is as essential as the strategy execution itself since companies have long known that for them to be competitive they ought to develop a good strategy first before developing an appropriate realignment of structure, systems operations, leadership and people (Qi, 2005). According to Carroll (2000), most companies benefit from having a formal strategy in three ways. First of all, is the better use of time and effort, secondly is elimination of the unnecessary errors to be made and identifies problems that may arise beforehand, lastly, is the aspect of improved communication between the avoidance employee and the person creating the organizational goals. Carroll (2000) brings forward the study of Gillen et al. (1984), in which is concluded that “a quality system incorporating difficult, relevant, and participative goals, along with frequent feedback, is most likely to be related to higher performance”.

Additionally the model was significant with F= 0.00. This is an indication that firm strategic process alone cannot steer KRA to effective strategy implementation. According to Rutan (1999), all strategy implementation aspects during the planning phase are fundamental for execution. This is mainly because at this stage there is no time to do that. As such it is critical for every member of the strategy development team to understand and agree upon the details of the plan. Qi (2005) reiterates the
need for management to make the commitment to stay focused on the agreed upon plans and therefore only make significant changes to the strategic plan after making careful consideration on the overall implications and consequences of such change. Brenes, et al., (2007) further admits that organizations need to maintain a balance between ongoing business activities and working on new strategic initiatives. This is so because the challenges to strategy execution often results from companies dwelling on new strategy development and in the process forget their main line of business that underlie within previously formulated business strategies.

The findings also agree with Parise and Cross (2007), who believes that most organizations are not well aware of the difference between strategy and strategic threads, which are mere elements of strategies. As such without a strategy, time and other resources are easily wasted on piecemeal, disparate activities; mid-level managers will fill the void with their own, often parochial, interpretations of what the business should be doing; and the result will be a potpourri of disjointed, feeble initiatives, this therefore comes in the way of the strategy execution process and thus negatively influence the strategy execution process. Day (1999) further stresses that an effective strategy must be straightforward in both intent and direction.

Similarly the findings agree with Kotler (2000), who suggests that while goals are what every business unit wants to achieve, strategy is the game plan for getting there, and each business must tailor a strategy to achieve its goals. As such a goof strategy will not make the execution process successful. It can furthermore be argued that bearing in mind the modern dynamic business environment, static strategy cannot create value in the long term this is because the changes in the environment will render the strategy obsolete eventually. As such the execution process will not be successful. Ansoff and McDonnell (1990) further suggest that in an environment where challenges develop too rapidly to be anticipated, management needs to be flexible and thus provide rapid response.
5.4 Conclusions

5.4.1 People as a Challenge to Strategy Implementation

The study concludes that employees are indeed a challenge to strategy implementation at KRA. This was evidenced by a positive significant relationship between employee competencies and strategy execution at KRA. Additionally, the study concludes that communication contributes to strategy execution. In the same regard, it can be concluded that all employees know exactly how to work upon the strategy, as well they were asked to state if employees in KRA are empowered to make their own decisions and finally how employee empowerment impacts strategy implementation.

5.4.2 Operations as a Challenge to Strategy Implementation

The study further concludes that KRA’s organizational structure dictates the strategy execution process. Additionally, the administrative system facilitates strategy execution. In the same regard, leadership in KRA has ensured that leaders show equal attention to all functional-level concerns. There is also communication flow in KRA organization between top management and KRA has maintained the flexibility to adapt goals based on environmental changes. Finally, the study established that service quality in KRA has influenced the strategy execution process, as well performance measurement has been streamlined to keep the execution process intact.

5.4.3 Strategic Process as a Challenge to Strategy Implementation

Finally, the study concludes that there is a positive relationship between strategic process and strategy implementation. Additionally, the study concludes that firm strategic process alone cannot steer KRA to effective strategy implementation, this includes lack of strategic clarity, as well as the strategic purpose notwithstanding the strategic flexibility.
5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 People as a Challenge to Strategy Implementation

The study recommends to the management of KRA to always consider employees as being the key contributors to the strategic process and thus there is need to always involve them in the entire strategic process. Additionally KRA needs committed employees so as to be able to successfully execute their set strategies (NCT, 2003). A study by Stringer (2006), showed that committed employees are more likely to give your customers better service, they are willing to take the time to solve difficult problems, their work is of higher quality, and they are more likely to stay with the organization.

5.5.1.2 Operations as a Challenge to Strategy Implementation

The study recommends that KRA needs to constantly make adjustments to their organizational structure in line with the changes in the competitive environment require. Consequently firms that delay in making this realignment may end up exhibiting poor results which can place them at a serious competitive disadvantage. Additionally the act of adjusting organizational structure with respect to a perfect strategy can greatly help to ensure successful strategy implementation.

5.5.1.3 Strategic Process as a Challenge to Strategy Implementation

The study acknowledges that indeed the need to have a good strategy is as essential as the strategy execution itself since companies have long known that for them to be competitive they ought to develop a good strategy first before developing an appropriate realignment of structure, systems operations, leadership and people. It therefore recommends for better use of time and effort, secondly is elimination of the unnecessary errors to be made and identifies problems that may arise beforehand, lastly, is the aspect of improved communication between the avoidance employee and the person creating the organizational goals.
5.5.2 Recommendations for Further Studies

While this study successfully examined the conceptual framework, it also presented a rich prospect for other areas to be researched in future. In terms of research design, the study was only confirmed to education sector. It would however be useful to carry out similar study across heterogeneous industries.

It is noted that the study was confirmed to examining the pattern of behavior of firms along the strategic advantages scope of the model. It would be interesting to conduct studies to determine the possible existence of firms that span the focus and industry wide markets that is deal scope or dual strategic target group.
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Appendix I: Questionnaire Cover Letter

Date 30 May 2014

Dear participant,

My name is Viola Jeruto Kiplagat and I am currently a graduate student at United States International University (USIU). I am undertaking a research project on strategic implementation challenges in Governmental Parastatals, a case of Kenya revenue Authority. As an employee of Kenya Revenue Authority (KRA) you have been selected to participate in the study and your contribution will be highly appreciated.

Once this study is complete it will enable the management of KRA to point out the challenges that face the implementation of strategies. This information can also be used by the government parastatals to make informed moves concerning strategy implementation.

The questioner will take approximately 10 to 15 minutes to complete. Kindly answer each and every question as honestly as possible since the results of the study depend on you. The information you give shall remain confidential, please do not indicate your name.

Thank you for taking time to assist me with the information you have.

Sincerely

Viola Jeruto Kiplagat

vijekip@gmail.com
APPENDIX 1: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

Circle the letter which represents the most appropriate position for you

1. Age in years

Below 25

26 – 30

31 – 40

41 – 35

45 and above

2. Education level

Secondary School graduate

Diploma Holder

Graduate

Master Degree

Other
3. Length of service at the present organization

① 0 – 5 years □

② 5 – 10 years □

③ 10 – 15 years □

④ Over 15 years □

Number of Years as an Executive

1 – 3 years

4 – 7 years

8 – 11 years

12 – 15 years

Above 15 years

How difficult do you find strategy execution?

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<th>Very Easy</th>
<th>Easy</th>
<th>Moderate</th>
<th>Difficult</th>
<th>Very Difficult</th>
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What are the Major factors that contribute to successful strategy execution in your organization?

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72
What are the major inhibiting factors to strategy execution in your organization?
SECTION B: EMPLOYEES AS A CHALLENGE ON STRATEGY IMPLEMENTATION

Using a scale of 1 – 5 tick the appropriate answer from the alternatives provided for each of the questions. 1. Strongly Disagree  2. Disagree  3. Uncertain  4. Agree  5. Strongly Agree

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<td>i) There is a lack of competent people at all levels (CEOs, Middle managers, Lower-level employees) in your company</td>
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<td>ii) Lack of competent people affects your strategy implementation</td>
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<td>iii) People are encouraged to provide inputs in decision making in your organization</td>
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<td>iv) There is communication flow in your organization between top management and employees and amongst the employees themselves</td>
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<td>v) Your company considers strategy to be highly sensitive information / top secret / confidential information that should not be disclosed</td>
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<td>vi) Employees, especially at lower level, understand the company’s strategy</td>
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<td>vii) Employees understand why the company is going this direction</td>
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<td>viii) Employees understand their roles in the company strategy and how their daily job contributes to it</td>
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<td>ix) Employees can they link their daily jobs to overall strategic objectives</td>
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<td>x) There are clear guidelines to implement the strategy to ensure unified methods of work</td>
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xii) All employees know exactly how to work upon the strategy

xiii) Employees in your organization are empowered to make their own decisions

xiv) In your organization, employee empowerment impacts strategy implementation

SECTION C: ORGANIZATION STRUCTURE AND OPERATIONS ON STRATEGY IMPLEMENTATION

Using a scale of 1 – 5 tick the appropriate answer from the alternatives provided for each of the questions. 1. Strongly Disagree 2. Disagree 3. Uncertain 4 Agree 5. Strongly Agree

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|i) The organizational structure dictates the strategy execution process in your organization
|   |   |   |   |   |   |
| ii) The administrative system in your organization facilitates strategy execution
|   |   |   |   |   |   |
| iii) Leadership in your company has ensured that leaders show equal attention to all functional-level concerns
|   |   |   |   |   |   |
| iv) There is communication flow like in your organization between top management and employees and amongst the employees themselves
|   |   |   |   |   |   |
| v) Your company has maintained the flexibility to adapt goals based on environmental changes
|   |   |   |   |   |   |
| vi) The product/service quality in your organization has influenced the strategy execution process
|   |   |   |   |   |   |
| vii) Performance measurement has been streamlined to keep the execution process intact
|   |   |   |   |   |   |
| viii) Your organization conceptualizes continuous innovativeness as a tool in strategy execution
|   |   |   |   |   |   |
SECTION D: STRATEGIC PROCESS AS A CHALLENGE TO STRATEGY IMPLEMENTATION

Using a scale of 1 – 5 tick the appropriate answer from the alternatives provided for each of the questions. 1. **Strongly Disagree** 2. Disagree 3. Uncertain 4 Agree 5. **Strongly Agree**

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<td>(i) Your company encourages coordination &amp; integration of activities among employees from different departments.</td>
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<td>(ii) The firm’s strategic intent &amp; direction is clear to all employees.</td>
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<td>(iii) The Firm’s goals and objective are clear to all employees.</td>
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<td>(iv) The firm’s vision provides an oversight to employees’ actions.</td>
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<td>(v) The company’s mission is performance oriented</td>
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<td>(vi) The company’s strategy and objectives are suitable given important changes in the external environment.</td>
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<td>(vii) The organization strategy is compatible with the mission of the organization.</td>
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<td>(viii) The company’s strategy continues to serve the public in the same product or service, market, and production sectors as defined in its business definition, or in very similar sectors.</td>
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