Factors Influencing Strategy Implementation at the National Treasury Ministry in Kenya

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Abstract
In order to identify factors in influencing strategy implementation, a review of both theoretical and empirical literature on the subject was carried out. The factors identified are categorized as content, context and process. The content factors include stakeholder involvement in strategy development and quality of strategy whereas contextual factors comprise of organization structure, organization culture, organization learning, strategic leadership and alignment of strategy to market conditions. The process covers operational planning, monitoring and review of progress, teamwork, resources allocation, people-strategy fit, effective communication, strategic and management control systems and information resources. This study therefore, aims at analyzing whether these factors broadly categorized as content, context and process have an influence in the implementation of strategy at the National Treasury Ministry in Kenya.

Key words: Strategy, Implementation, Organizational policy

1.1 INTRODUCTION
All organizations are environment dependent and the link between any organization and its environment is the strategy it adopts. For organizations to remain competitive in the dynamic, complex and unpredictable environment, successful implementation of its strategy is critical. Organizations change continually because they are open systems in constant interaction with the environment. Organizations use strategy to determine goals and objectives; identify necessary courses of action and allocation of resources necessary to achieve the set goals. According to Pearce and Robinson (2000), in order for organizations to achieve their goals and objectives, it is necessary for them to adjust to their environment through strategy. Implementation of an organization’s strategy involves the application of the management process to obtain the desired results. Effective strategy implementation depends on competent personnel and effective internal organization systems.

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work by implementing it throughout the organization is even more difficult (Hrebiniak, 2006). A myriad of factors can potentially affect the process by which strategic plans are turned into organizational action. Unlike strategy formulation, strategy implementation is often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 1999b). It is thus not surprising that, after a comprehensive strategy or single strategic decision has been formulated, significant difficulties usually arise during the subsequent implementation process.

The best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented, as Noble (1999b) notes. Results from several surveys have confirmed this view: An Economist survey found that a discouraging 57 percent of firms were unsuccessful at executing strategic initiatives over the past three years, according to a survey of 276 senior operating executives in 2004 (Allio, 2005). According to the White Paper of Strategy Implementation of Chinese Corporations in 2006, strategy implementation has become “the most significant management challenge which all kinds of corporations face at the moment”. The survey reported in that white paper indicates that 83 percent of the surveyed companies failed to implement their strategy smoothly, and only 17 percent felt that they had a consistent strategy implementation process.

It is apparent that strategy implementation is a key challenge for today’s organizations. There are many (soft, hard and mixed) factors that influence the success of strategy implementation, ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for coordination and control. It’s important to understand these issues and their importance for successful strategy implementation. The government of Kenya has invested heavily in development of strategy for various
ministries to enhance service delivery. One such institution is the National Treasury. This institution is the nerve centre of all financial transactions in the public service and its policy initiatives have a major impact on the Kenyan economy. According to the Ministry’s draft strategic plan for 2013-2017, some of the short comings in the implementation of 2009 – 2012 strategic plan includes; low absorption of Official Development Assistance (ODA), inability to attract and retain qualified and skilled manpower due to poor remuneration in the public service and poor administration of Schemes of Service, inadequate adoption of ICT in the Ministry and low connectivity with line ministries/departments, mismatch between revenue inflows and expenditure, unrealistic cash plans by spending units, and tax evasion and inability to meet targeted revenue collection among others. The aim of the study therefore, is to identify factors influencing implementation of strategy at the National Treasury.

1.2 Statement of the Problem
Many organizations today are focusing on becoming more competitive by launching competitive strategies that give them an edge over others. To do this, they need to craft winning strategies (Porter, 1980). However, most government organizations have not been able to formulate the strategies required to gain competitive advantage. Harvey (2005) points out that 80% of organizations directors believe that they have good strategies but only 14% believe that they implement them well. According to Mintzberg and Quinn, (1979), over 65% of organizational strategies fail to get implemented effectively. Bridging the gap between strategy formulation and implementation has since a long time been experienced as challenging for many organizations.

Hrebiniak (2006), notes that formulation of strategy is a difficult task for any management team, but implementation of the strategy throughout the organization is even more difficult. Strickland and Thompson, (2003) have stressed that implementing strategy is the most complicated and time-consuming part of strategic management. Hence, strategy implementation is a challenge and many factors influence the success or failure of strategy. It appears that only less than 30% of strategies developed are implemented (Judson 1995, Miller 2002:359, and Raps, 2005).

Several studies have been carried out on strategy formulation and implementation challenges among organizations. Machuki (2005) looked at the challenges to strategy implementation at CMC Motors Group. Koske (2003) studied strategy formulation and its challenges in public corporations using the case of Telkom Kenya Ltd. Awino (2000) looked at the effectiveness and problems of strategy implementation of financing higher education in Kenya by the Higher Education and Loans Board (HELB). Muthuiya (2004) studied strategy formulation and its challenges in non-profit organizations in Kenya using the case of AMREF. Agolla (2012) investigated the challenges of strategy implementation in Pensions Department, Ministry of Finance- Kenya. His findings were limited in scope as the focus was on only one department in the Ministry. Other Kenyan scholars including Mundia (2010), Kimeli (2008) and Wanyama (2004) studied strategy in state corporations and did not directly examine the National Treasury. From the review of the above mentioned studies, it is apparent that studies focusing on factors influencing strategy implementation in the line ministries in Kenya have not been carried out hence a study on the National Treasury will fill this gap.

1.3 General objective
The general objective of the study is to analyze factors influencing implementation of strategy at the National Treasury.

1.3.1 Specific objectives
i) To identify the contextual factors that affect strategy implementation at the National Treasury.
ii) To assess the level of strategy implementation at the National Treasury.
iii) To establish the extent to which strategy formulation process influences the implementation of strategy at the National Treasury.
iv) To determine the contribution of process management to strategy implementation at the National Treasury.

1.4 Research questions
The study seeks to answer the following questions:
i) What are the contextual factors that affecting strategy implementation at the National Treasury?
ii) What is the level of strategy implementation at the National Treasury?
iii) To what extent does strategy formulation process affect the implementation of strategy at the National Treasury?
iv) How does the management of process affect implementation of strategy at the National Treasury?

1.5 Justification of the Study
The research findings will improve the understanding of the key factors that influence the implementation of
strategy at the National Treasury. The study will also provide useful knowledge on factors that may contribute to the successful implementation of strategy in public organizations. Finally, it will form a basis for future scholars and researchers who may want to study strategy implementation in public sector.

2.1 LITERATURE REVIEW

2.1.1 Theoretical Review

Inspite of the high rate of strategy implementation failures, there is limited literature and focus regarding this subject. According to Kazim (2008:1564), a strategic plan prepared through a sophisticated process that involves consultants and senior managers is likely not to fail by itself but failure occurs during the strategy implementation process. However, strategy formulation gets most of the attention by the managers and strategy thinkers while strategy implementation is sidelined. Okumus and Roper (1999) hail the importance of the strategy formulation process but flagged its lack of attention by the managers and researchers as literature is skewed towards strategy formulation and strategy content rather than the actual implementation of strategies. Despite the neglect by researchers and managers more challenges are experienced in practice during the course of strategy implementation (Miller, 2002). Mankins and Steel (2005) indicate that more than 40% of the value anticipated from the strategic plan is never realized. From these arguments there is evidence that barriers to strategy implementation make it so difficult for organisations to realize sustained success.

Strategy implementation process is concerned on how decisions are put into action (De Wit and Meyer, 2000). According to (MacIlwaine, 2000), implementation of strategy commonly remains significantly behind the quality of the actual strategic plan. The plan gets launched in a stunning presentation to employees and stakeholders, two months later the strategy components are scarcely remembered by employees at the shop floor and six months later the delivery of results is behind schedule. The author suggests that effective strategy implementation relies on the power of strategic and emotional alignment. Strategic alignment means communication of the strategy right down to the shop floor since top managers and the board formulates strategy but it is implemented at lower levels. The strategy should be communicated as plainly as possible using appropriate channels of communication by the CEO and top managers and updates should be provided upon commencement of strategy implementation. Emotional alignment is the ability of the employees to develop motivation to work and deliver results of the strategy which is a key role of the organizational leadership. This will entail: values of the organization are actively lived and practiced, starting at the top, fair reward policy, clarity of career development process, suitable work environment and credible and genuine organizational culture. Thus, the author suggests that there are three components to powerful alignment to ensure strategy is effectively implemented: a leader committed to and capable of creating alignment, a compelling powerful strategy created inclusively and a product/service and workforce that is competitive or potentially competitive.

According to Hrebiniak (2006:38), strategy implementation process should focuses on eight factors to ensure its success. These factors are: - A logical model to guide managers during the implementation process; A sound well-conceived strategy; Effective management of change; Organization capabilities to implement strategy; Effective coordination and information sharing; Clear responsibility of every individual; System of accountability for results; Right culture supportive of the strategy and Leadership that is execution biased. Further, Wayne (2009:3) indicates that strategy implementation is a discipline that involves a process of operational planning, follow-up through and accountability. It’s the main job of the leader and organization culture must be embedded into it such as norms, rewards, behaviors and systems.

According to Kaplan (2005), the persistent gap between strategy formulation and execution where organizations fail to attain the planned results arise from lack of a coherent process to manage strategy implementation and as a result, management processes remains disconnected to the strategy leading to its failure. Stephen, (2009:6) indicates strategy implementation process should begin with clear understanding of the business drivers at all levels of the organization and how to measure them, understanding of the business processes and how they are interrelated to deliver results.

Vivendi (2005:2) indicates strategy implementation process should focus on putting the right people in the right places. The right people could be hired or train current staff at all levels to achieve and sustain superior performance. The second key important factor is aligning all the business processes to the strategy. These views are supported by Bossidy and Charan (2002) that successful strategy execution process must link organizations’ people processes, business processes and strategy. However the authors failed to provide details on how organizations can implement these three core processes to achieve strategy success. The authors further indicate that strategy implementation must be viewed as a discipline and integral to strategy formulation since the ability of the organization to implement the strategy must be considered during planning, implementation is the job of the business leader and that implementation must be embedded into the culture change.

2.1.2 Empirical Data

A key concern from the researchers and managers is that most of the frameworks that emerged during the early
1980s and 1990s were not empirically tested and the need for testing before adoption prompted some researchers to develop and test the frameworks. Review of literature into various strategy implementation frameworks shows that there are similarities in terms of key factors essential to strategy implementation, an indication that several factors need to be considered while developing and implementing strategy. However, the frameworks have identified different factors and contradictory meaning attached to some factors. Some researchers have grouped implementation factors into a number of categories. For example (context, process and outcomes by Brson and Bromiley, 1993, planning and design by Hrebriani and Joyce (1984), realizers and enablers by Miller,(1997), content, context, process and outcome by Okumus (2001), Pettigrew (1992), context and process, and schmelzer and Olsen, (1994) contextual, system and action levers. Four common groupings have emerged and hence the above eleven factors can be grouped under: **strategic content** (refers to how and why strategy is developed), **strategic context** (external and internal factors such as environmental uncertainty and organizational structure, culture etc), **operational process** e.g. operational planning, resource allocation, people, communication and control) and **outcomes** include the results of the implementation process.

Pennings (1996) proposed a diagnostic framework of strategy implementation and organizational change and argues that this framework is a simple model for understanding the levers with which management can implement a strategy. These six levers of implementation are: - Organization structure; Control and information systems; Reward systems; selection and socialization; Power and politics and Organization culture. By taking into account and adjusting these six factors, it is argued that management can implement a strategy successfully.

Hussey (1996:325) identifies eight variables that should be examined when implementing a strategy. Like Peters and Waterman’s 7S framework, Hussey builds on the work of Leavitt (1964) who suggested that organizations are multivariate systems and that all variables interact with other variables. These eight variables are: - Tasks; People; Structure; Decision processes; Culture; Information systems; Control systems and Reward systems. Each of these variables can potentially affect all other variables (Van der mass (2008:39).

Hambrick and Cannella (1989:278) identified five factors that are critical to make implementation of strategy happen and strategists should consider them. These factors are: - resource commitments, subunit policies and programs, structure, rewards and people. The authors pointed out these factors form the armament of a manager. These elements are integrative and must reinforce each other since when implementing a new strategy, resource commitments often have to be changed. New strategies require some type of resource reallocation. Subunit policies and programs are needed to translate the strategy into concrete actions plans with the various organizational subunits. A new strategy often also requires a revised organizational structure. Rewards are considered a major basis for redirecting the efforts of individuals during implementation. Finally, a strategy becomes a success through the aptitudes, values, skills and contacts of people at all levels of the organization.

Higgins (2005) is one of the latest frameworks. The author formulated 8’s framework of strategy implementation, namely: - strategy and purposes structure, resources, shared values, style, staff, systems and processes, and strategic performance. The 8-S framework of strategy execution is an approach that enables senior management to enact, monitor, and assess the cross functional execution of strategies. This framework is a revision of the original McKinsey 7s model. Higgins has deleted skills from the McKinsey framework and added resources in their place. Equally, strategic performance has been added in order to help focus the strategy execution process. Higgins advocates for a good match of alignment among these factors to ensure successful strategy implementation.

**2.1.3 Conceptual Framework**

A conceptual framework explains three broad categories of factors that influence the implementation of strategy in public institutions such as the National Treasury. The categories are: content, context, and process.
Content factors: The content factors include stakeholder involvement in strategy development and
quality of strategy. Stakeholders in the organizations include employees at all levels, board members, and shareholders. Participation of key stakeholders in strategy development ensures that there is ownership of a strategy and a buy-in into the strategy. According to Sterling (2003), participation of senior managers, middle level managers, and staff with technical expertise in various areas in strategy development processes pay-off through a buy-in into the strategy and creating ownership, resulting to a high success rate of strategy implementation. Lack of appreciation/understanding of the strategy by stakeholders is a cause of strategy implementation failure (Miller 2002). Further, Andrea (2005) indicates success of strategy implementation depends on the level of involvement of middle level managers and commitment of top management to persuade employees to support the strategy.

**Context factors:** The context factors include: organization structure, organization culture, organization learning, strategic leadership and alignment of strategy to market conditions. Organizational structure: Miller (2004:225) indicates that inappropriate organizational structure is a cause of strategy failure. There is need for a clear fit between structure and strategy (Aaltonen & Ikavaiko 2002:417 and Buckley & Reed 1999:68). According to Okumus (2003), organizational structure refers to the shape, division of labor, job duties and responsibilities, the distribution of power and decision-making procedures within the organization. Some issues to be considered in aligning structure and strategy are: the potential changes in duties, roles, decision-making and reporting relationships. Further, the ability of the organizational structure to facilitate the free flow of information, coordination and cooperation between different levels of management and functional areas should be assessed.

Organizational culture: Ahlstrand, Lampel and Mintzberg (1999), defined organizational culture as the shared beliefs and values that are reflected in traditions, habits and in more tangible manifestations such as stories, symbols, even buildings and products. According to Graham (2007), corporate culture, evolve from various factors such as, top management practices, strong groups within the organization, policies and practices, organizational structure, rewards, recognition and promotion among others.

Strategic leadership: According to Raps (2005:141), it is a prerequisite for top managers to be committed to the strategic direction itself and demonstrate the willingness to give energy and loyalty to the implementation process as this provides a positive signal for all employees in the organization. The top executives should not spare any effort in disseminating the strategy and persuading all employees to support its implementation. Several researchers have emphasized the effect of top management on strategy implementation and point out the important figurehead role of top management in the process of strategy implementation (Brauer & Schmidt 2006: 13-22 and Schapa 2006:13-15). According to (Okumus2003:871), strategic leadership is the actual support and involvement of the CEO in the strategic initiative.

**Process factors:** The process factors include: operational planning, monitoring and review of progress, teamwork, resources allocation, people-strategy fit, effective communication, strategic and management control systems and information resources.

Operational planning: Key tasks not well defined in a detailed manner leading to vagueness have been cited as a leading cause of strategy implementation failure (Alghambi 1998:333, Corboy & Corrubi1999 and Raps 2005). Action planning and budgeting are among the oldest management tools and yet they remain effective for ensuring that implementation occurs and that tactics align with strategy. It involves clear allocation of tasks and expected results within a given timeframe to individuals and departments. If tasks are not well allocated to individuals and departments, this may lead to power struggles and conflicts (Raps 2005:144). According to Faull (2005:46) and Okumus (2003), action plans need to be written down as a set of activities to be accomplished and how they are to be accomplished (means) within a given timeframe and with clear targets to be achieved, including the budget for resources required.

Monitoring and review of progress: Effective implementation requires continuous monitoring of progress towards action plan implementation, competitive environment, customers’ satisfaction, and the financial returns generated by the strategy. In addition, monitoring is meaningless if it is not accompanied by accountability and change when required. Departments and individuals must be provided with clear performance targets (Sterling 2003). Organizations with clear monitoring systems of assessing performance of individual employees and departments according to the plans are more successful in strategy implementation than those without effective systems of monitoring progress (Chimhanzi & Morgan 2005:787). Formal review of progress will increase the probability of reaching the goals since the organization is able to look at the gaps between measurement of current conditions and the targets (Terry, 2001).

Teamwork: This is the ability to work together towards a common vision that directs individual accomplishments towards organizational objectives and is the fuel that allows common people to attain uncommon results (Carnegie 2009). Teamwork can be defined as an activity or a set of inter-related activities done by more than one person in order to achieve a common objective (Ujwal 2009:3).

Resource allocation: For effective strategy implementation, all the necessary resources must be available such as time, financial, skills and knowledge. Sterling (2003) indicates that some strategies fail because
not enough resources are allocated especially for capital-intensive strategies. There is need for financial evaluation of a strategy to ensure strategy does not inadvertently destroy shareholder value and in part to ensure that sufficient resources are available to achieve implementation. Financial evaluation of the strategy enables management to assess the impact of the strategy on the financial performance of the organization and identify alternative sources of funds.

People–strategy fit: Effectiveness of strategy implementation is affected by the quality of people involved in the process. Quality refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position (Peng & Littlejohn, 2001:365). This view is supported by Viseras, Baines, and Sweeney (2005) that strategy implementation success depends crucially on the human or people side of project management, and less on organization and systems related factors. For effective implementation of strategy, there is need for the right number of staff with relevant knowledge and capacities. One of the causes of poor strategy implementation is the shortfall on employees’ capabilities (Beer & Eisenstat 2000 and Regan 2001:416).

Effective Communication: Most of the contributors to strategy implementation have generally identified ineffective communication as a key cause to poor strategy implementation. Andrea (2005:141) states communication is what implementation is all about, as change must be effectively communicated. Peng and Litteljohn (2001:365) noted that communication barriers are reported more frequently than any other type of barriers, such as organizational structure barriers, learning barriers, personnel management barriers, or cultural barriers to strategy implementation.

Strategic and management control systems: Strategic control systems ensure that the immense effort put into preparing detailed strategic plans is translated into action by focusing on short-term targets that deliver long-term goals (Bungay & Goold 1999:31). Strategic control systems are essentially required to provide a balance between long-term organization goals and short-term operational demands. Control systems need to incorporate feedback and opportunities to devise and revise the strategies as well as specify measures of the objectives (Travakoli & Perks 2001:297). Hence, successful strategy implementation is therefore dependent on effective strategic as well as management control systems.

Information systems: Alignment of information systems with the strategy is a critical process. This means application of information technology to enhance the success of strategies deployed and customer satisfaction. Organizations often cannot execute strategies without technology and should not implement new technology without a strategy behind it (Sterling 2003). Strategies fail when organizations fail to recognize that, existing systems and methodologies will not enable success and too often employee’s roles are redefined with little regard to the systems and processes that guide and enable their work. Organization’s processes and systems must meet the demands of the new strategic vision and pursuing new strategy with old capabilities is a recipe for disaster (Scott 2002:36).

3.1 RESEARCH GAPS
The review of extensive literature on strategy implementation frameworks has highlighted some weaknesses. Waterman et al (1980), Hambrick and Cannella (1989) and Stonich (1982) simply listed and described implementation factors. The second group in the 1990s and early 2000 suggested a step by step sequential implementation models, for example Noble (1999b), Hacker et al (2001) and Bergadaa (1999). The third categories are procession frameworks that emphasize on the importance of the context and process but fail to give details on the factors that are important, their roles and impact of the factors during the strategy implementation for example (Pettgrew & Whipp, 1999 and Dawson, 1994). As a result of the noted weaknesses, this research intends to fill this gap by examining comprehensively the factors (context, content and process) that influences implementation of strategy in a public organization (the National Treasury).

4. CONCLUSION
From the review of existing studies on strategy implementation, it can be inferred that factors that may influence implementation of strategy at the National Treasury are broadly grouped as content, context and process. The content factors include stakeholder involvement in strategy development and quality of strategy whereas contextual factors comprise of organization structure, organization culture, organization learning, strategic leadership and alignment of strategy to market conditions. The process covers operational planning, monitoring and review of progress, teamwork, resources allocation, people-strategy fit, effective communication, strategic and management control systems and information resources.

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