CHALLENGES FACING IMPLEMENTATION OF STRATEGIC PLAN AT BLUESHIELD INSURANCE COMPANY LIMITED

BY

MWANGI LUCY NJOKI

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (M.B.A) IN STRATEGIC MANAGEMENT, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

AUGUST, 2009

DECLARATION

This research project is my original work and has not been submitted for a degree course in this or any other university.

Signed ……………………………………………

MWANGI LUCY NJOKI

D61/70238/07

23/08/2009

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

Signed………………………………………………….

DR ZACK AWINO PhD.

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS,

UNIVERSITY OF NAIROBI.

DEDICATION

To my dear husband Daniel Karita, my father Isaac Mwangi, my mother Teresia ,my sisters and brother and my daughter Bridgit for their love ,moral and financial support throughout my entire course. May God bless you abundantly.

ACKNOWLEDGEMENT

The MBA programme has been long, taxing and challenging journey and the successful completion has been as a result of support received from many people. I am indebted not only to people who gave me the inspiration, support and encouragement to pursue the MBA programme but also to everybody who gave me the guidance and assistance on what has been reported in this paper.

I extend my gratitude to my supervisor Dr Zack Awino, PhD, school of business, university of Nairobi for his continued advice, guidance, availability, encouragement, useful criticism and suggestions throughout the project work. I am also greatly indebted to my husband, daughter, father, mother, sisters, brother, friends and relatives for there moral and financial support and constant encouragement throughout my course.

Special thanks to my former manager and the entire blue shield staff and especially the (pioneer branch) for the assistance they gave me during my study and in data collection. May God bless you abundantly, I would not have managed through my own effort were it not for you, Our God almighty made all these possible may his name be praised.

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ABSTRACT

In the world of management, increasing numbers of senior managers are recognizing that one of the key routes to improved business performance is implementation of effective strategic plan. This applies even to the insurance industry whose environment dynamism in the current times is posing many challenges to all insurance companies and therefore calling for effective strategic plans to be formulated and implemented. The objective of this study was to establish the challenges affecting the implementation of strategic plan at Blue Shield Insurance Ltd. The research design employed in this study was a case study. Data was collected through the use of primary data including both the interview guide and the questionnaire. Data collected was both quantitative and qualitative in nature. Qualitative data was collected through an interview guide and analyzed using content analysis while SPSS was used to analyze the quantitative data, which was collected using the questionnaire and represented using tables. Overall, strategic management assists an organization to improve on its performance and productivity. The main challenges affecting implementation of strategic plan include inadequacy of resources which are mainly financial in nature. In addition, lack of expertise is another challenge affecting organizations. Training sessions on strategic managements are therefore imperative as they update the trainee with skills and knowledge relevant that are relevant in decision making. The researcher therefore recommends that the company carries out an evaluation on the application of the strategic plans. In addition, the government as one of the major stakeholders on the stability of country's economic trends should take the responsibility of moderating the trends so as to prevent very adverse effects due to these instabilities.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

This chapter is an introduction to the study and it entails the definition of strategy implementation concept, overview of the Blue Shield Insurance Ltd, the statement of the problem as well as the objectives of the study. The chapter also details the importance of the study.

1.1.1 Concept of Strategy Implementation

Strategy is the direction an organization takes to position itself to achieve and maintain competitive advantage within its industry. Therefore one element of strategy that we consider is the set of competitive priorities that define a firm's strategic manufacturing capabilities. To recognize explicitly the growing importance of the globalization, we also consider the geographic scope of a firm's strategy, which is the extent to which a firm's customers are located over a wide geographic area. A strategy is the outcome of some form of planning, organized process for anticipating and acting in the future in order to carry out the organizations mission (Baker, 2007). More specifically, a strategic plan "is a an organization outlay that helps in deciding in advance what kind of planning effort is to be undertaken, when it is to be done, who is to do it, and what will be done with the results. The more of an organisation's activities that are affected by a plan, the more strategic it is (Radford, 2000).

The longer the effect of a plan and the more difficult it is to reverse, the more strategic it is (Goodstein *et al,* 2001). Therefore, a strategic plan is concerned with decisions that have enduring effects that are difficult to reverse. Strategic planning is long-range in nature. In general, strategic planning is concerned with the longest period of time worth considering. According to Maddock, (2002), Strategic plans deal with the futurity of current decisions. It also looks at the alternative courses of action that are open in the future; and when choices are made among the alternatives they become the basis for making current decisions.

An effective strategic plan starts with strategic objectives. Objectives indicate what management expects to accomplish, while planning sets forth how, when, where and by whom the objectives will be attained. Strategic objectives give rise to strategic planning maturities. These maturities reflect the scheduled points in time by which strategic objectives are scheduled to be accomplished. In turn, strategic planning maturities are established within planning horizons (Kargar & Parnell, 1996). Hewlett (1999) suggests that “a strategic plan and the strategic planning process itself offers a competitive edge and enables a company to measure achievements against expectations.”

A rational framework to evaluate the effectiveness of strategic plans can be found among the tools of strategic planning. The balanced scorecard developed by Kaplan and Norton (2001) was developed for a framework to communicate and implement strategic plans. It has turned out that the balanced scorecard approach can also be used to plan strategies Kettunen (2004b). It is also important to find out a rational framework to evaluate the strategic plans and performance. Otherwise the effectiveness of strategic plan is based on subjective judgments of different persons.

1.1.2 Blue Shield Insurance Company Ltd

The main players in the Kenyan insurance industry are: insurance companies, reinsurance companies, insurance brokers, insurance agents and finally the risk managers. The statute regulating the industry is the Insurance Act; Laws of Kenya, Chapter 487. Insurance business can broadly be classified into general and life. Despite this classification the different classes of insurance businesses can be viewed as lines of business along the profit centre concept. There were 43 licensed insurance companies in 2007. Twenty companies wrote general insurance business only, seven wrote long term business only while fifteen were composite (both life and general). There were 201 licensed insurance brokers, 21 medical insurance providers, 2665 insurance agents, 2 locally incorporated re-insurers, 23 loss adjusters, 1 claims settling agent, 8 risk managers, 213 loss assessors/investigators, 30 insurance surveyors, and 8 risk managers during the year, (AKI, 2005).

According to the KPMG's 2007 Kenya Insurance Survey, the General insurance industry in Kenya is mainly driven by four main lines of business: Motor- Commercial, Fire- Industrial and Engineering, Motor- Private and Personal Accident. The life insurance industry is mainly driven by two main lines of business: Ordinary Life and Superannuation, which includes Group Life Insurance and Deposit Administration. Blue Shield Insurance is a composite insurer established in 1982. The Company was started with the goal of making insurance products and services accessible to a wide cross section of Kenyans. The origins of the company have endeared it to Kenyans as it is with pride that we say we are truly Kenyan (AKI, 2005).

As one of the oldest indigenous owned insurance companies blueshield has a large market share. With its head office in Nairobi, countrywide branch network and a strong team of intermediaries who include brokers and agents. In the last 26 years, Blue Shield insurance has undergone significant growth. The company has authorized share capital of Kshs. 250 million and its asset base is over Kshs. 3.1 billion. The life fund today stands at Kshs. 260 million.

The strong base ensures that the company can underwrite any form of risk and adequately cover its obligations. Its unwavering commitment to client's needs and satisfaction make it the ideal partner for your insurance solutions. In an effort to enhance the strategic planning in the company, Blue Shield insurance has identified and analyzed the problem areas in insurance and come up with solutions for them. These products are backed by dedicated management systems to ensure that in case of claims arising, the client is not unduly hindered from compensation by insurance jargon, ambulance chasers, and fraudsters or by tedious procedures.

BlueShield Insurance Ltd is currently facing a lot of challenges. The first challenge is to come up with a solution for company whose viability is threatened by their inability to meet policy holder claims. The second major challenge is how to generate growth for an industry that has significant potential for growing as a percentage of Gross Domestic Product but has been stagnant.

1.2 Statement of the Problem

In the world of management, increasing numbers of senior managers are recognizing that one of the key routes to improved business performance is implementation of effective strategic plan

(Renaissance Solutions Ltd, 1996). This applies even to the insurance industry whose environment dynamism in the current times is posing many challenges to all insurance companies and therefore calling for effective strategic plans to be formulated and implemented.

All the attention paid to challenges facing management appraisal in general is therefore testimony to its potentially pivotal role in influencing organizational performance and effectiveness. For the insurance industry, the dynamism of the insurance environment in the current times is posing many challenges to all insurance companies.

Following the background of this study, it is only those insurance companies that are able to adapt to the changing external environment and adopt new ideas and ways of doing business that can be guaranteed of survival. Some of the forces of change that have greatly influenced the insurance industry include intense competition, globalization and technological advancement (Kettunen, 2004b).

There is a vast knowledge on the strategic plans and strategic planning as put forward by various researchers including Detert *et al.*, (2000); Jarrar and Zairi, (2000); Prajogo and McDermott, (2005). Recent research suggests that linking organizations' strategic plans with content and process aids strategic plans implementation and improves performance (Brown *et al.*, 2007; Kotha and Swamidass, 2000; Papke-Shields and Malhotra, 2001).

While these frameworks emphasize the importance of strategic plans, they do not give details of the challenges affecting implementation of strategic plan. Guided by this knowledge gap, this proposed study fills that void by answering the research question: What are the challenges affecting implementation of strategic plan in Blue Shield Insurance Ltd?

1.3 Research Objective

The objective of the study was to establish the challenges affecting implementation of strategic plan at Blue Shield Insurance Ltd.

1.4 Importance of the Study

The study will provide information on strategic plans to potential and current scholars. This will expand their knowledge on strategy implementation in insurance sector and also identify areas of further Research. In the same vein, the researcher/scholars will benefit from this study, either in advancing in the same research problem or in any related research phenomenon.

Although the emphasis in this project is on academic research, the Blue Shield Insurance management will benefit from the insights presented. Therefore, we hope that the mentioned company's management will pick up on some of the issues that have been presented and will begin to respond to these challenges. It is expected that the management team at Blue Shield Insurance will re examine their management position which will help them steer the company in the volatile insurance industry in Kenya. Moreover, the study will identify the external environmental factors that affect implementation of strategic plans in Kenya especially in the insurance industry.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the past studies on strategic plan. The concept of strategy is first discusses and then the strategic planning process. In addition, challenges affecting implementation of the strategic plans are also discussed in details.

2.2 Strategy Implementation

The main functions of strategic plan have been explained by Johnson and Scholes (2003) as identifying the organization's current mission, objectives, and strategies, analyzing the environment, identifying the opportunities and threats, analyzing the organization's resources, identifying the strengths and weaknesses, formulating and implementing strategies, and evaluating results.

Strategic decisions determine the organizational relations to its external environment, encompass the entire organization, depend on input from all of functional areas in the organization, have a direct influence on the administrative and operational activities, and are vitally important to long-term health of an organization (Shirley, 1982). According to Hamel & Prahalad (1989), strategies must be well formulated and implemented in order to attain organizational objectives.

Hamel & Prahalad (1989) determined that the strategic plan implementation process included the many components of management and had to be successfully acted upon to achieve the desired results. Here, the critical point is that effective and successful strategic plan implementation depends on the achievement of good “fits” between the strategies and their means of implementation.

Robbins and Coulter (1996) have taken into consideration that no matter how effectively a company has planned its strategies, it could not succeed if the strategies were not implemented properly. Harrison (1996) also clarified that the more ineffective the top management decisions, the more ineffective are the choices made at lower levels of management.

Simons and Thompson (1998) refer to three categories of factors that affected strategic decision-making process: environmental factors; organizational factors; and decision-specific factors. Here, environmental factors mean external agents such as national culture, national economic conditions, and industry conditions. Organizational factors refer to organizational structure, organizational culture, structure of decision making bodies, impact of upward influence, and employee involvement.

Decision-specific factors can be explained as time, risk, complexity, and politics. According to Porter (1985) strategists must assess the forces affecting competition in their industry and identify their company's strengths and weaknesses, then strategists can devise a plan of action that may include first, positioning the company so that its capabilities provide the best defense against the competitive force; and/or second, influencing the balance of the forces through strategic moves, thereby improving the company's position; and/or third, anticipating shifts in the factors underlying the forces and responding to them, with the hope of exploiting change by choosing a strategy appropriate for the new competitive balance before opponents recognize it.

Harrison & St. John (1998), and Woolridge emphasized that the strategic plan implementation could be more difficult than thinking up a good strategy. Harrison and Pelletier (1998) explained that the real value of a decision surfaced only after the implementation of a decision. In other words, it will not be enough to select a good decision and effective results will not be attained unless the decision is adequately implemented.

Kaplan, (2005) stated that there were mostly individual barriers to strategic plan implementation such as too many and conflicting priorities, insufficient top team functions, a top down management style, inter-functional conflicts, poor vertical communication, and inadequate management development. Eisenstat (1993) pointed out that most companies trying to develop new organization capacities failed to get over these organizational hurdles: competence, co-ordination, and commitment. Sandelands (1994) indicated that there were difficulties to conjecture the commitment, time, emotion, and energy needed to translate plans into action. Peng and Litteljohn (2001) explained that the political turbulence might be the most important issue facing any implementation process.

Peng and Litteljohn (2001) mentions that intended strategies would be implemented as they have been envisioned if three conditions were met. First, those in the organization must understand each important detail in management's intended strategy. Second, if the organization is to take collective action, the strategy needs to make as much sense to each of the members in the organization as they view the world from their own context, as it does to top management.

Peng and Litteljohn (2001) notes two dimensions of strategic plan implementation: structural arrangements, and the selection and development of key roles. According to Govindarajan (1989), effective strategic plan implementation is affected by the quality of people involved in the process. Peng and Litteljohn (2001) claimed the quality of people as skills, attitudes, capabilities, experiences and other characteristics required by a specific task or position.

McKinsey's (1982) model describes the seven factors critical for effective strategy execution. The 7-S model identifies the seven factors as strategy, structure, systems, staff, skills, style/culture, and shared values. Strategy is the positioning and actions taken by an enterprise, in response to or anticipation of changes in the external environment, intended to achieve competitive advantage. Structure refers to the way in which tasks and people are specialized and divided, and authority is distributed; how activities and reporting relationships are grouped; the mechanisms by which activities in the organization are coordinated (Kaplan, 2005).

Systems refer to the formal and informal procedures used to manage the organization, including management control systems, performance measurement and reward systems, planning, budgeting and resource allocation systems, and management information systems. Staff refers to the people, their backgrounds and competencies; how the organization recruits, selects, trains, socializes, manages the careers, and promotes employees. Skills refer to the distinctive competencies of the organization; what it does best along dimensions such as people, management practices, processes, systems, technology, and customer relationships (Kaplan, 2005).

Style/culture refers to the leadership style of managers – how they spend their time, what they focus attention on, what questions they ask of employees, how they make decisions; also the organizational culture (the dominant values and beliefs, the norms, the conscious and unconscious symbolic acts taken by leaders (job titles, dress codes, executive dining rooms, corporate jets, informal meetings with employees). Lastly, shared values refer to the core or fundamental set of values that are widely shared in the organization and serve as guiding principles of what is important; vision, mission, and values statements that provide a broad sense of purpose for all employees (Kaplan, 2005). The 7-S model posits that organizations are successful when they achieve an integrated harmony among three “hard” “S's” of strategy, structure, and systems, and four “soft” “S's” of skills, staff, style, and super-ordinate goals (now referred to as shared values) (Kaplan, 2005).

2.3 Strategic Planning Process

In today's highly competitive business environment, budget-oriented planning or forecast-based planning methods are insufficient for a large corporation to survive and prosper. The firm must engage in strategic planning that clearly defines objectives and assesses both the internal and external situation to formulate strategy, implement the strategy, evaluate the progress, and make adjustments as necessary to stay on track.

Strategic planning processes will be designed to fit the specific need of the organization. It’s argued by McCarthy, 1996; Arthur, 1989] that every successful model must include vision and mission, environmental analysis, setting objectives and strategic analysis choice. Identification of the institutions vision and mission is the first step of any strategic planning process. What is our business and what will it be?. This help in infusing the organization with a sense of purpose and direction and giving it a mission. A mission is a statement broadly outlines the organizations future course and serves as a guiding concept. Once the vision and mission are clearly identified the institution must analyze its external and internal environment [Harrison & St. John 1998]. The environmental analysis performed within the frame work of the SWOT analysis, analyses information about organization’s external environment [economic, social, demographic, political, legal, technological] and internal organizational factors.

The act of setting formal performance objectives converts the organizations mission and direction into specific performance targets to be achieved and protects against drift confusion over what to accomplish and toleration undemanding results [Arthur 1989]. The organization is able to draw short range objectives which draw attention to what immediate results to achieve while long range objectives consider what to do now to have the organization in position to produce results later. The institution then evaluates the difference between their current position and the desired future through Gap analysis. To close up the gap and achieve its desired state the institution must develop specific strategies.

Strategic evaluation and control involves not only evaluating strategy for deviations from intended course but also for flexibility towards responding to the new challenges and determining the effectiveness and the pace of the implementation [Johnson and Scholes 2003]. The institution should measure current performance against previously set expectations, and consider any changes or events that may have impacted the desired course of actions. The revised plan must take into consideration emergent strategies and changes affecting the organization’s intended course.

This ongoing stream of new and revised strategic moves and means that an organization prevailing strategy is never the result of a singles strategizing effort rather the pattern of moves approaches and decisions that establish an organization. Strategy assumes its shape over a period of time.

2.4 Challenges Affecting Strategic Plans

This section discusses the challenges that an organization faces dusting implementation of strategic plan. These include the resource constraints, organization structure for process coordination, management and leadership, political factors, involvement of valuable knowledge, supportive implementation instruments, poor monitoring and evaluation of performance as well as organization structure.

2.4.1 Resource Constraints

a) Budget Constraints

Hewlett (1999) suggests that most strategic plans are hurdled by the financial constraints during the time of their implementation. It is important, particularly at the business level, to integrate non-financial measures such as market share or market growth in the budget, so that one can better assess the extent to which improved competitive strength is being achieved as well as the extent to which deviations are due to changes in the business attractiveness. Also, since most budgets will be based on operating departments, it is important to superimpose key non-dollar factors that would signal whether the strategic programs are proceeding on schedule. The concern for financial measurement accuracy in the budgets seems to have jeopardized the concern for relevance in some companies' budgets.

The various program alternatives need to be economically evaluated in two respects. First, there are different ways to achieve a particular strategic implementation action and these alternatives should be compared. A cost/benefit analysis is needed, but unfortunately is done too often on narrow grounds. By only looking at the financial costs and benefits without taking a strategic risk-assessment into account one might easily pursue the less favorable project or fail to search for less risky alternatives (Porter 1985).

To assess risk in this strategic context three steps of analysis must be carried out: a specific assessment of which budgetary factors might significantly affect the strategic plan’s success; an assessment of the degree of predictability of each factor; and an assessment of one's own potential for responding to a particular environmental development to ameliorate adverse effects or to take advantage of favorable developments. Thus, the choice of plan alternative should put major emphasis on maintaining strategic flexibility (Eisenstat 1993). Unfortunately, a too narrow financial analysis typically seems to take place which does not pay proper attention to maintaining strategic flexibility. The second aspect of the economic evaluation of the strategic planning activities relates to the aggregation of strategic programs into an overall "package" for the division. Many businesses do not take existing programs into account when choosing the overall "package" of strategic programs; thus, the continued relevance of existing strategic programs is not examined (Kaplan, 2005).

However, even if a "zero-base" approach has been taken to the program package evaluation, another problem seems to be that the package is chosen according to some cut-off point on a cost-benefit ranking, without paying proper attention to how the combination of strategic programs provides the direction agreed upon for the business during the objectives-setting stage. Too often, the strategic programming activities are left open-ended without proper assessment of overall business strategy impact and consistency with the business objectives. When a set of strategic programs has been decided upon it is implied that resource allocations have been made for these programs, often for several years into the future. Without providing for the necessary assets and strategic expenditures a strategic program cannot be implemented (Eisenstat 1993).

However, in most companies there is a long tradition of allocating resources to capital investments through capital budgeting and for strategic expenditures through discretionary expenditure budgets. There is a problem when these traditional resource allocation procedures are not modified to be consistent with the resource allocation pattern implied by the strategic programme activities; the new role for the traditional capital budgeting and strategic expenditure tools should be as fine-tuning and safety-checking devices for the strategic resource allocation pattern, and not as devices to frustrate the progress of strategic programs. Unfortunately the latter might easily become the case, particularly when different organizational staff groups are primarily responsible for the activities (Peng and Litteljohn, 2001).

Many projects are based on cost budget. There is a tendency in the private sector to not properly estimate the true costs of implementing strategic plan for fear of not getting the project funded adequately. The most common of the forgotten costs are the indirect or non-project costs. There is a tendency in some departments to under-estimate the true costs of implementing strategic plan for fear of not getting the project funded. The most common of the forgotten costs are the indirect or non-project costs. Some of the most often overlooked costs include staff related costs (e.g. recruitment costs, training, benefits and statutory payments), start-up costs, overhead or core costs (e.g. rent, insurance, utilities), vehicle running costs, equipment maintenance (e.g. for photocopiers and computers), governance costs (e.g. board meetings, annual general meeting) and audit fees. After all that have been considered, then a budget is drawn for the whole organization (Heller & Aghvelli, 2005).

The primary concern during the budget implementation process is to ensure the fulfilment of the financial and economic aspects of the budget. The financial tasks include; spending the amounts for the purposes specified, minimizing savings and avoiding lapses or rush of expenditures during the end of the year. The economic tasks on the other hand arc; ensuring that the physical targets of programmes and projects are achieved and the macro-economic aspects of the budget such as borrowing and deficit levels are also achieved. In managing budget implementation one of the key areas of focus is the revenue and expenditure flow pattern.

Aggregate revenues tend to be below the projections on which the budget is based as observed by Kiringai and West (2000). In situations when revenue inflow is low and therefore cash releases are effected as budgeted, ministries are often forced to reduce expenditures. As a rule, personnel emoluments and statutory obligations for example debt payments are exempt from expenditure reductions, therefore implementation of development projects and purchase of goods and services suffer severe budgetary reductions (Kiringai and West 2000). This result in distortion of priorities and reduction in productivity as the recurrent costs of development projects cannot be met. One of the major problems in the implementation of the budget especially the development budget (which is the focus of this study), is the recurrent cost problem. Heller & Aghvelli(2005) define the recurrent cost problem as the failure to provide adequate funds to operate and maintain a project or programme. The recurrent cost problem arises when the recurrent outlays are sufficiently below the level necessary lo operate or maintain a project at its intended level to result in a noticeable loss in output, inefficiency or an obvious deterioration in plant and facilities (Heller & Aghvelli, 2005).

Premchand (2004) states that implementation of the strategic plan requires an advance program of action evolved within the parameters of the ends of the budget and means available adequate This framework, he further states, should include the following; identification and enumeration of the implementation tasks, assessment of the suitability of the means of achieving the ends and prospects for the improvement of means if they are less than adequate. The budgetary and economic tasks are rendered operational through the administrative process that comprises four major interrelated phases of work namely; an allocation system under which expenditure is controlled by release of funds, (Muleri, 2001). Supervision of the acquisition of goods and services to ensure value for the money spent, (Brigham, 2005). It was suggested an accounting system that records government transactions and provides a framework for an analysis of their implications (Kadondi, 2002). Another was a reporting system that permits a periodic appraisal of the actual implementation of policies (Ndiritu, 2007).

State Corporations must prepare forecasts of the financial receipts and payments in order to facilitate prompt release of funds for the actualization of their activities and programmes. Release of funds by the Ministry of Finance is an instrument that is very critical to the budget implementation process. When planned and affected properly it can facilitate the implementation tasks of spending agencies, while the negative use of the same process may hamper the activities of the agencies. In the course of budget implementation another key factor that has to be taken into account is the issue of cost increases (Cohen, 2004).

In most government programs and projects cost increases are the rule rather than the exception and cases of cost increases have been known to inflate project budgets by as high as 100 percent. These increases have to be anticipated and policies formulated to counteract them or provide for them as has been suggested by Premchand (2004) through creation of a contingency reserve. The phenomena of excess expenditure also critically affect budget implementation (Premchand, 2004). It may occur as a result of cost increase or as a consequence of poor management. Excess expenditures cause instability in the resource allocation process and are discouraged by many government, some even providing legislative restrictions. Schick (1999) observes that a country can have a sound budget and financial system and still fail to achieve its intended targets. This is because the rules of the game by which the budget is formulated and implemented are equally important and do influence outcomes (Schick 1999).

b) Time Constraints

Many strategic planning managers have resorted into unrealistic and unattainable strategic plan schedules. It is easy to ignore reality at times when developing a schedule, to skip some fundamental steps in completing the schedule, and to skip some fundamental steps in completing the schedule. Very often, everything may look good on paper but the result may deviate significantly from reality. One of the way of ensuring that paper designs are in tandem or synergistic with reality is to ensure that the strategic plan schedule correctly addressees dependencies between strategic plan tasks. When designing strategic plan schedule, it is always good to keep in mind how some activities relate to other activities and define them accordingly. Establishing clear dependencies between tasks and having a true understanding of the critical path, (the string of tasks that are the longest point between the start and finish of the strategic plan) is the most important component of any building construction strategic plan schedule. Pacelli (2004) established that one other way of ensuring that the strategic plan schedule is realistic is to make sure that the strategic planning schedule is not too long, the strategic planning team understands it clearly and all the strategic plan tasks produce useful deliverables.

When designing the strategic plan schedule, it is always good to ask continually what is the deliverable that will be produced out of any anticipated activity. What will the deliverable look like? What happens if the activity is not done? (Buckout *et al*., 1999) points out that having a realistic and attainable strategic plan schedule guarantees successful delivery of any strategic plan. Lack of a proper strategic planning schedule is one of the surest causes of strategic plan failure especially when the clients is under pressure from the strategic plan sponsors who insist on quick returns on their financial investment. This is specifically so if the strategic plan is funded by borrowed funds. It is imperative for all the strategic plan stakeholders to emphasize on a properly designed strategic plan schedule. Without the schedule, a strategic plan might linger for month after another, consuming resource and missing opportunities. Time is one of the critical factors that need to be managed for a successful implementation of a strategic plan.

The objective of communication management is to promote effective communication between the strategic planning team members and key stakeholders. Stock, (1999) recommends that to achieve this, one need to develop a communication plan, which describes who needs what information, when he/she needs it and how it will be given out. Some of the recommended tips for communicating especially within large building strategic plan are given a competent person the responsibility for creating a strategic plan website and web-based newsletter especially if the time for completion is long. Use the newsletter to report progress, problems, and up-coming events. Use the strategic plan web site to post assignments, meeting dates, meeting minutes and other materials. Access to this information can be on a self-serve basis.

2.4.2 Organization Structure for Process Coordination

Undeniably coordination is critical to the performance of any firm. The specialist implementation skills possessed by a mid-level marketing manager as an individual do not fully contribute to the organizational skills base, unless these individuals can coordinate their efforts. The challenge for any manager is how to coordinate the efforts of talented employees within a limited time frame and to ensure that the aims and mission of the intended marketing strategy is clearly understood. Firms can aid this process through rules, directives and routines (Grant, 2002). Coordination deals with only the technical problem of integrating the actions of mid-level marketing managers within firms. Cooperation, however, concerns the building mechanisms that link individuals in ways that permit them to perform given tasks, such as implement the marketing strategy effectively.

Daft and Mackintosh (1984) explore the role of formal control systems in gaining cooperation in marketing strategy implementation. Jaworski *et al.* (1993) showed a strong correlation between the type of control and coordination system in use and firm performance, implying that the nature of the control system in an implementation effort is a critical decision. Despite the negative connotations associated with hierarchical and top-down approaches to marketing management, it is argued that such structures are essential for creating a conducive marketing strategy implementation environment (Dobni, 2003) that facilitates coordination and cooperation.

In this way, we argue that for strategic plans to be implemented efficiently by mid-level marketing managers the firm must display a degree of hierarchical style and bureaucratic structure. Power should be located at the apex of the hierarchy and delegated downward, while the achievement of coordination and cooperation remain paramount (Wooldridge and Floyd, 1990). Senior marketing executives should seek to direct, communicate with, and involve, mid-level marketing managers to win their support, a feeling of ownership for the marketing strategy and their compliance with the roles set for them, (Whitney and Smith, 1983). Indeed, some authors have emphasized the importance of mid-level marketing managers' perceptions that senior management is doing all it can to facilitate the marketing strategy implementation process (Balogun, 2003; Huy, 2001; Floyd and Wooldridge, 1997). Furthermore, the strategic consensus literature provides a broad range of views of the value of a collective mind set during implementation efforts (Ambrosini and Bowman, 2003; Dooley *et al.*, 2000).They contend that firms must achieve consensus and cooperation within the firm in order to gain compliance from managers to successfully implement strategic plans. The benefit of a shared understanding and the perception that the marketing strategy is being coordinated by senior marketing executives effectively is a development of a commitment among managers and a reduction of uncertainty in the firm as a whole (Noble, 1999).

Moreover, for high levels of coordination and cooperation, how similar senior marketing executives ideas are with that of the ideas of mid-level marketing managers in terms of the marketing strategy in question has been recognized as key in the creation of an atmosphere conducive to effective marketing strategy implementation (Noble and Mokwa, 1999). The importance of “championing” has been discussed in a wide range of literature (Marginson, 2002; Noble and Mokwa, 1999) explains that champions serve many purposes, including mobilising firm resources, generating momentum for the marketing strategy and making sure that the goals of the marketing strategy are clear to all those charged with implementation duties. Also, a charismatic and powerful champion, or senior marketing executive, is likely to instill a higher level of commitment among lower level employees towards the marketing strategy (Noble, 1999). Furthermore, securing the support of the senior marketing executive team is often essential in marketing strategy implementation (Floyd and Wooldridge, 2000; Jiang *et al.*, 1996; Whitney and Smith, 1983) and some authors have emphasized the importance of mid-level marketing managers' perceptions that senior management is doing all it can to facilitate the implementation process (Balogun and Johnson, 2004; Thomas and Dunkerley, 1999).

2.4.3 Management and Leadership

Strategic decisions create a wave of sub-decisions that must be successfully implemented (Mintzberg et al., 1976). Typically, the manager-leader (middle managers and supervisors) is held accountable for the implementation of these sub-decisions. Sub-decision implementation is defined as a sequence of tasks carefully executed so that a favourable business outcome can be achieved in the medium to short term. It is clear that the particulars of such implementation vary widely from decision to decision, but virtually all decisions require efficient implementation to be successful (Nutt, 1993). Or in other words, a brilliant decision can prove worthless without its efficient implementation. Even the best decisions fail to be implemented due to the inadequate supervision of subordinates, among other reasons. Kenny (1999) emphasizes that those who implement decisions to the best of their ability are usually those who have made them.

The process defines the steps to take to formulate what will hopefully be the optimal strategy or solution results in the plan or solution that is to be implemented. To prevent these problems from occurring and maintain overall financial health in these economically difficult times, Organisations must establish a sound, tightly controlled Leadership process. Clearly, no single system is suitable for all banks. Each organisation must tailor its own in light of its objectives and the economic environment it faces.

Basically, Leadership should consist of a recurring three-phase approach: planning, measurement and control, and interpretation, with total process no stronger than its weakest element. All levels of management should participate in each phase, and be totally committed to achieving the planned results. Firm should match its strengths to the opportunities that it has identified, while addressing its weaknesses and external threats. To attain superior profitability, the firm seeks to develop a competitive advantage over its rivals. A competitive advantage can be based on cost or differentiation.

It is critical that leadership follow these steps because the information gathered and decisions made in these phases are the foundation for strategy creation and selection. The statement of the organization's ultimate goal provides the direction to which the strategies should ultimately lead. The critical issues list serves as the specific focus and framework for the activities of the organization and the pattern of these activities (developing and selecting the strategies). External market data and program evaluation results provide critical data to support strategy development. The way in which the strategy is implemented can have a significant impact on whether it will be successful. Strategy implementation is undertaken by different people from strategy formulators. For this reason, care must be taken to communicate the strategy and the reasoning behind it.

2.4.4 Political Factors

The government, as an important institution, provides public goods and services and designs the rules and regulations of the society that allow markets to flourish. It also puts in place the necessary policies that will facilitate the efficient distribution and allocation of resources to enhance the welfare of the people. The government also provides important institutional infrastructure, such as laws that protect property rights, as well as maintaining public order, without which long term investment and sustainable socio-economic development are impossible.

The government promotes economic development through a number of channels. The government can undertake large-scale investment such as investment in industry and infrastructure projects that are beyond the scope of the private sector. The government also provides social goods such as education, public health, etc., and thus raises the stock of human capital and its productivity in the long run.

Because of this, developing countries, including many African countries, have until recently opted for a strategy of expanded public sector as the main development strategy. This state-dominated policy has increased the role of the public sector in the economic life of developing countries and thereby increased the share of their government expenditure in GDP from about 15 percent in 1960 to about 28 percent in 1990 (World Bank, 1997).

The government, through its expenditure policies, plays a crucial role, not only in mobilizing and allocating resources, but also redistributing the costs and revenues raised both at home and abroad among different economic sectors and households of a society. Generally, the government has different options for spending the revenue raised at home and abroad. It can use those public resources for certain expenditures including productive capital investment which generates future income; socio-economic services such as public health, education; or non-productive forms of government consumption such as the military and police.

The issue of whether resources are channeled into productive or non-productive forms of government consumption has important policy implications because the economic development of a country partly depends on how the scarce resources are allocated and utilized among different economic sectors. Therefore, much controversy surrounds the basic nature of the relationship between public expenditure and economic development. Some scholars argue that non-productive government expenditures drain the meager resources of African countries and thereby hamper economic development (Landau, 1986). For instance, available data show that in the 1960s income per capita in Africa and in most East Asian countries was at the same level. However, by the mid-1990s, the income levels in East Asian countries increased to more than five times that of African countries (World Bank, 1997). A number of scholars and policymakers attribute this divergence partially to the growing non-productive public consumption and the weak institutional capability of African countries to design and implement effective and pragmatic development policies. A successful development policy, *inter alia*, requires a committed government with strong visionary leadership. It also requires effective legislation and its enforcement. The lack of effective institutions in Africa and the state's inability to enforce existing laws and rules often leads to corruption and mismanagement, thereby increasing the cost of conducting business in Africa.

Therefore, it is crucial to improve the planning and implementation capacity of the government by enhancing the capability of public institutions to design effective policies and rules that check arbitrary state actions and combat rampant corruption (World Bank, 1997). This is crucial because to the “degree that individuals believe in the rules, contracts and property rights of a society, they will be willing to forgo opportunities to cheat, steal or engage in opportunistic behavior” (North, 1989, p. 1322). This, of course, is possible where there is what Werlin (2000) refers to as primary corruption where people fear official punishment and popular condemnation. However, where there is what Werlin (2000) calls secondary (chronic, rampant and uncontrollable) corruption, as in the case of Nigeria and Kenya, individuals will not fear punishment or reprisal because they are rarely punished for corruption. In this case, punitive measures may not be effective, and therefore a radical and fundamental political reform becomes necessary. Otherwise, secondary corruption will weaken government institutions, including the judicial system, and undermine the legitimacy of the whole political system (Werlin, 2000).

2.4.5 Involvement of Valuable Knowledge

Strategic plan implementation is not a top-down-approach. Consequently, the success of any implementation effort depends on the level of involvement of middle managers. To generate the required acceptance for the implementation as a whole, the affected middle managers' knowledge (which is often underestimated) must already be accounted for in the formulation of the strategy. Then, by making sure that these managers are a part of the strategy process, their motivation towards the project will increase and they will see themselves as an important part in the process (Rapa and Kauffman, 2005).

Unfortunately, in practice, managers and supervisors at lower hierarchy levels who do have important and fertile knowledge are seldom involved in strategy formulation. When they are, however, the probability for realizing a smooth, targeted and accepted strategy implementation process increases substantially. Research studies indicate that less than 5 percent of a typical workforce understands their organization's strategy (Kaplan and Norton, 2001). This is a disturbing statistic as it is generally believed that, without understanding the general course of strategy, employees cannot effectively contribute to a strategy implementation.

To involve employees is an important milestone to make strategy everyone's everyday job. That is why the involvement of middle managers is essential to increase the general awareness of the strategy. Moreover, involvement of middle managers helps build consensus for implantation of strategic plans. A lack in strategic consensus can limit a company's ability to concentrate its efforts on achieving a unified set of goals.

2.4.6 Supportive Implementation Instruments

To facilitate the implementation in general implementation instruments should be applied to support the processes adequately. Two implementation instruments are the balanced scorecard and supportive software solutions (Rapa and Kauffman, 2005).The balanced scorecard is a popular and prevalent management system that considers financial as well as non-financial measures. It provides a functionality to translate a company's strategic objectives into a coherent set of performance measures (Kaplan and Norton, 1993). When it comes to meeting the criteria of a strategy implementation instrument, there is an excellent fit. The individual character of each balanced scorecard assures that the company's strategic objectives are linked to adequate operative measures.

A strategic planning system cannot achieve its full potential until it is integrated with other control systems like budgets, information and reward systems. The balanced scorecard provides a framework to integrate the strategic planning and meets the requirements that the strategic planning system itself can display (Rapa and Kauffman, 2005).

In the context of implementing strategies, the application of software solutions seems to be neglected. Recent experience has shown that IT-support is gaining more and more importance. Information tools must be available and adequate to allow strategic decision makers to monitor progress toward strategic goals and objectives, track actual performance, pinpoint accountability, and most important provide an early warning of any need to adjust or reformulate the strategy (Rapa and Kauffman, 2005).

Unfortunately, this seems to be limited to enterprise resource planning (ERP) systems, which are prevalent in the operative environment of a company's day-to-day business. The strategy implementation perspective demands systems with different criteria than those of conventional systems. The supportive character in monitoring and tracking the implementation process should be in the center of interest (Rapa and Kauffman, 2005).

In the past, these activities were tracked manually or launched on an ad hoc basis so that there was a lack in mandatory installed business processes. The supportive application of adequate software solutions can be more than helpful to improve the quality of strategy implementation. In addition to that, a software solution is a starting point to define as mentioned above clear assignments of responsibilities throughout the organization's implementation processes (Rapa and Kauffman, 2005).

2.4.7 Poor Monitoring and Evaluation of Performance

Monitoring and evaluation come into play at the shakedown phase in strategic plan development. Poor monitoring and evaluation of strategic plan can easily bring down a strategic plan where it is at the threshold or the completion stage. Milestones and targets are important to keep track of progress. Achievements should be measured against strategic plan goals. The progress of the strategic plan should be monitored actively through set milestones and targets.

Two criteria may be used (Sekran, 1992). Strategic plan management based criteria should be used to measure against completion dates, costs and quality. Then operational criteria should be used to measure against the production system. Monitoring and feedback include the exchange of information between the strategic plan team members and analysis of user feedback (Holland *et* a1., 1999).

There should be an early proof of success to manage scepticism (Rosario, 2000). Reporting should be emphasized with custom report development, report generator use and user training in reporting applications (Sumner, 1999). Management needs information on the effect of strategic plan on strategic plan performance. Reports or processes for assessing data need to be designed. These reports should be produced based on established metrics. It must include effective measurable strategic plan goals that meet strategic plan needs and are reasonable. Additionally, performance should be tied to compensation (Falkowski *et al*., 1998).

2.4.8 Organization Culture

The concept of organizational culture has emerged relatively recently in the realm of strategy implementation. Organizational culture is variously defined as responses to corporate "dilemmas" (Hampden-Turner, 1990), as the fundamental psychology or "feel" of the organization (Schneider, *et al*, 1996), and as differing psychological contracts with employees

(Handy, 1993). Aurelio (1995) says the essence of organizational culture is the collective psyche or unconscious of a group, and Sackmann (1991) describes culture as the organization's collective mind. Several definitions of culture identify the existence of different levels of culture. Schneider, Brief, and Guzzo (1996) distinguish between "climate," how the organization does its business, and "culture," what the organization believes and values. Svyantek and DeShon (1993) identify an "adaptive" component of culture, which allows for short-term changes, and a "configurational" component, which maintains the nature of the organization over time. Schein (1992) actually distinguishes three different levels of organizational culture, "artifacts," "espoused values," and "basic underlying assumptions." These assumptions are the essence of culture, the unconscious mental models and patterns that manifest themselves in observable artifacts and shared values, norms, and behavior.

Kotter and Heskett (1992) found that culture can enhance business performance if an organization has a strong culture, a business strategy that fits its industry and environment, and cultural norms and values that help the firm adapt to environmental changes. They found that low performance (unhealthy) cultures tended to have arrogant managers, to not value customers, employees, and stockholders, and to be hostile toward leadership and change values. High performance (healthy) cultures were adaptive and tended to have managers who (1) cared deeply about customers, employees, and stockholders and (2) strongly valued people and processes that created useful change. Adaptive cultures energize and align employees to strategies and practices that fit environmental conditions and have a built-in capacity to alter those strategies and practices when relevant conditions change. Companies with high performance cultures had triple the average annual income growth of low performance firms (47.26% vs. 14.15%), and industry analysts were nine times likelier to identify culture as helping performance in the high performing cultures (Kotter and Heskett, 1992).

Kotter and Heskett (1992) found that the critical difference in cultural development for the unhealthy cultures seems to stem from a lack of competition. This allowed them to establish a dominant market position and to succeed in their business without ongoing guidance from their philosophy and business strategy. They developed unadaptive, change-resistant cultures characterized by arrogance, insularity, bureaucracy, and self-interest.

The strategic focus of successful organizations is not the organization but the value-creating system itself (Ashkenas *et al*, 1995). With a focus on the value chain, people - and organizations - recognize their interdependence, share information, cooperate with each other, and customize their products or services to better meet the customer's needs. While vertical organizations emphasize status, authority, and power, horizontal or network organizations focus on useful ideas, competence, faster and better decisions, and greater commitment. The horizontal organization creates more fluid, effective business processes and more efficient operations. This is because the network organization must have distinctive competence that adds high value to goods or services that the market desires (Miles and Snow, 1994). Organizational members also reinforce the culture as they learn that the leader's philosophies, strategies, and assumptions succeed in the course of doing business. People keep what works in their organizational processes and continue to evolve that pattern of thinking, feeling, and acting as part of their identity and style. The industry and the various functions and professions needed to achieve the business also maintain the culture. This culture becomes who they are as they do business.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research design used, data collection methods and data analysis.

3.2 Research Design

The research design employed in this study was a case study. This method is preferred because it also allows for prudent comparison of the research findings.The primary purpose of a case study is to determine factors and relationships among the factors that have resulted in the behaviour under study.

3.3 Data Collection

In this study, emphasis was given to primary data. The primary data was collected using both the interview guide and the questionnaire. The interviewee was the head of strategy, who is the Chief Executive Officer and questionnaire to the functional heads, who are 15 in number. The questionnaires included both structured (close-ended) was used in an effort to conserve time and money as well as to facilitate in easier analysis as they are in immediate usable form and unstructured (open-ended) questions were used so as to encourage the respondent to give an in-depth and felt response.

3.4 Data Analysis

Data collected was both quantitative and qualitative in nature. Qualitative data was collected through an interview guide and analyzed using content analysis while SPSS was used to analyze the quantitative data, which was collected using the questionnaire. Qualitative data analysis sought to make general statements on how categories or themes of data are related. The qualitative analysis was done using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 2003).

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULT

4.1 Introduction

This chapter discusses data findings, analysis, interpretation and presentation. Data was analyzed using the SPSS programme and presented using bar graphs and pie charts. The study was an empirical investigation on challenges affecting strategic plan implementation in BlueShield Insurance Company with a primary purpose of determining factors and relationships among the factors that have resulted in the behavior under study. The research sampled interviewees, the head of strategy, who is the Chief Executive Officer and questionnaire to the functional heads, who are 15 in number. The response rate was 100%.

4.2 Demographic Information

This section deals with the general information of the respondent and it includes, the department of the respondent, the position of the respondent, their level of education, and whether the respondent has attended any training related to strategic management? This section also gives the respondents views on whether the trainings would have any consequence to the division. More information on whether the company's mission statement is written or not and if the division has developed the strategies of operation.

Table 4.1: Departments for the Respondent

Department	Frequency	Percent
Finance	6	40.0
Legal department	2	13.3
Business development	7	46.7
Total	**15**	**100.0**

Table 4.1 shows the department for the respondent with majority in business development this implies that the study was able to get reliable information since it had a high frequency with a percentage of 46.7

Table 4.2: Position of the Respondent

Department	Frequency	Percent
Credit control assistant	2	13.3
Business development	8	53.3
Accountant	4	26.7
Legal officer	1	6.7
Total	**15**	**100.0**

Table 4.2 indicates the position of the respondent. Majority were in business development which had the highest frequency of respondent with a higher percentage of more than the half of 53.3% compared with the other departments which had less than half percentage and less number of frequency.

Table 4.3: Level of Education

Respondents	Frequency	Percent
Below Secondary Certificate	0	-
Diploma	5	33.3
Undergraduate	8	53.3
Postgraduate	2	13.3
Total	**15**	**100.0**

Table 4.3 shows the education level of the respondent who is also the head of strategy. From the table majority 53.3% were undergraduates and at least 13.3% were post graduates while 33.3% had gone up to diploma level. There was no one below the secondary certificate; this implies that the head of strategies in the company are well qualified to give direction to position the organization and attain competitive advantage.

Table 4.4: Training Related to Strategic Management

	Frequency	Percent
Yes	10	66.7
No	5	33.3
Total	**15**	**100.0**

Table 4.4 illustrates the number of respondents who have ever attended training related to strategic management. Majority 66.7% have attended the trainings while only 33.3% hadn't attended. This means the majority of the respondents were aware of the strategic managements.

Table 4.5: Mission Statement for the Division

Scale	Frequency	Percent
Yes	12	80.0
No	3	20.0
Total	**15**	**100.0**

Table 4.5 shows the division in the company with a mission statement or the purpose of existence. Majority 80% had a mission statement while the least, 20% didn't have a mission statement.

Table 4.6: Strategies for operation in the divisions

Scale	Frequency	Percent
Yes	8	53.3
No	7	46.7
Total	**15**	**100.0**

Table 4.6 shows the respondents divisions which have developed strategies for operation majority 53.3% have developed strategies for operation while 46.7% haven't. This implies that

the company's performance and rate of growth may be affected adversely since some division lack the development strategies.

4.2 General Information

This section deals with the general information on what is expected when implementing the strategies of operation. This involved respondents indicating the extent to which certain factors are considered in the implementation of strategic plan, also the extent to which the respondents division had been engaged on the levels of strategic management process, and also respondents opinion on how implementing strategic plan affected performance and productivity of the division.

Table 4.7: Extent to Which Various Factors Are Considered In the Implementation of Strategic Plan

Factors	Never	Seldom	Occasionally	Frequently	Always	Mean	Std Deviation
Political and Legal developments	0	3	4	6	2	3.5	1
General Economic trends	0	2	3	5	5	3.9	1
Competitors	4	3	5	1	2	2.6	1.3
Market trends	1	2	5	5	2	3.3	1.1
Technological changes	2	3	4	4	2	3.1	1.2
Social and Cultural trends	5	3	3	2	2	2.5	1.4
Divisions internal resources	3	2	4	5	1	2.9	1.2
Customer services	1	4	5	4	1	3	1
Marketing mix	2	5	3	3	2	2.9	1.3

Table 4.7 indicates the factor that seemed to be very highly valued by the respondents was the general economic trends which had a mean of 3.9 and a std. dev. Of 1.0 this implies that general economic trends are a major factor and it affects the implementation of strategic plans to great extent. Political and Legal developments are also considered and have a significant effect towards the implementation of the strategies, it had a mean of 3.5 and a std. dev of 1.0 the market trends also affect the implementation since it had a mean of 3.3 and std. dev. of 1.1. According to the respondents some factors didn't affect the implementation of the strategic plans to a great extent, this included Divisions internal resources, Marketing mix where each had a

mean score of 2.9 an a std. dev. Of 1.3 and 1.1 respectively, while the least considered factor was Social and Cultural trends with a mean score of 2.5 and a std dev. Of 1.4 this implied that there are many factors that are considered when implementing any strategic plan.

Table 4.8: Extent to Which the Division Has Been Engaged On the Levels of Strategic Management Process

Indicators	**Not at all**	**Small Extent**	**Moderate Extent**	**Large Extent**	**V. Large Extent**	**Mean**	**Std Deviation**
Strategy formulation	2	3	5	3	2	3	1.2
Implementation of strategic plans	1	2	5	5	2	3.3	1.1
Strategy Evaluation	1	3	4	5	2	3.3	1.1
Strategy monitoring and control	3	5	4	1	2	2.6	1.3
Devising effective competitive strategies	3	2	6	3	1	2.8	1.2

Table 4.8 indicates the extent to which the division has been engaged on the levels of strategic management. Implementation of strategic plans, and Strategy Evaluation both have a mean of 3.3 and a std dev of 1.1 this implies that the two factors greatly affect the division during the implementation of the strategic plans. While some of the factors do not affect the division in implementation of strategic plans. This included Strategy monitoring and control, with a mean of 2.6 and a std dev. Of 1.3 and devising effective competitive strategies with a mean of 2.8 and std dev of 1.2.

Table 4.9: Extend to which implementing strategic plan affected performance and productivity

Response	**Frequency**	**Percent**
Positively	10	66.7
Negatively	5	33.3
Total	**15**	**100.0**

Table 4.9 indicates how implementing a strategic plan has affected performance of the respondents division, from the table, majority 66.7% of the respondents confirmed that they are affected positively while the least 33.3% said that they were affected negatively this implied that the implementation of the strategic plans was doing more good in company and it's a viable business strategy.

Table 10: Extend to which implementing strategy management process has affected performance in the divisions.

Response	Frequency	Percent
Very high	8	53.3
Not sure	4	26.7
Less improvement	2	13.3
Not improved at all	1	6.7
Total	**15**	**100**

Table 4.10 illustrates how implementing strategy management process in the respondents division has affected performance. Majority 53.3% recorded very high performance while 6.7% showed no improvement of the strategy. This gives an indication that implementation of strategy management process had a high positive effect on performance.

Table 4.11: Duration for administrative/legal influence on the development of the divisions strategic plan

Duration	Frequency	Percent
No time period	1	6.7
1-2 year period	5	33.3
3-4 year period	6	40
5 year period and above	3	20
Total	**15**	**100**

Table 4.11 shows the duration in time for the administrative/ legal influence on the development of the division's strategic plans. Majority 40% realized the influence after 3-4 year period, while 33.3% realized between 1 – 2 years. The least (6.7%) realized within no time. This implies that the effect in administrative and legal influence was felt within reasonable time.

Table 4.12: Extent to which the government regulations affect business performance

Extent	Frequency	Percent
not at all	1	6.7
to a small extent	2	13.3
to a great extent	4	26.7
to a very great extent	8	53.3
Total	**15**	**100**

Table 4.12 illustrates the extent to which the government regulations affect business performance. Majority 53.3% were affected to a very great extent while only 6.7% were not affected to any extent. This implies that the government regulation have a great influence on business performance.

Table 4.13: Extent to Which Certain Factors are a Challenge in Implementation of Strategic Plan in the respondents Division/Department

Factors	Not at all	Small Extent	Moderate Moderate Extent	Large Extent	V. Large Extent	Mean	Std Deviation
Resource Constraints	1	3	4	5	2	3.3	1.1
Hierarchical organization structure	3	4	4	2	2	2.7	1.3
Poor management and Leadership	1	2	6	3	3	3.3	1.1
Political factors	2	4	5	3	1	2.8	1.1
Involvement of valuable knowledge	1	2	6	5	1	3.2	1
Supportive implementation instruments	2	5	3	3	2	2.9	1.3
Poor monitoring and evaluation of performance	1	2	6	5	1	3.2	1
Organization culture	3	2	5	3	2	2.9	1.3

Table 4.13 illustrates the extent to which certain factors are a challenge in the implementation of strategic plan .Resource Constraints, Poor management and Leadership both has a mean of 3.3 and a std. dev. Of 1.1 each this implies that these are two major factors affecting the implementation of the strategic plans in the division. While these factors affect to a larger extend the other factors like Involvement of valuable knowledge, and poor monitoring and evaluation of performance, Hierarchical organization structure, Political factor, equally affect in the implementation of strategic plan.

4.3 Response from the Chief Executive Officer (C.E.O)

The researcher also used an interview guide in addition to the questionnaire in order to collect the data. The interview was done on the chief executive officer of the blue shield insurance co. The CEO holds a masters degree and had attended several trainings related to strategic management. He asserted that, training sessions on strategic managements are very important and valuable as they update the trainee with skills and knowledge relevant in decision making. He added that, strategic planning sessions attended mainly focused on strategic decisions making processes and therefore imparting them with managerial skills for making long term decisions and plans.

On whether the interviewee’s organization had a mission statement, the interview stated that the organization has an elaborate and precise mission statement which is in written form. According to the interviewee, the mission statement for the organization has enabled the company to achieve most of its goals through defining the tasks ahead of the organization and the way to be followed to hit the targets. In addition, the mission statement together with the company core values has enabled the organization to develop strategies for operations.

The interviewee claimed that strategic plan developed by the organization has helped it improve on its performance and productivity of their organization. This has been achieved through proper planning and implementation of strategies. The interview shows that, through strategic planning the organization is able to successfully undertake all the necessary steps before the process is completed. This process involves the environmental scanning, strategy development, strategy implementation, strategies evaluation and taking the necessary controls.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

From the findings majority 53.3% were undergraduates and at least 13.3% were post graduates while 33.3% had gone up to diploma. There was no one below the secondary certificate; this implies that the head of strategies in the company are well qualified. 66.7% had ever attended the trainings while only 33.3% had not attended. This means the respondents were aware of the strategic managements and may be the remaining part was only how to implement. 80% had a mission statement while the least, 20% didn’t have a mission statement. While 53.3% have developed strategies for operation while 46.7% haven’t. This implies that the companies may not record good rates of growth since they lack the development strategies. On general information From the findings the factor that seemed to be very highly valued by the respondents was the general economic trends which had a mean of 3.9 and a std. dev. Of 1.0 this implies that general economic trends are a major factor and it affects the implementation of strategic plans to great extent. Political and Legal developments are also considered and have a significant effect towards the implementation of the strategies, it had a mean of 3.5 and a std. dev of 1.0 the market trends also affect the implementation since it had a mean of 3.3 and std. dev. Of1.1. According to the respondents some factors didn’t affect the implementation of the strategic plans to a great effect, this included Divisions internal resources, Marketing mix where each had a mean of 2.9 an a std. dev. Of 1.3 and 1.1 respectively, While the least considered factor was Social and Cultural trends with a mean of 2.5 and a std dev. Of 1.4 this implied that there many factors that are considered when implementing any strategic plan . Implementation of strategic plans, and Strategy Evaluation both have a mean of 3.3 and a std dev of 1.1 this implies that the two factors greatly affect the division during the implementation of the strategic plans. While some of the factors do not affect the division in implementation of strategic plans. This included Strategy monitoring and control, with a mean of 2.6 and a std dev. Of 1.3 and devising effective competitive strategies with a mean of 2.8 and std dev of 1.2. On how implementing a strategic plan has affected performance of the respondents division, from the table majority 66.7% of the respondents confirmed that they are affected positively while the least 33.3% said that they were affected negatively this implied that the implementation of the strategic plans was doing more good in company and it's a viable business strategy.

5.2 Conclusion

The study concurs with Simons and Thompson (1998) proposition that an organization is affected by various factors. As revealed by the study, economic factors and trends are highest influencing external agent for the implementation of the strategic plan of Blue shield. Alongside the legal and Political activities within the country and hence for the organization to be strategic, these identified factors must be effectively be monitored and the processes be adjusted accordingly.

In addition to the external factors identified to affect the Blue Shield , there is a recognition registered in the . Kaplan 2005 identified impediments to implementing the strategic plan and management process. The study reveals that the organization lack of budgeting resources is a huge factor in ensuring proper strategic management processes and as well as poor leadership and management

From the study the researcher concludes that the majority of respondents had significant knowledge of the strategic management direction and strategies of the organization as they were knowledgeable of mission statements. Therefore a conclusion is drawn that there are recognizable laid down objectives .However, the implementation of the strategic plan and its monitoring remained as a challenge to the firm since there no indication of progress in development strategies.

Further the study reveals that the effectiveness of strategic management is enhanced when the capacity building sessions are carried out. The sessions are valuable as they update the trainees with skills in decision making. In addition, the trainings had focused on strategic decisions making processes and therefore imparted managerial skills for making long term decisions and plans.

The research findings reveal also that the strategic plans, mission statement and as well as the process have been of value to the organization in as far as productivity and performance is concerned. Table 9 and Table 10 show how this processes enhanced the performance of majority of divisions with a positive trend being registered. Therefore the organizational growth has been impacted on a positive trend by the strategy implementation

5.3 Recommendations

The researcher recommends that the company carries out an evaluation on the application of the strategic plans if this has been running in the company. We suggest that this starts from the division level and all the concerned parties can do the same to the whole company

From the research there is need for a well planned training program for staff at the divisional level and those involved in implementation of the strategy. Regular trainings would be valuable to the growth and sustainability of Blue shield market share. It is necessary for the company to adopt capacity building sessions

The government as one of the major stake holders on the stability of country’s economic trends should take the responsibility of moderating the trends so as to prevent very adverse effects due to these instabilities.

Channels for proper implementation of the strategic plan and measures for continuous monitoring to enhance progress in development should be set up to ensure positive change in the organization is adopted by all.

5.4 Area for Further Research

For further studies the researchers can do more and specific study on the factors affecting the implementation of the strategic plans. The study further suggests that research should be carried out on challenges facing implementation of strategic plans in other insurance companies so as to get comprehensive and exhaustive findings on the same since each insurance company has unique challenges and different strategic plans they adopts.

5.5 Implication for Policy and Practice

Strategic plans are normally a blue print of what an organization should do so as to meet its objective, achieve at its mission and survive in a turbulent environment. However, implementation of the same normally meets challenges and only a portion of the strategic plans are successfully implemented. According to this study, some of the challenges are lack of commitment in implementing strategic plans and if it has to be implemented it is costly in terms of cost and finances. In practice the implementation does not follow bottom-up approach but top-down hence often gets resistances from the staff.

From the study, therefore, Blue Shield and other companies' policy should be changed so as the staff be involved in both strategy formulation and implementation and in evaluation of the same. This will increase their commitment towards implementation of the same and implementations of the strategic plans will receive little resistance.

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APPENDICES

Appendix 1: Questionnaire

PART ONE: DEMOGRAPHIC INFORMATION

Department

……………………………………………………………………………………………..

Position

....

Level of education

Below Secondary Certificate [ ]

Diploma [ ]

Undergraduate [ ]

Postgraduate [ ]

Any other (Kindly specify) [ ]

Have you ever attended any training related to strategic management?

Yes No

If yes, did the training add any value in your division in relation to strategic management? -
____

If no, do you think you division could be suffering from the consequences of not having such training? Yes [ ] No [ ]

Please state the number of years you have worked with this enterprise_______

Do you have a mission statement (purpose of existence) for your Division?

Yes [ ]

No [ ]

(b) If yes, (i) is it a written statement? Yes [ ] No [ ]

Has your division developed strategies for operation? Yes [ ] No [ ]

PART TWO: GENERAL INFORMATION

Indicate the extent to which the following factors is considered in the implementation of strategic plan: Kindly tick where appropriate using the following 5 – point Likert scales

Never _ 1; Seldom _ 2; Occasionally _ 3; Frequently _ 4; Always _ 5

	Factors	Never	Seldom	Occasionally	Frequently	Always
(a)	Political and Legal developments					
(b)	General Economic trends					
(c)	Competitors					
(d)	Market trends					
(e)	Technological changes					
(f)	Social and Cultural trends					
(g)	Divisions internal resources					
(h)	Customer services					
(i)	Marketing mix					

To what extent has your division been engaged on the following levels of strategic management process? Kindly tick where applicable on the following ranking:

Not at all 2) Small extent 3) Moderate extent 4) Large Extent 5) Very Large extent

	Level	Not at all	Small Extent	Moderate Extent	Large Extent	Very Large Extent
(a)	Strategy formulation					
(b)	Implementation of strategic plans					
(c)	Strategy Evaluation					
(d)	Strategy monitoring and control					
(e)	Devising effective competitive strategies					

How has implementing strategic plan affected performance and productivity of your division?

Positively [ ]

Negatively [ ]

How has implementing strategy management process in your division affected performance?

Very high [ ]

Not sure [ ]

Less improvement [ ]

Not improved at all [ ]

After what duration is there administrative/legal influence on the development of your divisions strategic plan

No time period [ ]

1-2 year period [ ]

3-4 year period [ ]

5 year period and above [ ]

To what extent do the government regulations affect your business performance?

0 = not at all [ ]

1 = to a small extent [ ]

2 = to a great extent [ ]

3 = to a very great extent [ ]

To what extent are the following factors a challenge in implantation of strategic plan in your division/department?

	Level	Not at all	Small Extent	Moderate Extent	Large Extent	Very Large Extent
(a)	Resource Constraints					
(b)	Hierarchical organization structure					
(c)	Poor management and Leadership					
(d)	Political factors					
(e)	Involvement of valuable knowledge					
(f)	Supportive implementation instruments					
(g)	Problem with original technique					
(h)	Poor monitoring and evaluation of performance					
(i)	Organization culture					

Any other comment

………………………………………………………………………………………………………

………………………………………………………………………………………………………

……………………………………………………………………………………………………….

Thank you very much for your co-operation

Appendix II: Interview Guide

What is your level of education?

Have you ever attended any training related to strategic management?

If yes, did the training add any value in your division in relation to strategic management?

If no, do you think you division could be suffering from the consequences of not having such training?

Do you have a mission statement (purpose of existence) for your organization? (b) If yes, (i) is it a written statement?

Has your division developed strategies for operation

How has implementing strategic plan affected performance and productivity of your organization?

How has implementing strategy management process in your organization affected performance?

Appendix III: Letter of Introduction from School Of Business