CHALLENGES OF STRATEGY IMPLEMENTATION AT THE KENYA NATIONAL AUDIT OFFICE

By

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DECLARATION

This research project is my original work and has not been submitted for examination to any other University or College for the award of degree, diploma or certificate.

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DEDICATION

This project is dedicated to my brother Jimmy Kiongo who laid the foundation of my career journey and to my lovely sisters; Gladys, Priscilla, Ann, Grace, Essy, Monnie and sue for their inspiration, prayers, encouragement, understanding and support. God bless you always.

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"May God bless them all"

ABBREVIATIONS

AFROSAI-E - African Organization of Supreme Audit Institutions –English
        Speaking

CAG -   Controller and Auditor General

IFRS -   International Financial Reporting Standards

INTOSAI -   International Organization of Supreme Audit Institutions

KENAO -   Kenya National Audit Office

SAI -   Supreme Audit Institution

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ABSTRACT

The environment in which organizations, whether private or public operate is dynamic and highly unpredictable. Due to the constant changes, organizations are required to continuously adapt so as to strategically meet the evolving challenges and exploit emerging opportunities to ensure survival and success. Once strategies have been formulated in the change process, they need to be implemented. Without successful implementation, the company will not obtain the intended results.

KENAO launched its current strategic plan in 2007 with an intention of completing the implementation by the year 2012. The institution is currently at the implementation stage. This is a management research study with special focus on strategic implementation challenges and measures taken in dealing with challenges encountered during strategy implementation at KENAO. To achieve the stated objectives a case study research method was used where primary data was collected from middle level managers of the organization.

Various studies have revealed that any organization that undergoes the process of implementing a strategy faces challenges both from internal and external to the organization. KENAO being a government agency institution is not an exception as it has been revealed by this study. The respondents indicated that the major challenges encountered by KENAO include; non adaptive culture, organizational structure that is incompatible with the new strategies, poor communication, resource mis-allocation, unsound reward system, government policies and procedures that limit decision making as well as information technology challenges.

The study also sought to establish the measures taken to cope with the challenges. Finally the research study recommended further study in other areas of strategic management process.

CHAPTER ONE: INTRODUCTION

1.1 Background

The current turbulence in the business environment locally and globally makes this study very timely in deed. Many organizations have been reported out of business and many others are struggling to survive. Strategy management and mostly the implementation part of it, has become a major determinant of firm's survival. All organizations whether profit or non profit making are environmental serving and they are expected to respond to the changes in the environment. This is important for organizations to achieve their objectives such as maximizing the wealth of the owners, profit and survival. Many organizations design excellent strategies but fail at implementation (Wambugu, 2006).

Johnson and Scholes (2002) observes that understanding the strategic position of an organization and considering the strategic choices open to it, is of little value unless the strategies that managers wish to follow can be turned into organization action. Strategies are a critical element in organizational functioning, but whereas most organizations have good strategies, successful strategy implementation remains a challenge. To ensure success, the strategy must be translated into carefully implemented actions (Pearce and Robinson, 1997).

1.1.1 Strategy Implementation Challenges

Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objective (Pearson and Robinson, 2003).Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies through out the relevant system (Bryson, 1995).

Once strategies have been developed, they need to be implemented; they are of no value unless they are effectively translated into action (Aosa, 1992). Strategy implementation includes consideration of who will be responsible for strategy implementation; the most suitable organizational structure that should support the implementation strategy, the need to adopt the system used to manage the organization (Johnson and Schole, 2002). It also involves the key tasks to be carried out and desirable changes in the resources mix of the organization as well as

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mandate of each department in the organization and the information systems to be put in place to monitor progress and resource planning (Pearson and Robinson, 1997). David (1997) noted that management issues to strategy implementation include establishing annual objectives, devising policies, allocating resources, altering an existing organization structure, restructuring and re-engineering, revising reward and incentive plans, minimizing resistance to change, matching managers with strategy, developing a strategy supportive culture, developing an effective human resource function and if necessary downsizing.

According to Thompson and Strickland (2007), challenges to strategy implementation is to create a series of tight fits between strategy and budgetary allocation, strategy and the organization's competences, capability and structure strategy and policy, between strategy and internal support system, between strategy and the reward structure and between strategy an the corporate culture.

Implementation is successful if the company achieves its strategic objectives and targeted levels of financial performance. What make it too demanding are the managerial activities that have to be attended to, the many ways managers can tackle each activity, the skill that it takes to get a variety of initiative launched and moving, and the resistance to change that has to be overcome (Thompson and Strickland, 2003).

The study of strategy implementation is useful in any organization as it helps in rational allocation of resources at the strategy action stage in the strategy management process. The recommendations arrived at will also provide vital information to facilitate improved strategy implementation.

1.1.2 Kenya National Audit Office

The Office of the Controller and Auditor General was established in 1955 under the Exchequer and Audit Act, Cap 412 and was subsequently entrenched in the Constitution at Independence in 1963. The Controller and Auditor-General, who enjoys security of tenure, is appointed by the President and vacates the office when he attains the prescribed retirement age which was set at 65 years in 2004. The Office is governed by three statutes, which are, The Constitution of Kenya, The Exchequer and Audit Act, Cap 412 and The Public Audit Act, 2003. Following the enactment of the Public Audit Act 2003 (which became operational in January, 2004) a Kenya National Audit Commission chaired by the Controller and Auditor-General and the Kenya National Audit Office (KENAO) were established.

Prior to the enactment of the Public Audit Act, 2003, the organisation had previously been divided into two separate independent organisations, namely The Office of the Controller and Auditor General, and The Auditor General, Corporations. The Office of the Controller and Auditor General was in charge of the audit of Government Ministries and agencies, while the Auditor General, Corporations was in charge of the audit of State Corporations. The two organisations were merged in 2004 to create KENAO, and the audit of Local Government was also introduced. The office, headed by the Controller and Auditor General is currently structured into five departments each headed by a Deputy Auditor General. These five departments are: Finance Administration and Human Resource, Central Government, Local Authorities, State Corporations, and the Specialized Audits department.

The mandate of KENAO is enshrined in the Constitution of Kenya and enabling Acts of Parliament. It is to carry out audits, within statutory set deadlines, and to assess the economy, efficiency and effectiveness of the Central Government, courts, local authorities, National Assembly, statutory bodies/state corporations, commissions and other government agencies, and submit reports to Parliament. The following are the core functions of KENAO: to approve withdrawals of finances from the Consolidated Fund; to ascertain that all funds that have been appropriated by Parliament are applied to the purpose for which they were intended; to audit and

report to the National Assembly on the Financial Statements of Central Government, all Courts, National Assembly, State Corporations and Commissions, and Local Authorities at least once in every year; to carry out Regulatory Compliance Audit through ascertainment of compliance with legislation, policy, rules and regulations; to assess the extent of economy, efficiency and effectiveness in the management of public resources through Performance Audit (Value for Money); and to carry out Environmental Audit focusing on the environmental impact assessment for sustainable development and resource management. The last three functions are fairly new areas which have brought about changes in the organization.

KENAO is a public sector organization, being the Supreme Audit Institution (SAI) of Kenya. The Government of Kenya has been increasingly concerned with adapting and developing structures and values of public service institutions that will achieve greater efficiency and more responsiveness to public needs through widespread public sector reforms. There has been a rapid shift in the economic and social environment all over the world, more so due to globalization and enhanced public awareness of civil rights and obligations with regard to governance and public service, and the role of the public sector has evolved from a mere regulator to one that secures the welfare of every member in society. In this regard, KENAO plays a vital role in promoting accountability and good governance through the financial, compliance and performance evaluation audits, thus promoting economic, efficient and effective use of resources in the public sector in Kenya as well as supporting the public service towards results based performance. In an effort to respond and sustain its capabilities in meeting the challenges posed by demands for accountability and good governance, KENAO has embarked on a deliberate strategic change process which has affected the entire organization structure, the methods of carrying out its mandate, and the staff.

1.2 The Research Problem

The environment in which organizations operate whether public or private is dynamic and highly unpredictable. In order to achieve the expectations of stakeholders as well as the economy, efficiency and the effectiveness of the organization, strategic management process requires persistent effort till full implementation (Mutugi, 2008). According to Muthuiya (2004), all organizations must grapple with the challenges of the changing environment in which they

operate. While various organizations develop and/or formulate their strategies in various ways and process, each organization ends up with what is called a strategy.

Mintzberg and Quinn (1994) stated that 90% of well formulated strategies fail at implementation stage while David (1997) claimed that only 10% of formulated strategies are successfully implemented. Strategy implementation happens to be a more challenging and delicate task than that of strategy formulation. Unlike strategy formulation, here strategists cannot afford to be abstract or desk- work oriented. Delicate and sensitive issues are involved in strategy implementation such as: resource mobilization, restructuring, culture changes, and policy and leadership changes. If implementation is not effectively managed, the strategic plan may amount to being a mere "white elephant" and nothing more. A strategy may be good, but if its implementation is poor, the strategic objective for which it was intended may not be achieved.

It is only half of the success to develop a good strategy. Execution is equally important, since it can make or break the best strategy. The reason that have been advanced for the success of or failure of the strategies revolve around the fit between the structure and the strategy, the allocation of resources, the organization culture, leadership, rewards as well as the nature of the strategy (Koskei,2003).

The Kenya National Audit Office is a unique organization, being the supreme audit institution in Kenya. In recent years, KENAO has been going through a transformation by way of reforms retraining and revitalization in the manner in which it conducts business with considerable emphasis being placed on instilling professionalism in the audit service delivery, as well as production of high quality and timely audit reports. In this regard, the office has set up a reorganization strategy designed to aid in facing the challenges of transformation. Alongside these changes, new audit branches, including Quality Assurance, Value for money, Environmental, Public Debt, Fraud investigations and computerized audits have been set up, while the office is building capacity to handle the new and emerging audits, including areas suggested by accountability institutions such as the INTOSAI.

Studies on strategy implementation and its challenges have been undertaken by several researchers including Aosa (1992), Machuki (2005), Awino (2001), Ngumo (2006), Mutugi (2008), Okiro (2006) and Karuri (2006). However existing strategy implementation studies in Government Agencies, especially in Kenya are scanty. There exists knowledge gaps on this area which this study seeks to address. Since the onset of major transformations in KENAO, only one research study has been done by Gathungu (2008), which focused on employees' perception of strategic change but did not give a lot of attention on challenges faced in strategy implementation. The context in which different organizations operate are completely different and the approach to managing change therefore needs to be different (Johnson and Scholes, 2007). Due to this contextual difference, the challenges in strategy implementation can not be uniform and therefore those found in other research studies can not be assumed to be similar with those for KENAO. This study therefore aims at identifying challenges of strategy implementation at KENAO. The study seeks to answer the following question: What are the challenges faced by KENAO in strategy implementation? What are the measures taken up to cope with the challenges?

1.3 Research Objective.

The following are the objectives of this study:

(i)   To determine the challenges of strategy implementation at Kenya National Audit Office.

(ii)   To establish measures taken by KENAO to cope with challenges of strategy implementation.

1.4   Significance of the study.

The study will be important in enlightening the management of KENAO in establishing whether implementation of the strategic intent plan for the period 2007-2012 is progressing successfully. This may serve as a source of reference for future strategies being formulated. The result may also enable KENAO to re-examine its strategy implementation practices adopted and take corrective measures.

To academia and other researchers the findings will serve as a data bank. The findings may be used for further research in the area of strategy implementation and its challenges. The study will also contribute to the existing body of knowledge on strategic management. The results may provide insight to understand how organizations should prepare themselves to successfully implement strategic plan in order to achieve their objectives.

CHAPTER TWO: LITERATURE REVIEW

2.4 Strategic Planning In Public Sector

Strategic planning is the process of determining what results an organization intends to achieve in future and how it will achieve them (Pearce and Robinson 1997). It is a systematic process through which an organization agrees on and builds commitment among stakeholders to priorities which are essential to its vision and mission and responsive to the operating environment. The process is strategic because it involves choosing how best to respond to the circumstances of a dynamic and sometimes hostile environment. The concepts of strategy and strategic management are as important in the public sector as in commercial firms. Basic processes and procedures are same, differences are only in context that is, environment under which they are practiced.

The uniqueness of the context under which government departments operate can be explained by the following features: Functions and responsibilities defined by the Government and not easily changeable; Not allowed to generate surpluses; They are influenced by the political "market" which approve budgets and provide financing; Planning horizons determined by political considerations; consideration of the reigning political regime and competition is for resources within a political arena (Ansoff and McDonnell, 1990).

Koskei (2003) observed that the need to demonstrate value for money in outputs is becoming increasingly important and this has led to new paradigm in public sector management such as: Internal markets; Performance indicators and performance contracting; Competitive tendering; Competitive hiring of staff; and Privatization of public services. Planning in Kenya Government is characterized by; all planning revolve around the "ERS"-Economic Recovery Strategy for wealth and Employment; Key goal is poverty reduction; Broad strategies are set out for each of the sectors of the economy; and the various sectors are expected to develop their strategies deriving from the ERS.

2.2 Concept of Strategy Implementation

Strategy is the direction and scope of an organization over a long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations (Johnson and Scholes, 2005).

Once strategies have been developed, they need to be implemented; they are of no value unless they are effectively translated into action (Aosa, 1992).Translating strategy into action is concerned with ensuring that strategies are working in practice. A strategy is not just a good idea, a statement or a plan. It is only meaningful when it is actually carried out. Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objective (Pearce and Robinson, 2003).Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies through out the relevant system (Bryson, 1995).

Delicate and sensitive issues are involved in strategy implementation such as: resource mobilization, restructuring, culture changes, technological changes, process changes, policy and leadership changes. If implementation is not effectively managed, the strategic plan may amount to a mere "white elephant" and nothing more (David, 1997).

According to Johnson and scholes (2007) strategy implementation can be carried out in terms of three aspects. First is structuring an organization to support successful performance. This includes structures, organizational processes, boundaries and relationships (and the interaction between these elements). The second aspect is enabling success through the way in which the separate resource areas of an organization support strategies; and also reverse of this – the extent to which new strategies are built on the particular resources and competence strengths of an organization. Lastly, strategy very often involves change. This includes the need to change day to day routines and cultural aspects of the organization and overcoming political blockages to change.

A strategy may be good, but if its implementation is poor, the strategic objective for which it was intended may not be achieved. A well developed strategy will have to be executed well if the firm is to obtain success in its operations. There are four possible implementation outcomes as the figure illustrates.

Fig 1: Strategy Implementation Outcomes

Strategy Formulation

Strategy		Good	poor
Implementation	Good	Success	Roulette (Gumble)
	poor	Trouble	Failure

Source: Thomson and Strickland (2003): Crafting and Implementing strategy.

As illustrated, Success is only one out of four possibilities. Only a good strategy which is also well implemented contributes to the success of a firm.

Thompson and Strickland (2007) viewed strategy implementation as operation-oriented, make things - happen activity at performing core business activities in a strategy supportive manner. It therefore tests a manager's ability to direct organizational change, motivate people, build and strengthen company competencies and competitive capabilities, create and nurture a strategy-supportive work climate, and meet performance target. Hills and Jones (1999) adds that strategy implementation refers to how a company should create, use and combine organizational strategies that lead to a competitive and superior performance.

According to Campbell (2002) strategy implementation is a job for the whole management, which involves every organization unit, from head office down to each operating department. Thompson and Strickland (2007) maintain that Strategy implementation requires team effort. All managers have strategy executing responsibility in their areas of authority, and all employees are

participants in the strategy execution process. Thus, it requires every manager to think through the answer to "What does my area have to do to implement its part of strategic plan, and what should I do to get these things accomplished effectively and efficiently".

Strategy implementation as viewed by Pearce and Robinson (2007) involves identification of action plans and short term objectives, functional tactics and empowering operating personnel. Action and short term objectives translates long range aspirations into one year actions and if well developed, provide clarity, a powerful motivator and facilitator of effective strategy implementation. Functional tactics implements business strategies and are key routine activities that must be undertaken in each functional area.

2.3 Factors in Strategy Implementation

Once managers have decided on a strategy, the emphasis turns to convert it into actions and good results. Successful strategy implementation depends on doing a good job of working with and through others, building and strengthening competitive capabilities, motivating and rewarding people in a strategy-supportive manner, and instilling a discipline of getting things done (Thompson and Strickland 2007).

In a strategic Success formula Workshop (2006), Igor Ansoff, the world – renowned guru on strategic management proved that for a company to optimize its competitiveness and profitability, it has to align its strategy and capability with the environment. He stated that company's strategy and capability constantly needs realignment as its environment moves from one turbulence level to another. However, the detailed analysis of the factors can be described through the following heads.

2.3.1 Organization Structure

Mutugi (2008) observed that strategy implementation is likely to be successful when congruence is achieved between several elements crucial to the process. The elements are categorized into structure and process elements. Structure defines the configuration of the company showing the relationships that exists between the various parts of the company and the process element include leadership, culture, resources and other administrative process (Learned *et al.*, 1969).

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According to Karuri (2006), organizations implement their strategies through their organization structures. He found out that the positioning of the function in the organization structure is equally important as it sets more focus on key functions whose performance is critical to the success of the business strategy and institutionalizes the decision making of the heads of these functions. When the business strategy changes, organization structure is received in light of the changes in strategy to maintain the relevance of the structure.

Organizational structure refers to the shape, division of labour, job ,duties and responsibilities, the distribution of power and decision making procedures within the company, which influences the types of strategy used by an organization. It is a formal framework by which jobs/tasks are divided, grouped and coordinated (Wambugu, 2006). Organization structure is a major priority in implementing a carefully formulated strategy. It helps people pull together activities that promote effective strategy implementation. The structure of an organization should be implemented. A new strategy or changes in a strategy bring about internal problems which require a new structure if the strategy has to be successfully implemented.

Effective implementation of a given strategy may require that some position of authority and responsibility be created or elevated in the structure of the organization. Others may merely require re-defining the authority and responsibilities of certain positions in the organization. At times, an organization may have to change its structural basis at certain levels or in whole organization. At other times, effective implementation of a given strategy may require a change in the strategy itself rather than changing structure or it could require little changes in both the strategy and structure. Strategists should be able to determine which of the three options is necessary. The choice of an organization's structure does make a difference in how the organization performs. Not all forms of organization structure are equally supportive in implementing a given strategy. An inconsistency between structure and strategy leads to disorder, friction, and mal-performance or malfunctions (Sharma, 2007).

2.3.2 Organization Culture

Organizational culture is another major factor that determines success or failure of strategy implementation. It refers to the set of assumptions that members of an organization share in common. It also includes organizational member's habitual way of doing things (Pearce and Robinson, 2002). Wambugu (2006) noted that culture affects both the way the managers behave within the organization as well as the decisions they make about the organization's relationships with the environment and its strategy.

Walker (2004) states that learning a firm's culture provides a set of focal points for decision making as well as providing models for effective questioning and experimentation, while Thompson *et al* (2003) indicated that the tighter the cultural-strategy fit in an organization, the more that culture will steer the personnel into displaying behavior and adopting operating practices that promote good strategy execution. For strategy implementation to be successful in an organization, this will require changes in the dominant culture or sub-cultures which may not be in tandem with the desired change. Aosa (1992) emphasizes that it is important that the culture of an organization be compatible with the strategy being implemented because where incompatibility occurs, this will lead to a high organizational resistance to change.

Brown (1998) argues that there is widely held view that organizational culture is the key to understanding why some firms succeed in their strategies while others fail. Corporate culture of a firm can be a major strength. Culture cannot be ignored because it will have a significant impact on success or failure of the organization strategy. It is therefore the task of the strategy implementers to bring culture into alignment with the strategy and to keep it there once the strategy is chosen (Thompson and Strickland, 1989). Pearce and Robinson (1991) contend that culture can both strength as well as a weakness for the organization. They argue that as strength, it can facilitate communication. On the other hand, it can be its weakness by obstructing the smooth implementation of strategy by creating resistance to change.

2.3.3 Organizational Resources

Early in the process of implementation and executing a new or different strategy, managers need to determine what resources will be needed and then consider whether the current budgets of organizational units are suitable (Thompson *et al.,* 2007). David (1997) observed that

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organizations have at least three types of resources that can be used to achieve desired objectives namely: Financial resources, human resources, and technological resources.

According to Thompson *et al.* (2007), change in strategy nearly always calls for budget reallocations and resource shifting. Units important in the prior strategy but having a lesser role in the new strategy may need downsizing. Units that now have a bigger and more critical strategic role may need more people, new equipment, additional facilities, and above-average increases in their operating budgets. They continue to emphasis that more resources may have to be devoted to quality control or to adding new product features or to building a better brand image or to cutting costs or to employee retraining. Strategy implementers will therefore be needed to be active and forceful in shifting resources, downsizing some functions and upsizing others, not only to amply fund activities with a critical role in the new strategy but also to avoid inefficiency and achieve profit projections. How well a strategy implementer link budget allocation to the needs of the strategy can either promote or impede the execution process (Machuki, 2005).

Wambugu (2006) noted that the operating level must have the resources needed to carryout each part of the strategic plan. According to Aosa (1992) strategy being implemented should be realistic given the resources available in the firm. It is not possible to implement a strategy which imposes resource requirements that can not be met by the firm (Mutugi, 2008). Kandie (2001) states that since resources are scarce managers must decide which alternative strategy the organization will benefit from most.

2.3.4 Support System

Another factor to strategy implementation is the efficiency and effectiveness of routine activities and the strength of support system. There are many routine activities that are performed in an organization to keep it running smoothly. Organizational performance also depends on how well the routine activities are carried out. The efficiency and effectiveness of the routine activities reinforce implementation of strategy. According to Mintzberg and Quinn (2002), support systems mean all procedures, formal and informal, that make the organization go day by day and year by year; capital budgeting systems; training systems; cost accounting procedures; and

budgeting systems. The efficiency and effectiveness of the routine activities often depend on communication and technology in the organization. Support systems directly and indirectly reinforce strategy implementation. Indirectly - through supporting routine activities, and directly - through their role in strategy implementation. An organization therefore, has to come up with a system that fits the needs of strategy. Machuki (2005) states that innovative state- of – the art supportive systems can form basis for competitive advantage if the organization capabilities that rivals can not match.

2.3.5 People

Strategy implementation involves all units and departments in an organization. These unit and departments are manned by people. Successful strategy implementation depends greatly on the internal organization and competent personnel (Thompson and Strickland, 2005). According to Okumus (2001), people as a factor to strategy implementation involves recruiting new staffs and providing training incentives for relevant employees. Hofer (1984) argues that organizations will experience severe problems in strategy implementation if it is not effectively linked with appropriate personnel policy choices. A policy needs to be in place that allows for recruitment of new staff as per requirements of the business strategy implementation. On the other hand, a new pay does not necessarily mean implementing reward practices or abandoning traditional ones; it means identifying pay practices that enhance the organizations strategic effectiveness. Human resource strategies must be able to support the current strategies of an organization through the short-term cycle of HR activities of objective setting, performance appraisal, rewards and training. Simultaneously, they must be able to transform the organization and be a platform from which new strategies can be built – through the long term cycle of HR issues – competencies, culture, leadership and organization (Johnson and Scholes, 2007).

According to Thompson and Strickland (2005), if an organization shifts to a strategy requiring skills and managerial approaches, employee training and re- training become an important part of strategy implementation process. Successful strategy implementation ensures that training function is adequately funded and effective training program put in place. Manyarkiy (2006) supports the need for continuous staff development by saying that implementing strategic change requires the confidence, cooperation and competence of organizational technical and

management staff. Thompson and Strickland (2003) points out that staffing the organization by putting together strong management team, and recruiting and re-training employees with needed experience, technical skills and intellectual capital assures successful strategy implementation. According to Boseman and Phatak (1989) in Mutugi (2008), there must be a proper fit between the center and the individual with the responsibility for its implementation.

Execution of strategy mainly depends on individual organization. Motivating and rewarding good performance by individuals and organizational units are key ingredients in effective strategy implementation (Pearce and Robinson, 1997). The reward system should match strategy so as to motivate strategy execution. This requires clearly and tightly linking the reward system to strategic performance. Success in strategy implementation depends on whether the organization has designed a reward system that motivates people to do what it takes to make the strategy work. Rewards need to be used creatively and be tightly linked to the factors necessary for good strategy execution (Thompson *et al* ,2007).

2.3.6 Leadership and Communication

Good leadership is also a vital factor for effective implementation of strategy, as it ensures that the organization effort is united and directed towards achievement of its goal (Pearce and Robinson, 1997). According to Koskei (2003), leadership is considered to be one of the most important elements affecting the organization performance. The leadership of the organization should be at the fore front in providing vision, initiative, motivation and inspiration. The management should activate team spirit and act as a catalyst in the whole strategy implementation process. As much as possible, the organization should fill relevant position with qualified people committed to change efforts (Bryson 1995).

Pechlaner and Sauerwein (2002) point out that communication and cooperation between diverse participants within an organization have been recognized as crucial elements to maintain organizational stability and adaptation to change. Organizational communications play important roles in training, knowledge distribution and learning in the process of strategy implementation. They however argue that effective communication is primarily requirement of successful implementation but it does not guarantee the effectiveness of implementation.

2.4 Challenges to Strategy Implementation

Strategy implementation includes consideration of who will be responsible for strategy implementation; the most suitable organizational structure that should support the implementation of strategy, the need to adopt the system used to manage the organization (Johnson and Schole, 2002), the key tasks to be carried out and desirable changes in the resource mix of the organization as well as the mandate of each department in the organization and the information systems to be put in place to monitor progress and resource planning (Pearson and Robinson, 1997).

Implementation is successful if the company achieves its strategic objectives and targeted levels of financial performance. What makes it too demanding is the wide sweep of the managerial activities that have to be attended to the many ways managers can tackle each activity, the skill that it takes to get a variety of initiatives launched and moving, and the resistance to change that has to be overcome (Thompson and Strickland, 2003).

Experienced managers are emphatic in declaring that it is whole lot easier to develop a sound strategic plan than it is to execute the plan and achieve the desired outcomes. Just because senior managers announce a new strategy doesn't mean that organizational members will agree with it or enthusiastically move forward in implementing it. Long-standing attitudes, vested interests, inertia, and ingrained organizational practices don't melt away when managers decide on a new strategy and begin effort to implement it. Adept managerial leadership should be put in place to convincingly communicate the new strategy and the reasons for it. Without a smart, capable, results-oriented management team, the implementation- execution process ends up being hampered by missed deadlines, misdirected or wasteful efforts, and/or managerial ineptness. Weak executives are serious impediments to getting optimal results because they are unable to differentiate between ideas and approaches that have demerits and those with merits (Thompson and Strickland, 2007).

Implementation challenges arise from sources that are internal and external to the organization. The particular challenges that will face strategy implementation will depend on the type of

strategy, type of organization and prevailing circumstances. He identified challenges in strategy implementation that can arise from sources internal to the organization as: Behavioral challenges, such as, resistance to change; Inadequacy of resources, such as, inadequate funds, inadequate facilities, and inadequate human resources skills and experience; and finally inappropriate systems of structure, culture, leadership, policies, support, and reward. He also identified those that are external to the organization as follows: Macro-environmental forces, such as, economic, political-legal, social-culture, technological and ecological forces; Industrial forces, such as, powerful buyers, powerful suppliers,. and stiff rivalry from competitors; and finally operating environmental forces, that is, pressure arising from stakeholders like creditors, suppliers, customers, government, shareholders, and local community.

Ansoff, 2006 contends that in practice, there are five problem areas associated with the successful implementation of strategies: Mis-matched strategy and structure and if they are not supportive of each other; The information and communications systems are inadequate for reporting back and evaluating the adaptive changes which are taking place, and hence the strategic leader is not fully aware of what is happening. Hence the performance of the existing structure is not monitored properly, and as a result control mechanisms may be ineffective; implementing strategy involves change which in turn involves un-certainty and risk. New skills may have to be developed, for example, whilst manager may agree in meeting to make changes, they may be more reluctant in practice to implement them. Motivating managers to make changes is therefore key determinants; Management systems, such as compensation schemes, management development, communication systems and so on, which operate within the structural Framework, will have been developed to meet the needs of past strategies. They may not be ideal for the changes which are taking place currently and again. It is difficult to modify them continually and the failure to predict the time and problems which implementation will involve.

A company's present structure and strategy may constitute powerful obstacle to implement a new strategy. They produce a massive inertia, which has to be overcome before change takes place. The type of structure a company use can be a challenge. According to Pearce and Robinson (1997) successful strategy implementation depends on the firm's primary organization

structure. Matching the structure to strategy is a fundamental task of organization strategist. When an organization structure is ineffective it becomes difficult to implement a strategy. Systems of ineffective organizational structure as identified by David (1997) include, too many levels of management, too much attention directed toward solving inter- departmental conflict, too large span of control, and too many unachieved objectives. According to Johnson and Scholes (1997) structure in itself will not ensure success of strategy, although an inappropriate choice of structure could impede success. A change in strategy often requires changes in the way an organization is structured. This is because structure determines how objectives and policies are established and how the organization resources are allocated (Koskei, 2003).

The most alarming problem experienced in many cases is lack of sufficient communication. Aaltonen and Ikavalko (2001) in Sharma (2007) state that the amount of strategic communication in most of organizations is large, both written and oral communication is used inform of top down communications. However, a great amount of information does not guarantee understanding and there is still much to be done in the field of communicating strategies. In addition to that, before any strategy can be implemented, it must be clearly understood. Clear understanding of strategy gives purpose to the activities of each employee and allows them to link whatever task is at hand to the overall organizational direction (Awino, 2001). Lack of understanding of strategy is one of the obstacles of strategy implementation.

Machuki (2005) identified barriers to strategy implementation which include; competing activities that distract attention from implementing the decision; changes in responsibilities of key employees not defined; key formulators of the strategic decision not playing an active role in implementation; problems requiring top management involvement not communicated early enough; key implementation tasks and activities not sufficiently defined; information systems used to monitor implementation are inadequate; overall goals not sufficiently understood by employees; uncontrollable factors in the external environment; surfacing of major problems which had not been identified earlier; advocates and supporters of the strategic decision living the organization during implementation; and implementation taking more than originally allocated.

Studies by Okumu (2001) found that the main barriers to the implementation of strategies include lack of coordination and support from other levels of management and resistance from lower levels and lack of or poor planning activities. He also lists out of a number of implementation pitfalls: Strategic inertia; lack of shareholders commitment; strategic drift; strategic dilution; strategic isolation; failure to understand process; initiative fatigue; impatience; and not celebrating success.

Stanleigh (2007) identified reasons why strategies fail as: Unanticipated market changes; effective competitor responses to strategy; application of insufficient resources; failure of buy-in, understanding, and/or communication; timeliness and distinctiveness; lack of focus; and bad strategy poorly concerned business models. Sometimes strategies fail because they are ill conceived. Restructuring, reengineering, innovation, and other forms of strategic changes are often resisted by people and groups in the organization. Since these changes may require establishment of new set of tasks and role relationships among organizational employees, it may threaten the jobs of some employees hence they resist the changes taking place (Hills & Jones, 1999).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study was conducted through a case study research design. Kothari (1990) defined a case study as a very powerful form of qualitative analysis and involves a careful and complete observation of a social unit, which may be a person, family, an institution, a cultural group or an entire community. Case study deals with depth rather than breath of issues. In this particular research the case study has given in-depth account of the challenges encountered by the Kenya National Audit Office during strategy implementation and how it has been responding to them.

3.2 Data Collection

This study used primary data to obtain the strategy implementation challenges encountered and remedial actions taken to deal with the challenges. The data was collected through personal interviews using an interview guide. The researcher interviewed the respondents and recorded the response for analysis. The respondents of this study were middle level managers at KENAO since they serve as a bridge connecting the other levels of managers during the implementation process. Secondary data was also used this mainly being the Government practices and Procedures, Constitution of Kenya and the KENAO strategic plan 2007-2012.

3.3 Data Analysis

The study solicited data that was qualitative in nature and content analysis was used to analyze the data. Content analysis is the systematic qualitative description of the composition of the objects, or material of the study. It involves observation and detailed description of objects, items or phenomena that comprises the sample (Mugenda & Mugenda, 2003).

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

The study intended to achieve two objectives; to determine the challenges of strategy implementation at KENAO and to establish the measures taken by KENAO to cope or mitigate the impact of these challenges to the strategy implementation. An interview guide was designed to solicit data from the middle level managers relating to the challenges of strategy implementation and measures taken there of. A systematic qualitative description that amounted to content analysis of data was conducted in order to give in depth findings of the study.

The study viewed this level of management as one that have pivotal role in ensuring the institution implement the efficiently and effectively. However in as much that this level constitutes managers with long outstanding experience and unquestionable professional skills in their respective areas, coupled with high degree of commitments towards successful implementation, the study was able to establish the challenges they face in the process.

The study established that some aspects of organization culture and structure, staff de-motivation due to unsound reward system, insufficient communication and alignment of the resources to the strategy as major challenges that are faced at the Kenya National Audit Office. Others include resistance to change, poor strategy leadership, existing policies/procedures and external environment. This chapter will discuss the strategy implementation in KENAO, challenges of strategy implementation at KENAO and finally the measures that the organization is taking to cope and mitigate the negative impact of the challenges.

4.2 Strategy Implementation at KENAO

The strategic intent of KENAO's plan for the period 2007 – 2012 was formulated to provide a road map for progress from the position it was in during the year 2007 to the ideal planned position in 2012. The strategic plan laid down nine main goals and set of objectives to be met within the planning period. These goals include; Deliver quality and timely audit

reports, To effectively enhance professional capacity of KENAO, To strengthen internal and external systems and framework in which KENAO operates, To promote information and knowledge sharing and Enhancing ICT audit capacity and capability in KENAO among others.

In order to achieve the planned change, KENAO has been undergoing transformation by way of reforms, retraining and revitalization in the manner in which it conducts business with considerable emphasis being placed on instilling professionalism in the audit service delivery, as well as production of high quality and timely audit reports. In this regard, the office has set up a reorganization strategy designed to aid in facing the challenges of transformation. Alongside these changes, the office has come up with a new organization structure and new audit branches, including Quality Assurance, Value for Money, Environmental, Public Debt, Fraud Investigations and Computerized Audits. The office is also in the process of building capacity to handle the new and emerging audits, including areas suggested by other accountability institutions such as the African Organization of Supreme Audit Institutions- English speaking (AFROSAI-E), and the International Organization of Supreme Audit Institutions (INTOSAI). KENAO has also set up a new research unit to facilitate the office in keeping abreast with changing trends in the audit profession, handling the emerging audits as well as collecting information and data from the many contemporary sources, including the media.

4.3 Challenges to strategy implementation at KENAO

4.3.1 Introduction
The study established that despite the Kenya National Audit Office having a well formulated strategic plan, the organization has experienced difficulties in the implementation process. This section will discuss these challenges as obtained from the study conducted.

4.3.2. Organization culture
Organization culture is the company's way of doing things. It constitutes norms, values and beliefs that are held over time in the course of doing business. The match between strategy and culture is crucial for successful implementation of the strategy. The study aimed at

establishing whether or not such a match exists, and if it does how challenging it is to effective strategy implementation.

The Kenya National Audit Office establishment can be traced back in 1955 as the Office of the Controller and Auditor General under the Exchequer and Audit Act, Cap 412. The way things are done has been established over time. There is a mix of value and beliefs that have been propagated over time by people who have had senior management positions for a considerably long period of time. These aspects have been instilled into the other organizational members and defined as "the way we do things around here" hence the organizational culture. The study found out that some aspect of culture promote negative attitude amongst some staff towards their development. The culture of KENAO has been limited by the way managers and employees interact and relate to each other. The tendency of 'US versus THEM' relationship was noted to an extent that the strategic plan has been taken by other officers as 'their plan'. There is a strong peer pressure from the staffs and especially the long serving staffs to do things the way they have been used to despite too much changes in the IFRS, new policies in the organization and changes in their clients. The institution also suffers from change resistance culture that is less adaptive and less concerned about the importance of new developments. It has been established that those comfortable with the status quo take the largest part of the institutions staff and are also the most influential including the top managers. The study indicated that even the strategic leadership to support the strategy implementation to successful implementation is weak.

4.3.3 Organization Structure

Organizational design defines the roles, responsibilities, boundaries, processes and procedures and relationships of the various positions. These define the organizational structure and it was the intention of the study to establish how the organization's structural design impedes successful strategy implementation. KENAO has a divisional structure and it was pointed out that this structural design is largely dictated of the nature of the business it is engaged in, hence inevitable but necessary and appropriate.

However, the study established some aspects of this structure that impede successful strategy implementation. The structure defines reporting procedures which prove to be unnecessarily long and time consuming hence slowing down the decision making process. The structure also breeds lack of authority whereby decisions to be made by one or few office holders such as a divisional head are constrained. Those with power to make decisions mostly the top managers have had too much power that could not be challenged even if their interest was far from the interest of successful strategy implementation. Such lack of autonomy in decision making amongst middle level managers raises the greatest question on the positioning and definition of some of the functions in the structure. For instance decisions pertaining staff matters has been in conflict between various departments and at the end of the day their issues remains unattended hence low morale towards strategy implementation.

4.3.4 Communication Process

According to factors considered successful to strategy implementation, it was established that effective communications play important roles in training, knowledge distribution and learning in the process of strategy implementation. That communication and cooperation between diverse participants within an organization has been recognized as crucial elements to maintain organizational stability and adaptation to change.

The study sought to establish whether insufficient communication impairs in anyway smooth implementation of strategy. It was revealed that despite the fact that KENAO's strategic plan was well formulated; the manner in which it was communicated was not satisfactory. In the view of interviewees, it was likely that most officers are not aware of the content if not both the existence and content as at the time of the study. Due to this, vision and mission of the institution remains unclear to those expected to implement. The overall objective of the institution has been replaced with divisional and team goals which at times do not match or are not congruent with the institution's vision and mission.

The insufficient communication about the strategy has hindered smooth implementation since the purpose of activities imposed on officers is not given and hence they cannot link

whatever task is at hand to the overall organization direction. This results to high level of resistance to change.

4.3.5 Resource Misallocation

Early in the implementation process, the managers need to determine what resources will be needed and then consider whether the current budgets of organizational units are suitable. The study aimed at establishing whether the inadequacy of financial, human and other resources are a problem in any way to the strategy implementation at KENAO. The study established that KENAO has ample resources in terms of finances and staffs that it would require to successfully implement their strategy. However, the alignment of these resources to the new strategies is a major hindrance to the strategy implementation. KENAO has not been able to marshal resources available to support the new strategies.

A company's ability to marshal the resources needed to support new strategic initiatives and steer them to the appropriate organization units has a major impact on the strategy implementation process. For instance, KENAO continues to spend a lot of fund on desk tops computers in attempt to cope with technology advancement while staff required lap tops to work on from clients' premises. Second example given involves very qualified auditors assigned permanently to clerical jobs while some departments are inadequately staffed.

4.3.6 Unsound reward system

Successful strategy implementation depends heavily on competent personnel. The study established that KENAO has very qualified, skilled and competent staff and a lot of funds has been channeled towards updating their skills. However, the implementation problem emanating from personnel issues has to do with lack of motivation. The response that was obtained revealed that staffs are quite de-motivated and also demoralized towards achievement of the grand objective of the institution. The rewarding system was regarded as based on other things that do don't support implementation process other than being performance based. There was indication that staff matters and interests are highly neglected thus de-motivating them. The respondents felt that the office can consider hiring a trained and experienced Human Resource Manager to professionally deal with the issue of

staffs. The study also established that the way in which recruitment is conducted does not support the vision of KENAO. For instance; too much funds and time have been used to train staffs hired without Audit back ground whereas the market is ready with qualified auditors.

4.3.7 External Factors

The study identified a number of macro-environment factors that are a challenge to the successful strategy implementation. These were identified as; Government policies and procedures, Clients moving too much faster than the institution in terms of technology, Integrated Financial Management Systems delay in processing of accounts and Economic crisis that has required each government department to cut their expenditure.

4.4 Measures taken to cope and mitigate the negative impact of challenges

The effect of cultural misfit has been felt in the institution and the measures taken include constant transfers to separate the officers who have stayed in the same branch for along time. Trainings have also been conducted to create awareness on the requirements of SAI and the IFRS. The institution has also resulted to hiring from the private world for the management position to encourage new ways of doing things. Adaptive culture – willingness on the part of organizational members to accept change and take on the challenge of introducing and executing new strategies, is the aim of the institution.

Concerning the problems of the structure, the institution has tried to decentralize its decision making process by strengthening the decision making capacity and authority of many managers. This is as opposed to what used to happen before the implementation process begun where all decision had to be passed by the C.A.G. The institution is also working on flattening further the organization structure as well as balancing it with the span of control.

Information must be available to those who need it. Both managers and employees should be kept informed of the means by which information is made available. The organization has noted this inefficiency and measures have been established through creating a new department called communication department. This is aimed at facilitating smooth flow of

information. However, the purpose of the department will be served if it is well staffed in terms of number and skills. The office is in process of installing Wide Area Network that is intended to net work all branches and will allow information sharing.

A change in strategy nearly always calls for budget reallocations and resource shifting. Units important in the prior strategy but having a lesser role in the new may need downsizing. Units that now have a bigger and more critical strategic role may need more people, new equipment, additional facilities and above average increases in their operating budgets. More resources may have to be devoted to quality control and technological capacity. Visible actions to reallocate operating funds and move people into new organization units will be a catalyst to the successful implementation process. The indirect measure taken to cope with this is establishment of some special branches such as: Quality Assurance, Value for money, Environmental, Public Debt, Fraud investigations and computerized Audit. The study indicated that the new branches are vital to the strategy implementation but a lot need to be done in terms of resource reallocation to empower these branches to perform effectively.

It should be noted that a properly designed reward structure is management's most powerful tool for mobilizing organizational commitment to successful strategy implementation. To get employee's energetic commitment, management has to be resourceful in designing and using motivational incentives monetary and non- monetary. Kenya National Audit Office has emphasized on the annual staff appraisal programs that are used in determining those to be promoted. This is only limited by government policies and procedures that dictate the period in which one should serve under a certain level before he/she qualifies for a promotion. The institution has also developed a new scheme of service which spells out the minimum qualifications which has not been followed in the recent recruitments.

CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The findings of the research study are summarized and discussed in this chapter, focusing on the main objectives of the study which included establishing challenges encountered during strategy implementation. The study also sought to determine how KENAO is coping with these challenges. This chapter will also highlight the recommendations, limitations of the study and suggestions for further research.

5.2 Summary and Conclusions

Strategy implementation is concerned with planning how the chosen strategy would be put in action and effective management of both deliberate and emergent changes. The implementation is usually the most difficult face in the strategic implementation process and is often hit wit numerous challenges. The objectives of this study were to determine the challenges faced by KENAO during strategy implementation and measures taken to cope with these challenges. The findings regarding these objectives are summarized, discussed, and conclusions drawn are presented below in the order of the objectives.

5.2.1 Strategy Implementation Challenges

The first objective was to determine the strategy implementation challenges encountered by the institution. In order to achieve this objective, interviewer used an interview guide with a list of challenges identified during literature review as common impediments to the successful implementation of strategy. The intention was to enable the interviewer determine whether these challenges apply to government institutions specifically KENAO. Using the guide, the interviewer managed to probe and get additional information that was either not available in the literature review or which existed but in a different dimension.

The findings of the study indicate that the less adaptive culture has posed a great challenge to the implementation process of the KENAO's 2007-2012 strategic plan. The traditional way of doing things in the organization, the attitude of 'WE' versus 'THEM' that creates a gap between managers and other staffs, lack of team spirit as well as reluctance to embrace change has

frustrated the efforts of strategy implementation in the institution. It was noted that the issue of culture has not been addressed and this remains a major hindrance to achieving the strategic objectives.

The respondents expressed their dissatisfaction in the communication process in the institution regarding supporting the strategy implementation. They indicated that the launching of the 2007-2012 strategic plans and since it is being implemented in bits; the officers are often surprised with new operations without knowing the basis of change. They agreed that many officers are aware of the strategic but do not know the content or the strategic intent of the organization. It was also revealed that very few people were involved in the formulation while the implementation is expected to be the task of every one in the institution. This has resulted to lack of enthusiasm in the implementation and ownership of the strategic plan by the officers.

The study identified a major hitch from the responses given relating to failure of the institution to reorganize available resources in order support the new strategy. The respondents agreed that the manner in which resources were allocated was very adequate for the former strategy but can not be applied to successfully implant the new strategic plan. This revealed that in some units, there over allocation or under utilization of resources while other units experience limited resources in terms of time, finances and staffs.

Unsound rewarding system was identified as the cause of de motivated staffs. The study indicated that the organization's reward system is not performance based. The respondents indicated that high performers are not rewarded accordingly while other bases that do not support strategy implementation are used. The study also indicated that the way in which recruitment is conducted does not support the vision of KENAO.

The findings of the study also revealed that some external factors that are out of control of the strategic leaders that hinder the successful implementation. These include: Government policies and procedures, Information Technology issues, Economical Recession as well as political issues.

In conclusion based on the above findings, KENAO like any other firm is also exposed to challenges during its strategy implementation process. These challenges can affect the long term direction of a firm to an extent of failing to achieve the strategic objectives. Implementation is successful if the company achieves its strategic objective and targeted level of financial performance. Each of the challenges identified have a part to play in hindering the success of implementation. To be proactive in organization management, the strategic leader should seek to detect and identify possible challenges even before they affect the organization strategies and apply the right preventive and corrective measures. The findings of this research on challenges encountered are well aligned to previous studies which confirm that implementation challenges cut across all industries whether profit or non profit making and that what varies is the degree of impact and the extent of each challenge due to diversity and nature of the organisation.

5.2.2 Coping Strategies

The second objective of the study was to establish the measures KENAO has taken to cope with the strategies identified above. Results show that the main strategies used include; staff training, transfers, changing of organization structure to suit the strategies, establishment of communication department and emphasis on annual staff appraisal programs. The study recommended that KENAO can also deal with these challenges through; change of strategy, change of leadership and out sourcing major services to professionals for instance human resource and finance managers.

In conclusion, it is clear from the findings of this study that for any organization to survive the turbulent environment, it must invest in putting in place necessary efforts to respond to the changes in the environment. All these challenges can lead the firm to fail completely to implement the strategic plan hence not realizing its vision. It can also be very expensive to a company to abandon a strategic plan because of challenges. The study also proposes that the firms should be more proactive than reactive in dealing with challenges to implementation. Strategic plan leaders should seek to detect hindrances before they arise. To be able to deal with these challenges, the firm must focus all their resources and systems towards implementation, with special emphasis on these that have great impact. We can also deduce that there is no one

best way of dealing with the strategy implementation challenges, the effort should be geared towards deploying a combination of the above listed strategies.

5.3 Limitations of the study

For completeness and better understanding of the implications of research findings, it is crucial that the limitations of this study be high lighted. The study was covered within a period of three months and due to time constrains, the study only confined itself to challenges of strategy implementation at KENAO. Other aspects of strategic management process were ignored such as formulation and evaluation. A lot can also be studied in the entire stage of strategy implementation. Due to limited resources also, the study also collected data only from a section of management team as opposed to all members of the organization. Finally the study focused on one organization while it could have studied all SAIs in different nations for greater results.

5.4 Suggestion for further studies

The most critical phase of strategic management process is translating strategic thought into organizational action. Once strategies have been formulated, they need to be implemented and without successful implementation, the vision of the organization can never be realized. According to this study, it has been revealed in the literature review that most of well designed strategies fail at the implementation stage. In this regard, similar studies of strategy implementation challenges should be studied in other Government Agencies such as various ministries, Local Government Authorities and Constitutional offices. The study can also be replicated in KENAO focusing the views of lower level managers, team leaders and the other auditors in general. The suggested studies if carried out in the short term can promote objectivity as well as validate the findings of this study.

5.5 Recommendations.

The findings of the study reveal that the challenges encountered during strategy implementation eventually works against the implementing team. It follows that when issues concerning this team are ignored, the implementation process is bound to be affected. It is therefore recommended that the management of KENAO be on the look out on the strategy implementation issues with the main focus being to empower and strengthen the implementation team.

Communication process in the organization should be enhanced to ensure all the staffs are aware and that they understand the contents of the strategic plan so that goal congruence can be obtained. This will also ensure that staffs are involved from formulation stage thus developing a strong sense of ownership and support at the implementation stage. Whenever the vision is clear, the staffs don't view things imposed on them forcefully but rather they embrace it and long to reach completion.

It has been established that KENAO's present culture may not be compatible with the new strategies. The institution should therefore strive towards a high performance culture 'can do spirit' which holds a strong sense of involvement on the part of staffs and emphasis on individual initiative. A high performance, result oriented cultures are permeated with a spirit of achievement and have a good track record in meeting performance targets. In such a culture the rewards are based on performance. Besides this, an adaptive organization culture should be embarked on. Adaptive corporate culture entails the willingness on the part of organizational members to accept change and take on the challenge of introducing and executing new strategies.

The institution should realign its resources to support the new strategies. Proper planning and budgetary allocation required should be put in place to enhance efficiency and effectiveness in the implementation process. A change in strategy nearly always calls for budget reallocation and resource shifting. For instance, units important in the prior strategy but having a lesser role in the new strategy may need downsizing. Units that now have a bigger and more critical strategic role may need more people, new equipment, additional facilities and increased operating budgets. More resources may have to be devoted to quality control and technological capacity. Visible actions to reallocate operating funds and move people into new organization will be a catalyst to the successful implementation process.

KENAO should also consider enriching its staff combination by engaging other professionals besides auditors who are experts in different fields such as human resource, financial analyst, doctors, quantity surveyors, engineers among others. This will assist in their resource management as well as offering technical advice in different audit tasks.

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APPENDICES

Appendix 1: Interview Guide

1. How many years have you worked at KENAO?

2. What is your main responsibility in the organization?

3. Do you know the vision and mission statements of Kenya National Audit Office?

4. Has the Vision and Mission of KENAO changed in the last 10 years. If so why did it change?

5. Do you consider insufficient communication about the strategic changes as a hindrance to implementation of strategies in the institution? What measures has the organization taken to deal with it?

6. Is the inadequacy of resources such as funds, facilities, human resource, skills and experiences affecting adversely efforts to implement strategies?

7. To what extent is each of the above a problem to current strategy implementation? How is the organization coping with the issues? Comment on measures taken to mitigate the impact of the problems?

8. Do you think that the way strategies and structures are matched in the organization interfere with successful implementation?

    a. Are they supportive of each other? Is there too large span of control?

    b. Is the structure in place wrongly chosen?

9. Is there a problem with some of strategies being too unrealistic, unclear to the implementers, too many unachieved objectives that are de-motivating towards strategy implementation?

10. To what extent is strategy implementation affected by;-

    a. The key formulators of the strategic decision not playing an active role in implementation?

    b. Overall goals not sufficiently understood by employees?

    c. What is the organization doing to eliminate or minimize the effects of these issues?

11. Would you say the management staff has inadequate skills that would hinder the success in implementing strategies? If so, has the organization noted and acted on it appropriately?

12. Does the training given to the management staff often shift the focus from understanding the concept of strategy and its implementation? (Probe)

13. Do you think that the way staffs recruitment is done hinders successful implementation of strategy? (Probe)

14. Would you consider the key implementation tasks and activities not sufficiently defined? How are these factors a challenge to implementation?

15. Do reward systems applied to staffs in the organization pose any challenge to strategy implementation? If so, which measures has the organization taken to control this?

16. What role has the corporate culture played in the impediment of the implementation of strategic plan? What actions has the organization taken to control the adverse effects of culture in strategy implementation?

17. To what extent has your organization experienced resistance to change due to; negative attitude, vested interest, inertia and ingrained organizational practices? (Probe)

18. Is the issue of poor leadership in strategy management a challenge to strategy implementation? Comment.

19. In your opinion would you say that the existing policies (guidelines, procedures, rules and administrative practices) pose any challenge in facilitating strategy implementation? Explain.

20. Are there any uncontrollable factors in the external environment that have adverse impact on strategy implementation? Explain.

21. Are there any other challenges KENAO is facing in the implementation of strategies? Explain.

22. What is KENAO doing to cope with the challenges you have described (probe fully).

Thank you for your contribution and patience

Appendix 2: Letter of Introduction

University of Nairobi, School of Business
Department of Management, Science
P.O. Box 30197
NAIROBI.

Dear Respondents,

RE: SEARCH FOR RESEARCH DATA

I am a post graduate student at the University of Nairobi pursing a course in Masters of Business Administration (MBA), specializing in strategic management. In partial fulfillment of the course requirement, I am conducting a case study on challenges of strategy implementation at KENAO.

For the purpose of completing my research, I wish to collect data through the attached questionnaire. I shall be grateful if you kindly allow me to interview you.

The information provided is purely for my research project and will be treated with strict confidentiality. A copy of the final research report will be availed to you upon request.
Thank you for your co-operation.
M.W.KIBUI

MBA STUDENT