

CHALLENGES OF STRATEGY IMPLEMENTATION AT MAZARS KENYA

BY

RUTH A. ELWAK

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DECLARATION

This research project is my original work and has not been presented for examination in any other university.

Signature: _____

Date: _____

Ruth A. Elwak

Reg. No.: D61/75371/2009

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

Signature: _____

Date: _____

PROFESSOR MARTIN OGUTU

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS,

UNIVERSITY OF NAIROBI

DEDICATION

This is a special dedication to my beloved parents Mr. William Elwak Otiti & Mama Susanna Naliaka Elwak, you taught me great values in life and to always give the best in all that I endeavour to do. To my son Robert Odhiambo Elwak, for being that patient boy who allowed mummy to be away when you needed her most, you are an inspiration in my life.

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TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iv
LIST OF ABBREVIATIONS AND ACRONYMS.....	vii
ABSTRACT.....	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Strategy Implementation.....	2
1.1.2 Business Consultancy Industry in Kenya.....	3
1.1.3 Mazars Kenya.....	4
1.2 Research Problem.....	5
1.3 Research Objectives.....	7
1.4 Value of the Study.....	7
CHAPTER TWO: LITERATURE REVIEW.....	9
2.1 Introduction.....	9
2.2 Theoretical Framework.....	9
2.3 Factors in Strategy Implementation.....	11
2.4 Challenges of Strategy Implementation.....	14
2.5 Measures to Deal with Challenges of Strategy Implementation.....	20
CHAPTER THREE: RESEARCH METHODOLOGY.....	24
3.1 Introduction.....	24
3.2 Research Design.....	24
3.3 Data Collection.....	24
3.4 Data Analysis.....	25
CHAPTER FOUR: DATA ANALYSIS, INTEPRETATION AND DISCUSSION.....	27
4.1 Introduction.....	27
4.2 Basic Information.....	27
4.3 Challenges of Strategic Implementation at Mazars Kenya.....	28
4.3.1 Effects of Macro-Environment on Strategic Implementation.....	28
4.3.2 Effects of the Industrial Factor on Strategy Implementation.....	30

4.3.3	Effects of the Operating Environment on Strategy Implementation.	31
4.4	Measures for Overcoming Challenges	32
4.5	Discussion of Findings	32
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND		
RECOMMENDATIONS.....		35
5.1	Introduction	35
5.2	Summary of Findings	35
5.3	Conclusion of the Study	36
5.4	Recommendation of the Study	37
5.5	Limitations of the Study	38
5.6	Areas for Further Studies	38
REFERENCES.....		39
APPENDICES.....		46
	Appendix i: Introduction Letter	46
	Appendix II: Interview Guide.....	47

LIST OF ABBREVIATIONS AND ACRONYMS

AISBL:	Association International Sans But Laucratif
CEO:	Chief Executive Officer
IO:	Industrial Organization Theories
ISO:	International Organization for Standardization
KOKA:	Koimburi and Karungu
NGO:	Non-governmental Organization
SCI:	Service Corporation International
USD:	United States Dollar

ABSTRACT

Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. Strategy implementation is important because its success or failure rate may have a significant impact on the success and sustainability of the business. However the success of strategy implementation is not assured. Strategy Implementation is recorded to have a unsatisfying low success rate in most organizations. The objective of the study was to address the challenges faced by Mazars Kenya in strategy implementation and establish measures to minimize the challenges of strategy implementation. The study adopted a case study where primary data was gathered using the interview guide. Data obtained from the interview was analyzed qualitatively to derive findings, conclusions and recommendations. The results indicated that the industry forces especially competition, changes in economic conditions greatly influence strategy implementation in Mazars Kenya. Further results indicated that employees and managers were fully involved in strategy implementation. Recommendations provided that strategic planning process should periodically be done to evaluate the firm's strategy and companies should critically analyze external environment prior strategy implementation.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategy plan implementation is a mystery in many organizations due to the complexity involved. In fact, most managers would rather participate in the formulation of a strategy rather than the implementation of the strategy. This is because the success of strategy implementation is not assured. Strategy Implementation is recorded to have a unsatisfying low success rate (only 10 to 30 percent) of intended strategies (Raps and Kauffman, 2005). The failure of a strategy may have far reaching consequences to the organization. These may include the loss of resources committed to strategy implementation which are hence treated as sunk cost. It may lead to staff demotivation, the loss of competitiveness of an organization and the eventual unsustainability of the organization. Strategy implementation challenges may include poor leadership and management, inadequate resources, the lack of fit between strategy and organization structure and culture, unhealthy organization politics, lack of motivation of staff, the lack of involvement and participation of staff, the negative perception and resistance emanating from staff and other stakeholders (Okumus, 2003).

Strategy implementation is informed by various theories. These include the resource based theories of the firm; The Institutional Theory; Industrial Organization Theories (IO) among others. The theory that best informs strategic management challenges is the Institutional Theory since it explains the internal challenges that inhibit strategy implementation. The theory explains why institutions behave the way they do and this can be a starting point of understanding the challenges of strategy implementation.

After a series of mergers, Mazars Kenya crafted a strategy with the aim of increasing its market share, improving the delivery of business consultancy services to its clients as well as enhancing the motivation and skilling of the employees. However, the implementation of the strategy has not been very successful. The poor implementation of strategy not only led to failure of the strategy but also to demotivation of staff with some key staff leaving the organization. It is therefore necessary to find out what went so wrong with strategy implementation and the possible solutions to those challenges.

1.1.1 Strategy Implementation

Strategy implementation is a complex phenomenon (Noble and Mokwa, 1999). Strategy implementation is the putting into action a formulated strategy. It involves organization of the firm's resources and motivation of the staff to achieve objectives (Ramesh, 2011). Although formulating a consistent strategy is a difficult task for any management team, making that strategy work, that is, implementing it throughout the organization is even more difficult (Hrebiniak, 2006). A myriad of factors can potentially affect the process by which strategic plans are turned into organizational action. Unlike strategy formulation, strategy implementation is often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 1999). It is thus not surprising that, after a comprehensive strategy or single strategic decision has been formulated, significant difficulties usually arise during the subsequent implementation process.

Strategy implementation is important because its success or failure rate may have a significant impact on the success and sustainability of the business. The fatal problem with strategy implementation is the de facto success rate of intended strategies. In

research studies it is as low at 10 percent (Judson, 1991). Despite this abysmal record, strategy implementation does not seem to be a popular topic at all. In fact, some managers mistake implementation as a strategic afterthought and a pure top-down-approach. Instead, management spends most of its attention on strategy formulation.

Strategy implementation involves the organization of resources and motivation of staff in order to achieve the objectives and key performance indicators set out in the strategic plan. Strategy implementation may be faced by a set of challenges which may emanate from the leadership and the management, the resources, the organization structure and culture, the organization politics, the motivation of staff, the involvement and participation of staff, the perception and resistance emanating from staff and other stakeholders (Okumus, 2003) . In addition, lack of fit of strategy may also challenge its successful implementation (Porter, 2004, Awino et al, 2012, Machuki and Aosa, 2011).

1.1.2 Business Consultancy Industry in Kenya

There are many accountancy firms in Nairobi and Mombasa, including affiliates of the global accountancy groups. Companies are required to appoint an auditor annually in accordance with Section 159 of the Kenyan Companies Act. The International Financial Reporting Standards (IFRS) were set out in 1998 to be the accounting standards in the country. From 1999, financial reports are mandated to be carried out in accordance with International Accounting Standards (IASs), for all enterprises, both listed and non-listed (Umoren, 2008).

Confirmation of the adoption of IFRS by both listed and on-listed companies was provided in the amendment of the Companies Act in 2002. However, observers have

noted that there are some gaps between applicable accounting standards and actual accounting practices. In the World Economic Forum's Global Competitiveness Report (2012-13) Kenya ranked 81st in the world (out of 144 countries) for the strength of its auditing and reporting standards, with a value of 4.4 out of 7, just below the world mean of 4.6. In the 2011 World Bank's Ease of Doing Business Index the country placed 92nd for resolving insolvency (Common Wealth of Nations, 2013).

1.1.3 Mazars Kenya

Mazars is an international, integrated audit, tax and advisory firm, which originated in France but which now has offices in 60 countries worldwide with representation in a further 10. Two of these countries are South Africa and Kenya, with South Africa having become a full member of Mazars with effect from 01 September 2007 and with Mazars Kenya having become a full member of Mazars in 2010. Apart from its over 13,000 staff internationally, Mazars is also a member of the global alliance of independent accounting firms known as PRAXITY, an AISBL (Association Internationale Sans But Lucratif) operating under Belgian law by Royal Decree and with a global turnover in excess of approximately USD 10 billion (Mazars, 2013).

Mazars in Kenya is an accounting firm affiliated to KOKA Consult Ltd. a firm of Tax and Management Consultants and Emu Registrars which deals with company secretarial matters. Mazars in Kenya (previously known as KOKA Koimhuri & Co.) and formerly SCI Koimhuri Tucker & Co. was established in 1981 as Koimhuri & Associates and later merged with K.A. Tucker and thereafter with Muya & Associates to form the new partnership. Currently with over 60 staff, the group provides a full range of audit, taxation and management consultancy services in the areas of

information technology, business development and corporate strategy and human resources. Specialized assignments for government, parastatals, private sector and a number of donor agencies have also been carried out (Mazars, 2013).

The group has also carried out a wide range of professional services including corporate and personal taxation, receiverships, investigations and training. Corporate secretarial services and company registrar work is carried out through a sister company called Emu Registrars. The firm is well known for high quality service to clients in Kenya and has demonstrated its capacity for effective audit, consultancy and related professional services. Mazars Kenya, serves a wide cross-section of clients including manufacturing concerns, co-operative societies, local authorities, parastatals, charitable and non-governmental organisations, sole proprietors and private companies. The firm also has been of service to international donors in monitoring the use of funds granted to various projects in the region (Mazars, 2013).

1.2 Research Problem

Strategic plan implementation is a puzzle in many companies. The problem was illustrated by the unsatisfying low success rate (only 10 to 30 percent) of intended strategies (Raps and Kauffman, 2005). Not only does the failure or collapse of the organization due to strategy failure impacts negatively to the owners, it also has negative ramifications to the other stakeholders such as employees, suppliers, government and civic community. Generic strategy implementation challenges emanate from the leadership and management of the organization (Awino, 2001), from the employees through resistance to change and negative perceptions and from resources (Awino et al, 2012). Still other challenges emanate from the competitive and macro environment (Aosa, 1992)

Despite a lot of efforts and resources being channeled to strategic planning, majority of strategic documents produced by organizations such as Mazars Kenya collect dust on the shelves or face imminent failure. This implies that, strategic plan implementation still remains a challenge for Mazars Kenya. This is evidenced by the failure of Mazars Kenya to achieve its core strategic objectives outlined in the strategic plan. For instance, Mazars Kenya crafted a brilliant strategic plan which was aimed at increasing its growth by focusing on the customer aspects, employees aspects and processes aspects. However, the plan failed not because of its contents but because it was poorly implemented. The implementation was so poor such that key staff left the organization due to the dissatisfaction of how the strategic plan was implemented. The leadership seems to have ignored the important issues relating to strategy implementation and this may have contributed significantly to the challenges of strategy implementation.

Local studies on strategy implementation included Awino et al (2012) who investigated the challenges facing the implementation of differentiation strategies in the sugar industry in Kenya. Aosa (1992) conducted an empirical investigation of aspects of strategy formulation and implementation within large private manufacturing companies in Kenya. In another study Awino (2001) investigated the effectiveness and problems of strategy implementation of financing Higher Education in Kenya. Nduva (2011) conducted a study on Strategy implementation challenges facing Kenya Bureau of Standards. Wangari (2011) conducted a study on Strategy implementation challenges faced by National Hospital Insurance Fund in Kenya. Mukola (2012) investigated Challenges facing Kenya medical research institute in the implementation of the automation strategy. Machuki (2005) investigated the

challenges to strategy implementation at CMC Motors Group Limited. While the reviewed studies compare well to the current study, none of the studies concentrated on Mazars Kenya which faces a unique environment. The business consultancy is a unique sector and the more the reason for the study. The study wished to answer the following research question: What challenges is Mazars Kenya facing in strategy implementation and what measures need to be taken to deal with the challenges of strategy implementation?

1.3 Research Objectives

This study addressed two research objectives which included:-

- (i) The challenges faced by Mazars Kenya in Strategy Implementation
- (ii) The measures taken by Mazars Kenya to deal with challenges of strategy implementation.

1.4 Value of the Study

The study may have theoretical value as it will enrich the discourse on challenges of strategy implementation. Specifically, since strategy is implemented in turbulent environments, the study will offer insights as to how best to implement strategy. In addition, the study will be useful in theory building as it will be covering a new and unique contextual area: Business consultancy firms. The study shall provide grounds for further research by other scholars who may want to broaden their understanding on challenges facing strategy implementation. This will pave way for further research in order to verify the findings. The study will contribute to the existing body of knowledge in the area of challenges facing strategy implementation. The study will

help strengthen the Business Consultancy Industry by providing information on what makes other companies succeed in strategy implementation.

The study will guide management practice. Managers of business practice may use the study to improve the way they implement strategy. For instance, it may guide them to know what they are doing right and what they are doing wrong. The study will also create value in terms of guiding managerial policy for business consultancy industry. Stakeholders in business consultancies will be in a position to draw policy implications from this study. Specifically, they will be in a position to identify the challenges of strategy implementation and how best to tackle the challenges. With this knowledge they will be in a better position to steer their businesses in the right direction in terms of implementing strategy.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discussed theories relevant to the study. Literature related to the study was also reviewed with the aim of identifying literature gaps. The literature review guided the relevance of the study findings.

2.2 Theoretical Framework

A Theoretical framework is a collection of interrelated concepts, like a theory but not necessarily so well worked-out. A theoretical framework provides a particular perspective, or lens, through which to examine a topic. The theoretical foundation for this study is informed by the institutional theory.

2.2.1 Institutional Theory

Institutional theory attends to the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemas, rules, norms, and routines, become established as authoritative guidelines for social behavior. It inquires into how these elements are created, diffused, adopted and adapted over space and time; and how they fall into decline and disuse. Although the ostensible subject is stability and order in social life, students of institutions must attend not just to consensus and conformity but to conflict and change in social structures.

The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on

the social rules, expectations, norms, and values as the sources of pressure on organizations. This theory is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (McAdam and Scott, 2004). The environment is conceptualized as the organizational field, represented by institutions that may include regulatory structures, governmental agencies, courts, professionals, professional norms, interest groups, public opinion, laws, rules, and social values. Institutional theory assumes that an organization conforms to its environment. There are, however, some fundamental aspects of organizational environments and activities not fully addressed by institutional theory that make the approach problematic for fully understanding NGOs and their environment: the organization being dependent on external resources and the organization's ability to adapt to or even change its environment (McAdam and Scott, 2004).

Researchers such as Meyer and Rowan (1991), DiMaggio and Powell (1983) are some of the institutional theorists who assert that the institutional environment can strongly influence the development of formal structures in an organization, often more profoundly than market pressures. Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. Ultimately these innovations reach a level of legitimization where failure to adopt them is seen as "irrational and negligent" (or they become legal mandates). At this point new and existing organizations will adopt the structural form even if the form doesn't improve efficiency.

2.3 Factors in Strategy Implementation

Organizations successful at strategy implementation effectively manage six key supporting factors; Action Planning, Organization Structure, Human Resources, The Annual Business Plan, Monitoring and Control, and Linkage. First, organizations successful at implementing strategy develop detailed action plans, chronological lists of action steps (tactics) which add the necessary detail to their strategies and assign responsibility to a specific individual for accomplishing each of those action steps. Also, they set a due date and estimate the resources required to accomplish each of the action steps. Thus, they translate their broad strategy statement into a number of specific work assignments (Birnbaum, 2009).

Organization structure is a crucial factor influencing strategy implementation. Those organizations that are successful at implementing strategy give thought to their organizational structure. They ask if their intended strategy fits their current structure, and they ask a deeper question as well, that is, whether the organization's current structure is appropriate to the intended strategy (Okumus, 2001).

Human resource is important in strategy implementation. Organizations successful at strategy implementation consider the human resource factor in making strategies happen. Further, they realize that the human resource issue is really a two part story. First, consideration of human resources requires that management think about the organization's communication needs. That they articulate the strategies so that those charged with developing the corresponding action steps (tactics) fully understand the strategy they are to implement (Olson, Slater, and Hult, 2005).

Second, managers successful at implementation are aware of the effects each new strategy will have on their human resource needs. They ask themselves questions as to how much change the strategy calls for. In addition, they also ask questions about how quickly the organization must provide for that change. Furthermore, they ask about the human resource implications of the answers to aforementioned questions. In answering these questions, management will decide whether to allow time for employees to grow through experience, to introduce training, or to hire new employees (Peng and Littleton, 2001).

The annual business plan informs strategy implementation. Organizations successful at implementation are aware of their need to fund their intended strategies. And they begin to think about that necessary financial commitment early in the planning process. First, they "ballpark" the financial requirements when they first develop their strategy. Later when developing their action plans, they "firm up" that commitment. Finally, they "dollarize" their strategy. That way, they link their strategic plan to their annual business plan (and their budget). And they eliminate the "surprises" they might otherwise receive at budgeting time (Rapert, Velliquette, and Garretson, 2002).

Another important factor in strategy implementation is monitoring and control. Monitoring and controlling the plan includes a periodic look to see if you're on course. It also includes consideration of options to get a strategy once derailed back on track. Those options (listed in order of increasing seriousness) include changing the schedule, changing the action steps (tactics), changing the strategy or (as a last resort) changing the objective (Schaap, 2006).

Linkage is a factor that informs the coordination for strategic implementation. Many organizations successfully establish the above five supporting factors. They develop action plans, consider organizational structure, take a close look at their human resource needs, fund their strategies through their annual business plan, and develop a plan to monitor and control their strategies and tactics, and yet they still fail to successfully implement those strategies and tactics. The reason, most often, is they lack coordination. Simply, this is the tying together of all the activities of the organization to make sure that all of the organizational resources are "rowing in the same direction." It isn't enough to manage one, two or a few strategy supporting factors. To successfully implement your strategies, you've got to manage them all, and make sure you link them together.

Strategies require "linkage" both vertically and horizontally. Vertical linkages establish coordination and support between corporate, divisional and departmental plans. For example, a divisional strategy calling for development of a new product should be driven by a corporate objective, calling for growth, perhaps and on knowledge of available resources, capital resources available from corporate as well as human and technological resources in the Research and Development (R&D) department. Linkages which are horizontal, across departments, across regional offices, across manufacturing plants or divisions, require coordination and cooperation to get the organizational units "all playing in harmony." For example, a strategy calling for introduction of a new product requires the combined efforts of, and thus coordination and cooperation among, the R&D, the marketing, and the manufacturing departments (Schmidt and Brauer, 2006).

2.4 Challenges of Strategy Implementation

Strategy is all about managing change. Resistance to change is one of the greatest threats to strategy implementation. Strategic change is the movement of an organization from its present state to toward some desired future state to increase its competitive advantage (Hill and Jones, 1999). The behaviour of individuals ultimately determines the success or failure of organizational endeavors and top management concerned with strategy and its implementation must realize this (McCarthy et al, 1986). Change may also result to conflict and resistance. People working in organizations sometimes resist such projects and make strategy difficult to implement (Lynch, 2000). This may be due to anxiety or fear of economic loss, inconvenience, uncertainty and break in normal social patterns.

Studies by Okumus (2003) 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. Freedman (2003), lists out a number of implementation pitfalls such as isolation, lack of stakeholder commitment, strategic drift, strategic dilution, strategic isolation, failure to understand progress, initiative fatigue, impatience, and not celebrating success. Sterling (2003), identified reasons why strategies fail as unanticipated market changes; lack of senior management support; 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 conceived business models. Sometimes strategies fail because they are simply ill conceived. For example business models are flawed because of a misunderstanding of how demand would be met in the market.

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

Strategy implementation is important in that it bridges the activities of strategy formulation with strategy success. The poor implementation of an appropriate strategy may cause that strategy to fail. An excellent implementation plan will not only cause the success of an appropriate strategy, but can also rescue an inappropriate strategy (Hunger & Wheelen, 2005). According to Aosa (1992), once strategies have been developed, they need to be implemented; they are of no value unless they are effectively translated into action.

Harrington (2006) investigated the moderating effects of size, manager tactics and involvement on strategy implementation in Canadian food service sector. Schaap (2006) conducted an empirical study on the role of Senior-Level Leaders in the Nevada Gaming Industry in USA. On the other hand, Lehner (2004) investigated strategy implementation tactics as response to organizational, strategic, and

environmental imperatives among 136 upper-austrian firms. However, all these studies were carried out in developed countries. Drazin and Howard (2004) see a proper strategy-structure alignment as a necessary precursor to the successful implementation of new business strategies. They point out that changes in the competitive environment require adjustments to the organizational structure.

Rapert, Lynch and Suter (1996) and Heracleous (2000) all think that the shared understanding of middle management and those at the operational level to the top management team's strategic goals is of critical importance to effective implementation (Rapert & Velliquette & Garretson, 2002). Strategy implementation efforts may fail if the strategy does not enjoy support and commitment by the majority of employees and middle management. This may be the case if they were not consulted during the development phase (Heracleous, 2000). Okumus (2003) thinks obtaining employee commitment and involvement can promote successful strategy implementation. Rapert, Velliquette and Garretson (2002) found that organizations where employees have easy access to management through open and supportive communication climates tend to outperform those with more restrictive communication environments. Also the findings of Peng and Littlejohn (2001) show that effective communication is a key requirement for effective strategy implementation.

Freedman (2003) ultimately suggested the following keys to successful strategy implementation: communicating the strategy; driving and prioritizing planning; aligning the organization; reducing complexity; and installing an issue resolution system. According to Kaplan and Norton (2001) the following are viewed as sets of

best practices and their sub-components for implementing and executing strategy in organizations: mobilize change through effective leadership; translate the strategy to operational terms; align the organization to the strategy; motivate to make strategy everyone's job; and govern to make strategy a continual process. In an attempt to simplify quite a complex model, Kaplan and Norton (2001) provided five key areas that need to be addressed to support successful strategy execution. They offered the following facilities available, providing necessary budgets for training, meetings, equipment, and implementation.

Musyoka (2011) says that strategy implementation is inextricably connected to organizational change. If members of an organization resist change and maintain the status quo, implementation will not take place. The sources of this resistance are varied but they yield unsatisfactory implementation results. Resources in any form, whether they are financial, human (in skills or experience that they contribute to implementation), equipment and buildings, are a prerequisite for successful implementation, inadequacy of any one or all of the resources poses a stumbling block to implementation efforts. The operating environment in which local authorities find themselves in poses challenges to their implementation efforts. The dynamic technological environment implies that organizations have to keep abreast with changes in the technological environment, as use of technology, in particular computers, makes the job easier and faster. Failure to adopt use of computers slows down the implementation efforts. The political-legal environment poses challenges to implementation as new laws and policies have to be taken into consideration by the local government institution.

Management barriers are another challenge to strategic change management implementation. Corporate change initiatives whether proactive or not alter employee dimensional contract terms (Okumus, 2003). Unless managers define the terms and persuade employees to accept them, it may be unrealistic for managers to expect employees to fully buy into the changes that alter the status quo hence the employee's resistance to change. The leadership must drive the process of change far enough in order to alter employee's perception and hence bring about revised personal impacts. The revision of the personal contract should be treated as the integral part to change process to achieve change goals. Redefining employee's commitment to new goals in terms that everybody can understand and act on is an act of great transformational leadership.

According to Jooste & Fourie (2006) Many barriers to effective strategy implementation exist. A lack of leadership, and specifically strategic leadership, at the top of the organization has been identified as one of the major barriers to effective strategy implementation. In turn, Strategic leadership is also viewed as a key driver to effective strategy implementation.

According to Hamid (2010) studies show that most big companies have had problems in implementing their strategies. His study identified effective factors, like: leadership, organizational structure, human resources, information systems and technology, on successful implementation of strategies in service sector. For this purpose, statistical population were randomly selected from Pasargad Bank branches in Tehran and include the branch presidents, their deputies and executives working in the bank branches as well as managers of Central Office of Pasargad Bank. Sampling

was based on the simple random sampling. The questionnaire was used as the information gathering device. Reliability of questionnaire was studied by three experts and two managers of central office, and for validity measurement Cronbach's Alpha test was used. He used sign test for measuring the effects and Wilcoxon for group difference on depended variable. The findings showed that all mentioned factors affect the strategy implementation but their effects rates are different.

Li, Guohui & Eppler (2008) conducted a study which reviewed the factors that enable or impede effective strategy implementation. The author highlighted how strategy implementation has been researched so far – and in which contexts – and how this field may be moved forward. As a result of the author's literature analysis, spanning the last twenty-four years, he found nine crucial factors for strategy implementation that are frequently discussed in the literature as well as two approaches of aggregating and relating relevant factors. We find several important research needs regarding these factors and outline how they could be addressed.

Sorooshian, Norzima, Yusof & Rosnah (2010) did a study on the effect analysis on strategy implementation drivers on strategy implementation and performance within the small and medium manufacturing firms. The author identified three fundamental factors in Strategy Implementation: the structure, leadership style and resources and discusses the main drivers of strategy implementation, prevailing in the smaller industries. In this regard, empirical relationships were established relating strategy implementation and performance of the firm. The author also provided a structural equation model on the relationship among drivers of strategy implementation and organization performance and also sensitivity analysis on the drivers.

According to Blahová (2011) a brilliant strategy may put a company on the competitive map and increase its performance. Unfortunately, most companies struggle with implementation. Enterprises generally fail at execution because they go straight to structural reorganization which produces only short-term gains and neglect the most powerful drivers of effectiveness which are decision rights and information flow.

Raps (2004) observed that an implementation effort is a “no boundaries” set of activities that do not concentrate on implications of only one component, such as the organizational structure. The author observed that when implementing a new strategy it is dangerous to ignore the other components because strategy implementation requires an integrative point of view. One needs to consider not only the organizational structure, but the soft facts as well—the cultural aspects and human resources perspective. Taking into account both the soft and hard facts (like turnover, operating profit, and profitability ratios) ensures that cultural aspects and human resources receive at least the same status as organizational aspects. Altogether, this integrative interpretation allows you to develop implementation activities that are realistic.

2.5 Measures to Deal with Challenges of Strategy Implementation

One of the measures that should be taken to deal with challenges of strategy implementation is using a logical approach to execution. Managers need and benefit from a logical model to guide execution decisions and actions. Without guidelines, execution becomes a labyrinth. Without guidance, individuals do the things they think are important, often resulting in uncoordinated, divergent, even conflicting decisions

and actions. Without the benefit of a logical approach, execution suffers or fails because managers don't know what steps to take and when to take them. Having a model or roadmap is crucial to positively effect execution success; not having one leads to execution failure and frustration (Hrebiniak, 2008).

An effective measure for dealing with challenges of strategy implementation would be to have a good strategy. Effective execution is impossible if strategies are flawed. The point is that business strategy is essential to the successful execution of corporate strategy. Poor strategic performance at the business level detracts from corporate ability to achieve its strategic aims, while good performance helps make corporate strategy work. Inadequate attention to the role of businesses in the corporate portfolio and the performance metrics for which businesses are held accountable can dull or negate the execution process at the very start (Raps, 2004).

Choosing a proper structure is an important measure in dealing with challenges of strategy implementation. The choice of structure is vital to the implementation of corporate strategy. Consider the age-old structural issue of centralization-decentralization. Over time, a corporation creates or acquires the businesses that make up the organization. Some corporate acquisitions become relatively independent, decentralized units competing in different industries. Yet there usually are activities or functions that cut across businesses and allow for centralization, reduced duplication of resources, and the scale economies so often sought by corporate management. Different businesses must be sufficiently independent to respond quickly to competitors' actions and customer needs. Yet they can't be so independent as to create an unnecessary duplication of resources and destroy all chances for synergies or scale economies across businesses. The corporation, then, must create the right

balance of centralization and decentralization to achieve its strategic goals. Structure is also important at the business level. Cost-leadership strategies, for example, often rely on functional structures to achieve not only expertise and critical capabilities, but also the scale and scope economies that result from the standardization, repetition, and volume associated with the functional design. Like their corporate counterparts, business leaders must also worry about the balance between centralization and decentralization and the costs and benefits associated with each. Structure again supports strategy implementation (Blahová, 2011).

Integration is a measure in dealing with challenges of strategy implementation. People in different functions often see the world differently: research and development, marketing, and manufacturing, for example, usually have different goals, performance metrics, and time frames for decision making. Coordinating these diverse units to achieve a common goal can be difficult. Still, this coordination is needed and various methods are available e.g. teams, integrating roles, matrix structures to share knowledge and improve communication across the diverse functions. So, too, in geographically dispersed companies, where achieving global coordination to serve business needs while simultaneously accounting for country or regional differences is necessary for the execution of a global strategy. Integration mechanisms and structures (e.g. a coordinated global matrix) are again important (Li et al, 2008).

Clarifying responsibility and accountability is vital to making strategy work. Managers cannot create coordination mechanisms or integrate strategic and short-term operating objectives if job responsibilities and accountability are unclear. The problem is that job-related responsibilities are not always clear, and even authority is not always unambiguous. Responsibility and accountability are often blurred when

people from different divisions, functions, or hierarchical levels come together to solve a problem. Matrix-like structures in global settings marked by lateral, hierarchical, and country influences often suffer from a cloudy picture of responsibility, accountability, and authority. To execute strategy, responsibility and accountability must be clear. Use of a responsibility matrix or similar tool can help to define key execution tasks or activities and the people responsible for them. Without this clarification of roles and responsibilities for critical tasks, decisions, and outcomes, making strategy work is difficult (Kaplan and Norton, 2001).

Developing effective incentives and controls is a way of dealing with challenges in strategy implementation. Strategy execution is usually not yet complete because the creation of strategy, objectives, structure, accountabilities, and coordinating mechanisms is not sufficient to ensure that individuals will embrace the goals of the organization. Incentives motivate or guide performance and support the key aspects of the strategy-execution model. Controls, in turn, provide timely and valid feedback about organizational performance so that change and adaptation become a routine part of the implementation effort. Controls allow for the revision of execution-related factors if desired goals are not being met (Heracleous, 2000).

Managing change is another way of dealing with challenges in strategy implementation. Making the necessary changes in the process of execution and overcoming resistance to them is the last step on the road to strategic success. This step requires unerring attention to detail, a focus on objectives, measurement of performance, and a strong commitment to the execution task at hand. Managing change is difficult, but successful execution depends on it (Freedman, 2003).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contained the review research design, population sample and data analysis. The chapter also covered the research ethical issues to be observed. Research methodology is the architecture or the layout of the research framework. According to Polit and Hungler (2003) methodology refers to ways of obtaining, organizing and analyzing data.

3.2 Research Design

This study adopted a case study since the unit of analysis is biased to one organization that is Mazars Kenya. It was done at the Mazars Kenya to identify the challenges affecting the process of strategy implementation. The design is considered suitable as it allowed an in-depth study of the challenges affecting strategy implementation.

According to Yin (1984), a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. It involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations.

3.3 Data Collection

The study used primary data. This type of data is original information collected or obtained from a first-hand experience. Primary data can be received first hand from instruments such as interviews where a person collecting the data sits face to face with the respondent.

The data collection instrument used in this study is the interview guide. An interview guide is a set of questions that the interviewer asks when interviewing. They vary from highly scripted to relatively loose and help to know what to ask about and in what sequence. An in-depth interview allows more interaction between interviewer and interviewee. This method should be considered more often by researchers since it provides more qualitative information, more depth, more representation, more efficiency, more statistics, and more value.

The respondents interviewed were the management team of Mazars Kenya who spear headed the strategy implementation exercise. They included the top ten (10) managers who consisted of the CEO, two operations managers, four audit seniors, the human resource manager, the finance manager and the marketing manager. The 10 aforementioned managers were considered to be key informants for this research.

Face to face interviews were carried out. Permission from the organization was sought and consent from individual managers was requested through a formal introduction letter. Two research assistants were used for administering the interview guide.

3.4 Data Analysis

The data obtained from the interview guide was analyzed qualitatively. Qualitative data analysis makes general statements on how categories or themes of data are related. The qualitative analysis was adopted in this study because the researcher was able to describe, interpret and also criticize the subject of the research since it is difficult to do so numerically. 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 (Hsieh and Shannon, 2005). It involves observation and detailed description of objects, items or things that comprise the object of study. The themes that were used in the analysis were informed by the variables identified in literature.

CHAPTER FOUR

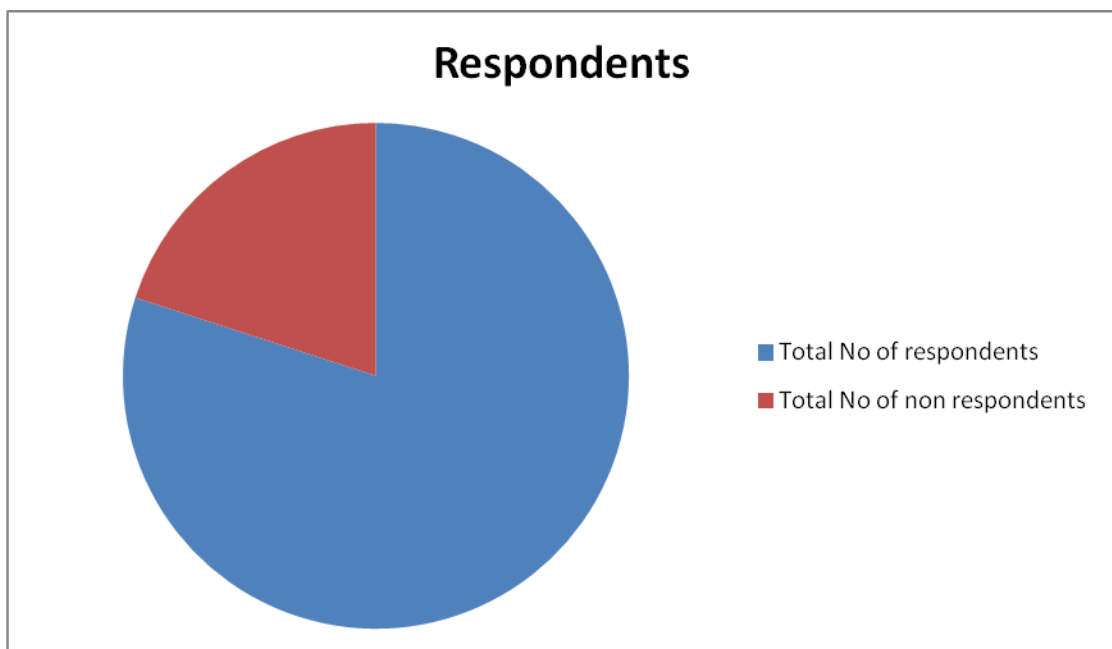
DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter consists of findings and discussion on the data gathered to address this study. The study findings were in line with the objectives of the study; the challenges of strategic implementation at Mazars Kenya and measures taken by Mazars Kenya to deal with challenges of strategy implementation.

4.2 Basic Information

Majority of the respondents were the Chief Executive Officer, two managers in the operations department, the human resource manager, finance manager, marketing manager and two audit seniors. The total number of respondents was eight, thereby making the level of responses received to be 80% (eighty percent).



4.3 Challenges of Strategic Implementation at Mazars Kenya

This section provides the discussion of findings from the respondents on the challenges that face Mazars Kenya in implementation of strategies. The results of challenges presented are on the effects of macro environment, industry environment and operating environment challenges.

4.3.1 Effects of Macro-Environment on Strategic Implementation

Responses from the interviewees indicated that the environment poses a big threat and opportunity to the company. They further suggested that Mazars Kenya always align their strategies towards offering services for purposes of attracting new markets and sustaining existing and the new markets. 50% of the respondents emphasized that economic downturn has forced many companies to exercise greater caution when pursuing strategic initiatives. Economic challenges affect Mazars Kenya mostly when it is considering reaching out to new markets in new areas. Results further indicate that market entries and new services are among the common strategy initiatives used in Mazars Kenya. Over 70% further illustrated that the CEO's role is more critical as he is the one who authorizes strategic implementation in Mazars Kenya. Responses indicated that the economic factors including; taxes, inflation and exchange rates affect the implementation of strategies in Mazars Kenya. The respondents further gave examples of how the highlighted economic factors may affect implementation, for instance, having resources as an important element in strategy implementation, the organization tends to sometimes borrow funds from financial institutions but as a result of high interest rates charged the strategy implementation exercise may be deterred.

Another economic implication in strategy implementation in Mazars Kenya is differences in exchange rates. Considering Mazars is an international company with operations in different countries, differences in exchange rates may be difficult in ensuring proper strategy implementation, strategies in terms of raising or reducing the prices may be affected especially when the company wants to equalize the market selling price of their services. The human resource manager further gave the response on the question of economic impact in strategy implementation and he said that high inflation may provoke high wage demand from the employees especially when the strategy implementation does not involve a review of employees' wages.

Responses also show that government regulations tend to affect the strategy implementation, owing to responses mainly received from the CEO, the human resources manager and the marketing manager. The CEO highlighted several legal factors that firms ought to operate which tend to affect strategy implementation such as age, gender, disability and equality which greatly affects the organizations activities. For instance the strategy of recruiting only males in the accounting and sales field was hindered by the government laws where equal opportunity for all gender is emphasized in the Kenyan law. Employment laws as illustrated by the CEO and the Human Resource manager may also affect strategic implementation as the laws regulate employees working hours and working conditions. Adjusting of employee working hours as a strategy that Mazars Kenya would want to take in future will need consultation of the employees prior to its implementation so as to avoid violating the employment laws which protects employees against abuse of power by the employers.

Further the marketing manager illustrated that the presence of laws that protect consumers are designed to protect customers against unfair prices charged by firms especially in the monopoly power, the consumer laws thus regulate the pricing strategies of Mazars Kenya.

4.3.2 Effect of Industrial Factors on Strategy Implementation.

The results also indicated that the industry forces greatly influence strategy implementation. For instance, analysis of Porter's Industry forces which constitute of the industry factors that affect strategy implementation include, among others; competition which may be categorized as the threat of new entrants, threat of substitute products or services from other audit firms and bargaining power of clients.

Responses from the marketing manager indicated that prior to formulation of strategies; organizations ought to assess the external and internal environments, which is not what happens in Mazars Kenya. He further explained that competition as an external factor that needs analysis may be sometimes difficult for organizations to assess because of lack of a process to aid them in evaluating all the dimensions where competition comes into play. Further the bargaining power of clients which happens when the buyers have many options to purchase the same service that Mazars Kenya offers pose a challenge to strategy implementation in that company. Results indicate that when customers are in control of the market, strategic decisions of the company such as pricing and product specification are controlled thus making it difficult for implementation by the management at Mazars Kenya.

4.3.3 Effects of the Operating Environment on Strategy Implementation.

Responses from the management indicated that there is management involvement in strategy implementation. Responses received from the management found that managerial participation and commitment tend to influence implementation of strategic plans through influencing their thinking which is a pre-requisite for strategy implementation success. Further, results indicated that non managerial staff in Mazars Kenya were fully involved during strategy implementation, as the latter always results to change in the organization which as indicated by the respondents, employees in Mazars Kenya see change as good so long as it does not interfere with their wages or does not lead to job lose. Further strategy implementation in Mazars Kenya is believed to attract reward to the employees as a way of ensuring the strategy implementation plans are effectively adopted.

The CEO highlighted that communication is the most critical factor in determining the success or failure of a strategy initiative. Survey results indicated that communication is the area that has the greatest need for improvement in Mazars Kenya. Majority of the respondents said improved communication for proper coordination especially in the management level during strategy implementation was the most important change that they intended to pursue in the coming year. Additional results indicate that respondents strongly emphasized that resources both financial and human resource allocation moderately influenced strategy implementation and its management plans. The responses indicated a positive relationship between resource allocation policies and strategic implementation plan.

4.4 Measures for Overcoming Challenges

Recommendations from the management on challenges of strategy implementation indicates that the firm leaders must take early and aggressive action to institutionalize the strategies within the firm. The CEO further indicated that the managers involved in strategy formulation and implementation plan showed commitment and interest in strategy implementation whether it was a new strategy or a strategy that needed to be reviewed or changed. This as he indicated, led to greater overall support for the strategic plan and the changes inherent in its execution.

The responses further indicated that to improve employees' acceptance to strategy and avoidance of resistance to change should follow with reward management practices. On the challenges brought about by the environment and industry factors, results indicated that strategic planning process should periodically evaluate the firm's strategy in light of internal and external changes and incorporating lessons learned in previous years into the implementation plan. This key component of strategy implementation ensures that the firm's strategy remains dynamic and drives ongoing competitiveness in the market. On the challenge of resources that is financial and human resources, the responses showed that in order to mitigate the resources challenges Mazars Kenya must maximize performance and rollout the initiative with sufficient resources and planning as this promotes effective resource utilization.

4.5 Discussion of Findings

From the results, it is identified that human resource can be a great challenge during strategy implementation. Further, the management in Mazars Kenya requires to employ communication as a tool in order to bring forth human resource needs. These

findings support those of Olson, Slater and Hult (2005) who state that human resource is important in strategy implementation. Human resource therefore requires the management to consider the organization's communication needs so that those charged with developing the corresponding action steps fully understand the strategy to implement.

Strategies if not well communicated and well administered to employees to facilitate ease in adoption can be a challenge during strategy implementation. These are findings from the study results which confer with those of McCarthy et al, (1986). McCarthy et al, found that the behaviour of individuals ultimately determines the success or failure of organizational endeavors and top management concerned with strategy and its implementation must realize this. Further this findings from the study support those of Okumus (2003) who 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 including lack of or poor planning of activities.

Competition, economic changes and lack of adequate resources are some of the challenges that this study identified to hinder strategy implementation. This study confers with Sterling (2003) who identified reasons why strategies fail as unanticipated market changes; lack of effective competitor responses to strategy, and insufficient resources . Strategy implementation efforts may fail if the strategy does not enjoy support and commitment by the majority of employees and middle management as indicated by Heracleous (2000). These also findings confer with those

of the study which found out that Mazars Kenya has successfully managed to gain management and employees commitment in strategy implementation.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusions and recommendations were made. The responses were based on the objectives of the study.

5.2 Summary of Findings

The results suggested that Mazars Kenya always align their strategies towards offering services for purposes of attracting new markets and sustaining existing and new markets. Results further indicated that market entries and new services are among the common strategy initiatives used in Mazars Kenya. Responses indicate that economic climate including taxes, inflation and exchange rates affect the implementation of strategies in Mazars Kenya. Results also indicate that changes in economic conditions have direct impact in strategy implementation in Mazars Kenya. From the respondents, conclusions can be made that high inflation provokes high wage demand from employees especially when the strategy implementation does not concern a review of the employees' wages. Further, responses show that government regulations tend to affect the strategy implementation in Mazars Kenya.

The results also indicated that the industry forces especially competition greatly influence strategy implementation in Mazars Kenya due to lack of a process to aid in evaluating all the dimensions of competitors. Responses received from the management found that there is managerial participation and commitment when implementing strategies. The results further indicated that all the managers involved

in strategy formulation and implementation plan showed commitment and interest in strategy implementation whether it was a new strategy or a strategy that needed to be reviewed or changed.

Results on recommendations for addressing these challenges indicated that to improve employees' acceptance to strategy and avoidance of resistance to change should follow with reward management practices. On the challenges brought about by the environment and industry factors results indicated that strategic planning process should periodically evaluate the firm's strategy in light of internal and external changes and incorporating lessons learned in previous years into the implementation plan.

5.3 Conclusion of the Study

From the results, conclusion can be made that there was managerial and employees participation during strategy implementation, which was as a result of good communication among the managerial staff and reward systems among the employees as an incentive to avoid employee resistance. The study concluded that the strong influence of managerial behaviour was guided more by the strategic thinking of the management. However, the low influence of managerial actions in allocation of resources had a great influence on implementation of strategic plans as this was more of institutional leadership decisions which would wish to be seen to be supportive.

Further results on the influence of reward management to promote employee participation in strategy implementation are found to be relatively strong as it was more through tangible reward provided by the management. Results further lead to a

conclusion that industrial forces are important factors that if not well analysed can lead to great challenges when implementing strategic decisions. Further conclusions can be made on the economic challenges which hinder strategy implementation in Mazars Kenya which included; taxes, inflation and exchange rates.

5.4 Recommendation of the Study

The study makes specific recommendations guided by the objectives of the study. The study recommends that organizations should create higher levels of involvement of members in the organization. Companies also ought to establish institutionalized resource process policies so as to efficiently regulate resource allocation to ensure strategy implementation is a success.

Further recommendation to companies is that strategic planning must be balanced between the internal workings of the organization and the external world in which organization resides and operates. However, balance between these perspectives is not enough, for strategy to be successfully implemented; the correct internal and external attributes must be analyzed and planned for.

Another recommendation is to scholars, this study has indicated a number of challenges faced in the implementation of strategic plans by Mazars Kenya, an audit firm. Further recommendation is that there is need to establish the relationship between strategic management plans and the execution of performance management, which can be clarified through further studies.

5.5 Limitations of the Study

The limitations of the study refer to those characteristics of design or methodology that impacted or influenced the application or interpretation of the results of the study. Time constraint was one of the main limitations to the study which contributed to difficulty in accessing information. This was mainly due to unavailability of the respondents for interview at the agreed upon time, owing to their busy schedules in attending to official issues that may not have been anticipated, which at times were conducted outside the country and / or out of town. This therefore led to rescheduling of the interview time to fit into the respondents' diary, the study was therefore not given adequate time to capture all the information that may have been required for this study.

Mistrust by the target group also came out strongly since, except for the CEO and the Senior Managers, over 50% of the respondents were not willing to participate in the study due to victimization, based on past experience. It therefore took a lot of persuasion by assuring the respondents of absolute confidentiality to get them to participate in the study, though some respondents withheld important information which in the long run impacted on the outcome of the study.

5.6 Areas for Further Studies

The study concludes that strategy implementation in analysis of the industrial factors are mostly ignored by most managers in companies in Kenya. Further research could be on the relationship between strategic management plans and the execution of performance management or the relationship between ISO certification process and Strategy implementation. A replica study can be done on a different company in a different industry in order to compare the results with those of these studies.

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APPENDICES

Appendix i: Introduction Letter

Date:

Dear Respondent,

Interview for Academic Research

I, **Ruth A. Elwak**, a student of Master of Business Administration at The University of Nairobi is carrying out a research study on “challenges of strategy implementation at Mazars Kenya”.

This is to kindly request you to participate as a respondent in an interview with a view of obtaining your input from your experience on the recent challenges of strategy implementation at Mazars Kenya. Your answers will be handled with highest confidentiality; and the names of respondents shall not be revealed.

Yours Faithfully,

Ruth A. Elwak

Appendix II: Interview Guide

Section A : Participants details

1. Name (optional).....
2. Position in the organisation.....
3. Period in Position.....
4. Period in the firm.....

Section B : Challenges

i) Macro-Environment

- a. How was strategy implementation affected by the economic climate in Kenya ?
- b. How was strategy implementation in Mazars Kenya affected by the government regulations ?

ii) Industry Environment, main focus on porter's five forces

- a. How did the level of competitive rivalry affect the success of strategy implementation in Mazars Kenya ?
- b. How did the threat of new entrants affect the success of strategy implementation in Mazars Kenya?.....
- c. How did the pressure from clients affect the success of strategy implementation in Mazars Kenya?.....

iii) Operating Environment - Focus on Stakeholders

-Culture

- a. Did the level of participation and involvement of support staff affect strategy implementation? Explain your answer.....

-Resources

- a. Did the level of financial and human resource allocation affect strategy implementation? Explain your answer.....

Section C : How to overcome the challenges highlighted above

- 1. In your opinion, what measures does Mazars Kenya need to take to deal with challenges of strategy implementation? Explain.....