

# Factors Influencing Strategy Implementation in State Corporations in Kenya: A Case of Kenya Industrial Property Institute

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**Abstract:** *This study sought to establish factors influencing strategy implementation in state corporations in Kenya; a case of Kenya Industrial Property Institute (KIPI). The specific objectives of the study were: to assess the effect of organization culture, determine the effect of leadership styles, examine the effect of employee involvement and assess the effect of organization structure on strategy implementation in Kenya Industrial Property Institute. The study adopted a descriptive research design and the target population was 150 staffs of KIPI comprising of senior management, middle-level management and lower-cadre level. The study conducted a census and collected both primary and secondary data whereby primary data was collected using questionnaires while secondary data was obtained from KIPI's strategic plans and annual reports. Data collected was analyzed using SPSS version 20.0 and a multiple linear regression analysis was conducted in order to establish factors influencing strategy implementation in state corporations. The regression analysis was used to predict the value of the dependent variable on the basis of the independent variables. The study concluded that organization culture, leadership styles and employee involvement influence strategy implementation in state corporations to a great extent. The study also concluded that there is a significant relationship between organization structure and strategy implementation in state corporations. This study therefore recommended that KIPI enhance team spirit, clear communication modes, staff innovation and creativity in an effort to improve the organization's culture. The study also recommended that KIPI's top management should motivate staff and involve them in decision-making as well as exercising exemplary leadership. The study also recommended that KIPI management establish staff rewards and sanctions framework, coaching and mentoring programs and to offer prompt staff feedback as a means of improving employee involvement in the organization. The study also recommended that KIPI's decision-making processes and procedures be simplified as well as enhancing the reporting levels and co-operation among all staff in an effort to improve the organization structure.*

**Keywords:** Strategy Implementation, Organization Culture, Leadership Styles, Employee involvement, Organization Structure

## 1. Introduction

According to Clayton (2010), after the exciting and creative process of formulating a new strategy for the organization, management often feels frightened and lost when it comes to the implementation of their brand new strategy. They wonder how they can bring their great plans for a successful future to fruition. To help them make the new strategy successful, the management incorporates all available experts for implementation purposes. Schmidt and Brauer (2008) observed that the new strategy often seems to be the product of an organized and rigorous planning process. However, the situation is often quite different. Organizations whose strategies have propelled them to the tops of their industries were as a result of trial, error and unanticipated success.

According to Covin and Slevin (2008), rarely was the winning strategy clear to the combatants at the outset. As organizations dive deeper into the undefined waters of the new economy and as traditional business models are being turned inside out, it is crucial that leaders of established and start-up companies alike understand the processes by which strategies are shaped, in order to guide their companies effectively. Whether a firm is able to consistently implement its strategy or not is not only a function of time but greatly depends on the environment in which it operates. In extremely dynamic environments, the alignment between a firm's strategic concept and strategic action has been argued

to be particularly difficult to achieve (Burgelman and Grove, 2010).

According to (Scott and Baehler 2010), the 21st century is reshaping how strategies are formulated to tackle complex, intractable and interrelated issues. Thus, the focus also needs to be sharpened on the key elements of strategy implementation. Even though the public sector in African countries was expected to spearhead socioeconomic development to reduce poverty, it has proved largely ineffective in performing this task. Some of the reasons for this ineffectiveness include excessive politicization, lack of accountability and representation, inability to promote the public interest and authoritarian tendencies. The ineffectiveness has led to the call for a redefinition of the public sector by formulating and implementing strategies that will enhance accountability and improved service delivery to the people (Haque, 2001).

According to Republic of Kenya Report (2011), Kenya's State Corporations have been undergoing multidimensional, interdependent and interlocking reforms through Performance Improvement Strategy. The country has made tremendous progress through these reforms that were anchored in the Performance Management System. The noteworthy reforms are: Results-Based Management which is a process under which flagship programs were introduced in the public service to propel the focus on results. They

include Performance Contracts, Service Delivery Charters and Rapid Results Initiatives.

Performance Contracts have been hugely celebrated and have come to be associated with great and tangible improvements in the Service. In 2007, Ash Institute for Democratic Governance and Innovation at the Harvard University's, Kennedy School of Government placed the performance contracting process among the top twenty innovations in the world, in transforming governments. Performance management continues to be central to government of Kenya. The exigency of reform agenda has a considerable convergence on managing performance the world over. The government of Kenya should continue to re-define the purpose, mandate, core business and appropriate service delivery mechanisms of State Corporations as well as the Public Sector at large.

## 2. Statement of the Problem

According to KIPi Annual Report (2010), KIPi experienced dismal performance from its inception in 2002 to 2005. There was mismanagement of public funds, improper record keeping, low staff morale, numerous customer complaints which resulted in inefficiency and ineffectiveness in service delivery to the public. The Institute was not generating enough revenue to remunerate its staff and meet other financial obligations. According to KIPi Annual Report (2011), the Institute's culture did not emphasize on team work and customer focus. The leadership styles were autocratic and bureaucratic and employees were not involved in making decisions that affected them. There was no structure in place to guide the organization in terms of policies and procedures, reporting levels and departments to carry out specific functions in the organization. A baseline survey commissioned by KIPi in June 2013 revealed that there was little public awareness on protection of Industrial Property Rights- IPRs (Patents, Industrial Designs, Utility Models and Trademarks) which led to less drive for innovation and creativity among Kenyan citizens. This has a ripple effect on other Government Ministries, Departments and Agencies which the Institute collaborates with in registration of the IPRs. Overall, the country's economy has been affected negatively as the citizens are not in a position to commercialize their ideas and generate income hence loss of revenue (KIPi Annual Report 2013). Currently, KIPi is implementing a 5-year Strategic Plan (KIPi Strategic Plan 2013-2017) and there is a need to establish factors that influence strategy implementation in Kenyan state corporations such as KIPi.

### Objectives of the study

#### General Objective

To establish factors that influence strategy implementation in state corporations in Kenya; A case of Kenya Industrial Property Institute

#### Specific Objectives

- a) To assess the effect of organization culture on strategy implementation in Kenya Industrial Property Institute
- b) To determine the effect of leadership styles on strategy implementation in Kenya Industrial Property Institute

- c) To examine the effect of employee involvement on strategy implementation in Kenya Industrial Property Institute
- d) To assess the effect of organization structure on strategy implementation in Kenya Industrial Property Institute

### Research Questions

- a) How does organization culture affect strategy implementation in Kenya Industrial Property Institute?
- b) What is the effect of leadership styles on strategy implementation in Kenya Industrial Property Institute?
- c) How does employee involvement affect strategy implementation in Kenya Industrial Property Institute?
- d) What is the effect of organization structure on strategy implementation in Kenya Industrial Property Institute?

## 3. Literature Review

Kusluvan and Karamustafa (2003) argued that the reported effects of organizational culture on individual attitudes and behavior as well as overall strategy implementation and organization performance make the phenomenon an attractive area of study. It is contended that organizational culture acts as a form of social control and can influence employees' attitudes and behaviors through the values and beliefs operating in an organization (Kusluvan and Karamustafa, 2003). Organization culture has been shown to have a direct influence on staff satisfaction, commitment, learning as well as turnover retention (Macintosh and Doherty, 2008; Silverthorne, 2004). Research indicate that the influence of organizational culture on strategy implementation and organizational performance is in terms of employee involvement, adaptability, positive labor relations, sustained competitive advantage, team performance results record and improved learning environment (Choi and Scott, 2008).

Social practice theory demands critical reflection in order to appropriately understand behaviour and acknowledge its drivers. Responses and interventions therefore need to create situations and processes where actors are free to reflect critically on their actions and the context in which they act (Randles and Mander, 2009). Bass (2008) argued that traditional theories of leadership have tended to ignore situational factors that can influence which leadership style is best for a given set of circumstances. In addition, most of the leadership literature concerns leadership in the business sector, yet public and not-for-profit agencies seem to work differently than for-profit companies. Locke and Latham (2002) provided a well-developed goal-setting theory that is linked to employee involvement. The theory emphasizes the important relationship between goals and performance. Research supports predictions that the most effective performance seems to result when employees are involved in setting goals that are specific and challenging. When these goals are used to evaluate performance and linked to feedback on results, they create commitment and acceptance on the part of employees. The motivational impact of employee involvement in goal-setting may be affected by moderators such as ability and self-efficacy. Deadlines improve the effectiveness of goals. A learning goal orientation leads to higher performance than a performance

goal orientation, and group goal-setting is as important as individual goal-setting.

Structural contingency theory plays a role in organizational design by specifying which structures fit which circumstances. While the heart of the theory is the statics of the effect of such fit on performance, the theory is also dynamic. Specifically, Structural Adaptation to Regain Fit (SARFIT) states how organizations change over time in their structures as a result of changes in their contingencies. Contingency change also is seen as endogenous in SARFIT, so that the theory posits disequilibrium rather than equilibrium (Donaldson, 2001). A trustful work environment, job empowerment and some sense of autonomy are not only relevant in enhancing employee involvement but are also significant in encouraging creative and innovative thinking which in turn leads to increased productivity. According to Abraham (2012), other internal enhancement factors include; hastening the meaningfulness of work, value congruence, involvement in decision making, expression of confidence in high performance and the feeling of one's impacts on the success of the organization as well as the psychological status of an individual staff. Organizational structure is viewed as resulting from three major constructs: centralization of decision making process, flatness of organization, and specialization. This view makes the model relevant to determining implementation of strategies in organizations (Flynn, Huo and Zhao, 2010).

## 4. Summary of the Findings

### 4.1 Organization Culture

The study revealed that KIPi staff do not work as a team to achieve the set goals and objectives regarding any strategy to be implemented and majority said that team spirit should be improved. This is in line with the work of Alvesson (2011) who postulated that for an organization to successfully implement any strategy it formulates, all staff should work together as a team to enhance smooth flow of all processes and operations involved in achieving the set goals and objectives in any formulated strategy. The respondents were however neutral on whether customer is the main focus on the daily activities of the organization and whether communication modes in the organization are simple and clear.

The study also revealed that staff innovation and creativity is not encouraged in KIPi and majority of the respondents said that this should be improved. This is in line with the work of Clayton (2010) who argued that for an organization to be able to implement any strategy in the dynamic environment organizations currently operate in, staff need to be given room to be innovative and creative on how to achieve the set goals so long as their innovations and creative ideas are in line with the organization's goals and objectives. The respondents were however neutral on whether KIPi values enable it to achieve its set goals and objectives.

### 4.2 Leadership Styles

The study revealed that KIPi staff are not motivated to work and are not involved by management in decision making and

majority of the respondents said that KIPi should improve on staff motivation and involvement in decision making. This is consistent with the work of Bass (2008) who indicated that a staff who is unmotivated is a detached staff that is less concerned about the organization they work for. Bass (2008) argued that motivation does not have to be monetary but it can also be in form of a word of appreciation, an award for a task well completed or even a fully paid vacation for the best performed department. This creates a feeling of appreciation to the staff and they feel valued for their contribution in the organization which in turn makes them work even harder in achieving the set goals of any strategy the organization seeks to implement. The respondents were however neutral on whether the staff in KIPi have to be pushed to work by the management.

The study also revealed that Management in KIPi does not lead by example and majority said they would want the Management to exercise exemplary leadership. Wiseman (2010) is in agreement with these findings since he postulated that leading by example is the only way the followers are able to operate in line with the Organization's vision and mission. Barner (2006) also argued that people tend to emulate what their leader does and not what the leader says should be done. He emphasized on the importance of leading by integrity and being committed to the organization's objectives as a leader since this commitment is what will trickle down to the rest of the staff. The respondents were however neutral on whether KIPi staff follows strict policies and procedures in their daily activities and on whether the management is able to maintain calm even under pressure.

### 4.3 Employee Involvement

The study revealed that regular staff performance appraisal is not normally carried out in KIPi and majority of the respondents said this should be addressed. Abraham (2012) opined that regularly appraising staff performance ensures that staffs are constantly giving their best in their respective roles since they know they will be evaluated at the end of day. This in turn enables them to meet the set goals which ensure a smooth flow of implementation of any given strategy. The respondents were however neutral on whether there is a staff training and development programme that is regularly undertaken in KIPi.

The study also revealed that there are no reward schemes in place in KIPi, staff are not offered support and advice in regards to their performance and their concerns are not listened to and no feedback is normally offered and majority said that these should be addressed. Abraham (2012) and Anitha (2014) argued that without a staff performance appraisal in place, an organization often finds it hard to put in place rewards and sanctions, offer coaching and mentorship to staff as well as listen to staff concerns and seek to address them. Both indicated the importance of following all the above so as to ensure staff are involved in the daily operations of an organization and they are motivated to achieve the set goals and objectives of the organization.



#### 4.4 Organization Structure

The study revealed that decision-making process in KIPi is not clear, easy to follow and takes unnecessarily long. The study also revealed that there is no co-operation in all levels of the organization in meeting set targets and goals and the reporting levels in KIPi are not clear, easy to understand and follow and majority said that these should be addressed. This is in line with the work of Swanson (2013) who argued that decision-making processes in organizations should not be bureaucratic and the reporting levels should be simplified and co-operation enhanced from lower cadre all the way to top management. This enables the organization to concentrate on achieving its set goals and objectives so as to successfully implement any formulated strategy compared to wasting time in bureaucracy in making decisions which negatively affects the achievement of any set goals or targets which in turn negatively affects the execution process of any strategy. The respondents were however neutral on whether KIPi has laid down policies and procedures that are easily understood in its daily operations.

The study also revealed that there are different departments and sections in KIPi that seek to carry out specified roles and responsibilities and they are easily understood. Yeo (2006) agrees with these findings since he postulated that once a strategy has been formulated, there needs to be clearly specified departments and sections in an organization that seeks to carry out specified roles and responsibilities for the purpose of achieving the set objectives.

#### 5. Conclusion

According to the multiple linear regression analysis carried out, it was evident that 62.0% of variation or change in strategy implementation is explained by the variables considered in the model i.e. organization culture, leadership styles, employee involvement and organization structure. From the findings, the study concluded that leadership styles influence strategy implementation to the greatest extent as evidenced by the highest coefficient of 2.014. The style of leadership in any given organization influences to a very great extent the success or failure of any given strategy as well as all other operations of an organization. Leadership communicates the vision and mission of the organization as well as the objectives and how to achieve them. Leadership is the cornerstone of any organization and the different styles exercised in different work situations influence the performance of the organization.

The study also concluded that there is a significant relationship between employee involvement and strategy implementation as evidenced by the coefficient of 1.602. Through putting in place staff training and development program, undertaking staff performance appraisals regularly, putting in place rewards and sanctions, offering coaching and mentoring programs and listening to staffs' concerns and feedback, an organization is able to implement any strategy it formulates. On organization culture, the study concluded that there is a significant relationship with strategy implementation as evidenced by a regression coefficient of 1.077. Team work, customer focus, clear communication modes, staff innovation and creativity as

well as an organization's core values influence strategy implementation to a great extent. Regarding organization structure, the study concluded that there is a significant relationship with strategy implementation as evidenced by a regression coefficient of 0.896. A clear and non-bureaucratic decision-making process, co-operation in all level of an organization, clear reporting levels and various departments and sections with clearly specified roles and responsibilities influence strategy implementation to a great extent.

#### 6. Recommendations

From the findings it was established that organization culture influences strategy implementation to a great extent. This study therefore recommends that KIPi improves on organization culture by addressing team work, communication, staff innovation and creativity to be able to implement any strategy the Institute formulates. The study also established that leadership styles influence strategy implementation to a great extent and therefore recommends that KIPi should improve on staff motivation and involvement in decision-making, management to lead by example and to always maintain calm even under pressure.

On employee involvement, the study recommends that KIPi should establish a rewards and sanctions mechanism, establish coaching and mentoring programs in the Institute as well as staff training and development programs and regular staff performance appraisals. This enhances motivation among the staff who are the implementers of the strategy and this therefore ensures an effective and efficient implementation process. The study also established that organization structure influences strategy implementation to a great extent and therefore recommends that KIPi should simplify the decision-making process, remove unnecessary bureaucracies, simplify reporting levels and improve co-operation among all levels in the Institute. Structure supports strategy and therefore, with the right organization structure in place, implementation of any strategy becomes possible.

#### 7. Recommendations for Further Studies

This study sought to investigate the factors influencing strategy implementation in state corporations in Kenya; a case of Kenya Industrial Property Institute. This study therefore recommends that further studies be conducted on the mainstream government which is the Ministries as well in the County Governments. The study also recommends that further studies be conducted on other variables that influence strategy implementation other than the four independent variables (organization culture, leadership styles, and employee involvement and organization structure) that were dealt with in this study. Finally, this study focused on the public sector and therefore recommends that similar future studies be conducted on the private sector.

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