

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Barriers of Effective Strategy Execution: Organization's Challenge

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Abstract:

Strategies are a critical element in organizational functioning, but whereas most organizations have good strategies, successful strategy implementation remains a major challenge. Despite the clear importance of this management area and the apparent problems associated with its execution, it has however, been substantially neglected by academics. The objective of the study is to determine the barriers to strategy execution in Kenyan public university focusing on vision barrier, leadership barrier, process barrier and people's behavior barrier. The study constitutes the review of theoretical and empirical literature relevant to the subject. The key barrier to strategy execution were identified and discussed: including vision barrier, leadership barrier, process and resources barrier and people barrier. The research was compiled from theoretical, conceptual and empirical review of literature and a summary and conclusion was drawn. Translation of vision to clear objective and aligning it to strategy remains a big challenge. In addition leadership style, approach and perceptions are critical to implementation in addition to the leader's role of communicating strategy to the employee. Failure to adopt the best approach with a given type of strategy and employing the best communication tactic implementation is likely to fail. Aligning process resources, structures and program in the implementation of strategy is also critical to implementation failure to which a problem is likely to occur. Moreover individual's behaviors determine if the strategy will be implemented or not. Individuals must be assigned duties that motivate them otherwise they will not be committed to the organization operations. The author recommends that specific studies be conducted on the effective tools to measure and control performance to assist in overcoming barriers to strategy execution

Keywords: Barriers to strategy execution, strategy implementation, leadership, vision, process, individual behavior.

1. Background Information

The transformation from the industrial to the information age is signaled by increasingly sophisticated customers and management practices, escalating globalization, more prevalent and subtle product differentiation, and an emphasis on intellectual capital and enhanced employee empowerment (Johnson and Kaplan, 1987; Brander Brown and Atkinson, 2001). In this new world order successful strategy implementation becomes ever more important. Strategies are a critical element in organizational functioning, but whereas most organizations have good strategies, successful strategy implementation remains a major challenge. The concept and practice of implementing strategic plans has been embraced worldwide and across various sectors because of its perceived contribution to organizational effectiveness (Thompson & Strickland, 2007). Steiner (1979) noted that the framework for formulating and implementing strategies requires a strong backbone in the formulation process. However, he observed that due to the misunderstanding of the factors that influenced the implementation process, adoption of strategic management often led to incomplete implementations. Strategic Plans are therefore a means to the end of achievement of organization objectives. Non-implementation therefore renders strategic plans valueless. The notion of strategy implementation might seem quite straight forward; a strategy is formulated and then implemented. In the contrary, transforming strategies into action is a far more complex, difficult and challenging undertaking and therefore not straight forward as one would assume (Aaltonen & Ikavalka, 2001)

There continues to be an imbalance between the apparent importance of formulation and implementation (AlGhamdi, 1998; Okumus and Roper, 1998; Okumus, 2001). Yet the main weaknesses of strategic management practice are generally associated with the implementation stage. Helen Atkinson (2006) cited Alexander (1985), who According to him, ten most frequently occurring strategy implementation problems include underestimating the time needed for implementation and major problems surfacing that had not been anticipated, in addition uncontrollable factors in the external environment had an adverse impact. Based on empirical work with 93 firms he observed that senior executives were over optimistic in the planning phase and it is noteworthy that the first two issues which occurred most frequently in Alexander's study are planning issues. According to Merchant (2005), strategic implementation is the process of rolling out an organization's long-term plans through a series of outlined actions aimed at achieving definite targets. Strategic implementation is critical to a company's success, addressing who, where, when, and how of reaching the desired goals and objectives. Govindarajan and Trimble (2012) as cited by Gakure et.al (2012) view strategy formulation and execution as an analytical,

data-driven process that rigorously identifies customer needs, differentiates the company from rivals, and maximizes profits. Cocks (2010), argues that strategy formulation is usually regarded as the exclusive domain of senior management because it rewards creativity. Effective strategy execution rarely gets as much attention as formulation yet experienced managers appreciate that well crafted visions and strategic plans are useless if they cannot be effectively executed. To successfully implement your strategy, several items must be in place (Petri & Heini, 2002). The right people must be ready to assist you with their unique skills and abilities. You need to have the resources, which include time and money, to successfully implement the strategy. The structure of management must be communicative and open, with scheduled meetings for updates. Management and technology systems must be in place to track the implementation, and the environment in the workplace must be such that everyone feels comfortable and motivated.

According to Weihrich & Koontz (1994), as cited by Gakure (2011) a key factor of strategy is to unify and give direction to plans and thus influence the course along which a business is trying to go. A strategy may also be looked at as a game plan that management use for positioning the company in the chosen market arena to competing successfully satisfy customers and achieve competitive advantage over its competitors. Once the strategy has been selected it has to be executed for organization to realize projected outcomes. The major task here is to choose the right plan of action in implementing the strategy.

Organization success will be judged based on the result/outcome of which these outcomes are based on timeliness and in line with overall goals and objectives. Niven, (2002), stated that 70 per cent of the Chief Executive Officer (CEO) were sucked, not because of poor strategy, but due to poor strategy execution. Mintzberg (1994) asserts that more than half of the strategies devised by organizations are never actually implemented. Despite the clear importance of this management area and the apparent problems associated with its execution, it has however, been substantially neglected by academics (Alexander, 1985; Edgar and Taylor, 1996; Okumus and Roper, 1998; Altonen and Ikavalko, 2002). The question is that why is the strategy so difficult to implement? How is the organization engaging with its vision, processes, leadership and people's behavior to implement their strategies? Can the above component hinder effective strategy implementation? This study therefore seeks to establish the barriers to effective strategy implementation

1.1. Specific Objectives

1. To investigate whether organization's vision hinder effective strategy implementation
2. To establish whether business processes hinder strategy implementation

2. Literature Review

2.1. Theoretical Framework

A theory is defined as a set of interrelated concepts, definitions, and propositions that present a systematic view of phenomena by specifying relations among variables with the purpose of explaining or predicting the Phenomena (Bull, 1991). This study was based on path- goal theory, goal setting theory, McKinsey 7-model theory and Herzberg theory of motivation.

2.1.1. Goal-Setting Theory

The theory was proposed by Edwin Locke in the year 1968. This theory suggests that the individual goals and vision established play an important role in motivating employee for superior performance. This is because the employees keep following their goals. If these goals are not achieved, they either improve their performance or modify the goals and make them more realistic. In case the performance improves it will result in achievement of the performance management system aims (Salaman et al, 2005). If individuals are guided by the goals, then they are likely to set up processes structure and even modify their behavior to achieve set goals and objective.

2.1.2. McKinsey 7s Model Theory

McKinsey 7s model was developed in 1980s by McKinsey consultants Tom Peters, Robert Waterman and Julien Philips with a help from Richard Pascale and Anthony G. Athos. Since the introduction, the model has been widely used by academics and practitioners and remains one of the most popular strategic planning tools. It sought to present an emphasis on human resources (Soft S), rather than the traditional mass production tangibles of capital, infrastructure and equipment, as a key to higher organizational performance. The goal of the model was to show how 7 elements of the company: Structure, Strategy, Skills, Staff, Style, Systems, and Shared values, can be aligned together to achieve effectiveness in a company. The key point of the model is that all the seven areas are interconnected and a change in one area requires change in the rest of a firm for it to function effectively. This model is suitable for the study for it bring together the key element in the functioning of all processes and ability of an organization to achieve performance. If the linkage of the element is not established or the element are not aligned, then they can impede the successes of an organization

2.3. Empirical Review

2.3.1. Vision Barrier

A strategic vision describes the desired future state of the organization. The strategic vision helps clarify the direction in which an organization is to move (Kotter, 1995). A clear and well-formulated strategic vision is a key requirement for effective organizational redesign (Miles et al., 1995). According to Ahmed and Rashid (2013) in their study "barriers to translate strategy into action: Balanced scorecard approach" most organizations have now adopted vision statements to communicate fundamental values and beliefs to all

employees. Usually, a vision is a statement addresses core beliefs and identifies target markets and core products. The vision statements are designed to be inspirational and provide energy throughout the whole organization. Developing the vision statement is often considered as the first step in strategic planning. Based on the finding, they concluded that the vision barrier from the first research question to the fourth research question do not affect a lot in translating strategy into action. They indicate that it is possible for the management to translate strategy into action. The higher per cent of possibility to translate strategy into action bring significant value to organization. The Synergy of everyone contributing to the same objectives is the overarching goal. Each department must contribute in some way to accomplishing as many objectives as possible. This is done by launching initiatives that can improve the current process or by doing something new according to the description of how the objective is to be accomplished

This finding is contrary to Kaplan and Norton (2001) the developers of Balanced Scorecard concept indicated that only 5% of the work force understands the strategy. The only challenge is that only 25 per cent of employee level and 12.5 per cent employee level neither understood nor misunderstood the strategic direction. They indicate that fewer than 10 per cent of all strategies are implemented, and this can be traced to fundamental problems in the process of strategic implementation.

Reed and Buckley (1988) discuss problems associated with strategy implementation. They acknowledge the challenge and the need for a clear fit between strategy and structure and claim the debate about which comes first is irrelevant. In addition they argued that goal setting and controls are recognized as problematic, identifying co-ordinate targets at various levels in the organization is difficult and the need for control is heightened as uncertainty and change provide a volatile environment. Translating vision in to strategy and strategy into concrete goals is hard and time-consuming. Strategies are often rather vague and lack concrete objectives. Executives and managers are not always sure what to achieve or are afraid to expose themselves to criticism should the objectives not be achieved. As a result, implementation objectives are often too general in nature too.

2.3.2. Business Process Barrier

Awino (2007) and Judge and Robinson (2008) observed that the planning horizons and the actualization of activities in many organizations were not well synchronized leading to failed or lagging implementation plans. Most companies' operational and management control systems are built around financial measures and targets, which bear little relation to the company's progress in achieving long-term strategic objectives. Thus the emphasis most companies place on short-term financial measures leaves a gap between the development of a strategy and its implementation.

According to James (1991) in his book business process improvement noted that aligning business process helps in realizing goals and objectives. He identified management systems, process owners and process operators who must work together as a system but in their unique task. The process owners are responsible for designing necessary processes to achieve objective. They should create, update and approve document (procedure) to support systems. They should also establish performance measurement metric, appraisal systems, necessary skills and expertise and establish communication channels. James agrees that this alignment of different areas to work as one unit is not a simple task given people's behavior and strategic constrains such as changing technology and environment. He was quick to note that an Organization is only as good as its processes.

Kaplan and Norton (1996) introduced four new management processes that, separately and in combination, contribute to linking long-term strategic objectives with short-term actions. He indicated that translating the vision is one of the processes that help managers build a consensus around the organization's vision and strategy. Communicating and linking are processes that involve managers in communicating their strategy up and down the organization and link it to departmental and individual objectives. Business planning is another process that enables companies to integrate their business and financial plans. Almost all organizations today are implementing a variety of change programs, each with its own champions, gurus, and consultants, and each competing for senior executives' time, energy, and resources. Managers find it difficult to integrate those diverse initiatives to achieve their strategic goals—a situation that leads to frequent disappointments with the programs' results.

The fourth process according to them is feedback and learning which gives companies the capacity for strategic learning. Existing feedback and review processes focus on whether the company, its departments, or its individual employees have met their budgeted financial goals. The challenge in these processes is linking them together to realize goal and strategies.

2.3.3. Effective Strategy Implementation

Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes (Ochieng and Wanjihia, 2014). Strategy is defined as "the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. Strategies are established to set direction, focus effort, define or clarify the organization, and provide consistency or guidance in response to the environment. Implementation involves decisions regarding how the organization's resources (i.e., people, process and IT systems) will be aligned and mobilized towards the objectives. Implementation results in how the organization's resources are structured (such as by product or service or geography), leadership arrangements, communication, incentives, and monitoring mechanisms to track progress towards objectives

3. Methodologies

The research focused on how vision, leadership of the firm, the processes and the peoples behaviors act as a barrier to strategy execution. The researcher reviewed Empiricaljournal overthe specific variables and theories of the same where their findings were analyzed and conclusion made.

4. Summary of the Finding

4.1. Organization's Vision Hinders Strategy Implementation

Basing on the evaluation of literature on the barriers to strategy implementation it is clear that translating vision to strategy is not as easy as it is said. Manager have problem linking what need to be done to where they want to go. This is in agreement with Ahmed & Rashid (2013); Kaplan & Norton (2001). It is also clear that managers are not able to draw the big picture in relation to strategy, structures and processes. Read & Bucky (2008) agrees that goal setting and control are problematic. The problem is worsening by uncertainty and changes from volatile environment. Another reason that contributes to vision barrier is that people do not understand the vision. As Kaplan and Norton indicated, even managers spend less time discussing the strategy and there they end up not understanding it themselves. This is reinforced by their finding that only 20-40 % of companies have strategic targets set in their strategies and again more than 85% of executive team spend less than an hour per month discussing strategies. The missing of target shows the disconnect between vision, strategies goals and objectives

4.2. Business Processes Hinder Strategy Implementation

The business processes include the structures and the program that are designed to facilitate the operation of an organization. The process includes the systems in place such as control systems reward and disciplinary systems, resource distribution and allocation and structures. If these processes are not aligned to strategy then implementation becomes a challenge. Richard and Anthony (2013) indicates that Structure, Strategy, Skills, Staff, Style, Systems, and Shared values, can be aligned together to achieve effectiveness in a company. This is in agreement with Kaplan and Norton who argues that the four processes advocated by them; translating vision, communication and linking, business planning and feedback & learning have to be aligned with systems, structures, programs and people for organization to realize success. James (1991) agrees that aligning business process helps in realizing goals and objectives. He identified management systems, process owners and process operators who must work together as a system but in their unique task. It is therefore clear that aligning these processes is a complex task which intern can becomes a hindrance to strategy execution

5. Conclusion and Recommendation

5.1. Conclusion

Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and other assessment of the internal and external environments in which the organization competes. Implementation involves decisions regarding how the organization's resources will be aligned and mobilized towards realizing organization's objectives. Effective strategy execution is based on timeliness of execution as well as realizing outcomes that foster organization success. From the reviewed literature it is clear that strategy implementation has many challenges that hinder organization from realizing set goals. For organization to operate efficiently and implement its strategies then it need to understand some of the barriers in strategy implementation. With the understanding of the barrier it is then proper for organization leadership and management to synchronize its processes with organization vision. Therefore conclusion can be made that translation vision to clear objective and aligning it to strategy remains a big challenge. Aligning process resources, structures and program in the implementation of strategy is also critical to implementation. If right program are given wrong structure then a problem is likely to occur.

5.2. Recommendations

Effective strategy execution is the only task that summaries the process of strategic management when it bears visible results. Strategic plans can be excellent but without effective execution it remains valueless. Manager should do all what it takes to be real and practical in all stages of strategic management-from situational analysis to monitoring and evaluation of performance if they want do realize result in the execution of their strategy.

Given the rapid change of business environment and the dynamics in organization, the author observes that for organization to succeed in strategy execution is not a one man show. It involves all stakeholders in their role and interest aligned together with organization capability guided by a common vision. In addition all barriers in strategy execution can be overcome with proper synchronizing of all activities and people contribution. In line with this observation, the author recommend that specific studies be conducted on the effective tools to measure and control performance to assist in overcoming barriers to strategy execution.

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