

Factors Affecting Strategy Implementation: A Case Study of A Local Municipality in Mpumalanga Province, South Africa

Simon Mafika Nkosi

University of the Witwatersrand, PO Box 782, Dundonald, Glenmore 2336, South Africa

Abstract

Strategy implementation occupies a pivotal position in the broad discipline of strategic management. The current study contributes to the existing body of knowledge by applying rigorous analytical technique in a bid to resolve questions raised, adequately. The study aimed at exploring factors that affect successful strategy implementation. Purposive sampling was used to select 30 senior management employees of Chief Albert Luthuli Local Municipality, a municipality in Mpumalanga Province, South Africa. A structured questionnaire was applied to gather data on the participants' perception concerning the extent of impact of factors affecting successful strategy implementation. The Keiser-Meyer-Olkin (KMO) measure of sampling adequacy (MSA) and Cronbach's alpha values for discrete dimensions of strategy implementation show that the data used for the research was structurally valid and reliable. Results obtained from frequencies and descriptive statistics and Principal Component Analysis (PCA), all confirm that lack of adequate financial resources emerged as the most significant factor or challenge in strategy implementation; followed by inadequate structure that effectively supports strategy implementation, weak continuous professional development policies and resistance to change remain obstacles towards strategy implementation.

Keywords: Strategy implementation, Strategic behaviour, Resource allocation, Institutional policies, Local Municipality.

1. Introduction

Strategic management comprise a set of decisions and actions which lead to the development, implementation and control of plans crafted to realise organisation's pre-set goals in the environment within which the organisation functions (Fortuin, 2007). Alternatively, strategic management is defined as the exercise of crafting plans, organising tasks, leading employees, controlling results and co-ordinating work processes to accomplish preferred outcomes (Dessler, 2008). Strategy implementation is a central constituent of the broader strategic management process (Mazzolla & Kellermanns, 2010). It is considered to be the process that converts the crafted strategy into actions which facilitate and guarantee that the vision, mission and strategic objectives of the organisation are positively realised as laid out in the strategy blue print (Hill & Jones, 2008).

Again, it is imperative to stress that strategy implementation is an integral component of strategic management process. Many public organisations in South Africa craft sound strategies to allow for the realisation of their shared goals. However, of great concern has been the recording of high failure rates regarding strategy implementation amongst public institutions (Speculand, 2009). The ultimate consequence of such failure has been sharp deterioration in service delivery by public institutions in general and local municipalities in particular. Studies suggest that most strategies, frequently accomplish less than half of what their sponsors hoped and planned for, with as high as 9 out of 10 strategies failing to be implemented successfully (Speculand, 2009).

However, the researcher has not come across any published empirical evidence that has been conducted on factors affecting strategy implementation in this Local Municipality situated in the Mpumalanga Province in South Africa which necessitates the need for the study. The threefold objectives of the study are enumerated as follows:

- To analyse whether Managerial Behaviour is a factor influencing strategy implementation in the Municipality;
- To analyse whether Resource Allocation is a factor influencing strategy implementation in the Municipality; and
- To analyse whether Institutional Policies is a factor influencing strategy implementation in the Municipality.

The remainder of the study is structured as follows: Section 2 reviews literature on factors deemed to affect strategy implementation. Section 3 outlines the methodology and statistical analysis applied in the study; while Section 4 presents and discusses the results. Section 5 deals with conclusion and recommendations and areas for future research studies.

2. Literature review

The literature reviewed is based on the purpose of the study. The section is structured according to specific objectives of the study in order to address the research problem. The literature scrutinises the influence of strategic behaviour, the influence of institutional policies and the influence of resource allocation on successful strategy

implementation.

2.1 Strategic behaviour

Strategic behaviour refers to actions which a firm takes to improve its competitive position relative to actual or potential rivals, in order to gain sustainable competitive advantage (Ke and Wei, 2008). Strategic behaviour has adverse weight on organisational culture (Higgins, 2005). Diverse structures are essential in implementing various strategies and characteristically, structures are altered when they cease to provide the harmonisation and control crucial to implement strategies effectively. Appropriate strategy-structure alignment is a compulsory signal to successful implementation of novel strategies (Mazzolla & Kellermanns, 2010). Besides, organisational structure assists in development of capacity to implement strategies (Kachru, 2005). Structural constituents are a central channel to the enablement of smooth conversion of organisational strategy and policies to actions that result in motivation and coordination of activities and people working harmoniously in an organisation. Hence a suitable organisational structure is essential for success (Kachru et al, 2005).

To realise a strategic fit, transformation in structure is inevitable as changes in strategy results in transformation of organisational structure (Schnelle, 2008). The fundamental hypothesis to the necessity of change in structure to accommodate strategy change is that strategy-structure fit will result in an enhanced organisational performance (Harrison, 2012). Consequently, in crafting the structure, strategy must be taken into account to enable the tactical search of the firm's strategies (Schnelle et al, 2008). According to Schaap (2006), adjusting organisational structure with regard to flawless strategy formulation can promote successful strategy implementation.

2.2 Resource allocation

"Implementation" is also known as the organisational resources and through which resources reflect in the activities and choices necessary for implementation of strategic plans (Kuchru, 2005). With reference to the resource based view (RBV), competition anchors on the capabilities and resources that exist in an organisation or that which an organisation might intend to develop in order to attain sustainable advantage (Henry, 2008). Organizational capabilities are compared to the shared skills and abilities in an organisation to plan, organise, lead, coordinate and control explicit activities. Organisational resources can take a tangible nature such as physical resources, financial resources and human resource (Henry, 2008).

Henry (2008) stresses that RBV emphasises on organisation's inner capabilities in developing strategy to accomplish both superior performance and sustainability in service delivery. Capabilities based view invites the question of its association to performance in strategic management theory, the linkage between organisational capabilities and performance (Teece, 2007). Pavlou and Sawy (2010), postulate that dynamic capabilities are put across as the ability to integrate, construct and reconfigure both internal and external capabilities to tackle swiftly altering environments.

2.3 Institutional policies

For an organisation to gather strength via accrued knowledge in regions of economic and political governance, there is a consensus to the verdict that for any institution to be able to realise the set objectives, it should have in place, a trustworthy mechanism for constructing policies and strategies for executing the policy options (Ige, Adeyeye & Aina, 2011).

Mazolla and Kellermanns (2010) assert that middle management having low or negative commitment to strategies developed by top level management stands as hindrances to effective implementation of strategy. In the same vein, Greunig and Richard (2010) note that implementation of new strategy calls for recruitment of competent employees and continuous professional development. Successful implementation depends on the shoulders of managers with the capacity to motivate employees to supportively function at high level of duty that is difficult to conduct when the right employees are absent or the leader lacks interpersonal skills.

One of the best practices in change management is to assume trust in organisational workforce from the start unless proven otherwise to best facilitate collaborative and cooperative behaviour and to communicate defined values by which decisions will be made (Levin, 2010). Levin and Green (2010) suggest that organisational leadership define each benefit in the plan and link the benefits to demonstrate the value of benefits to the stakeholders.

3. Methodology

3.1 Research Design

This research study was conducted based on quantitative research design. The principal dimensions of analysis in respect of challenges experienced in strategy implementation were managerial behaviour, resource allocation and institutional policies.

3.2 Target Population

The target population for this research study comprised senior management employed in Chief Albert Luthuli Local Municipality situated in Mpumalanga Province, South Africa. The Local Municipality services several communities and companies within its locality. The companies served by this local municipality include mines of different minerals, retail, banking and finance, transport and logistics.

3.3 Sample and Sampling Approach

A purposive sampling was employed in the study on the grounds that the elements from which data had to be gathered had to be uniform cases (Cheese, 2010). The ultimate sample size was established by accessibility and possibility of voluntary participation of respondents. To this end, a total of 30 senior management participants were considered the total sample size of this study.

3.4 Data Collection Instrument

A structured self-administered questionnaire was applied as the chief data gathering instrument in pursuit of this study. The questionnaire consisted of twenty-one questions under three comprehensive scopes of strategy implementation impediments namely; managerial behaviour, resource allocation and institutional policies.

3.5 Scale Reliability of Items

In order to analyse the degree to which the chosen set of items measure a single one-dimensional latent construct, internal consistency or scale reliability of the research instrument's items was examined using the Cronbach's alpha statistic. The Cronbach's alpha was determined to examine homogeneity of internal consistency of the underlying research instrument's items.

3.6 Structural Validity

The structural validity of the measurement instrument was interrogated through factor analysis. Factor analysis is a process by which total correlation analysis of items is assessed. Preceding factor analysis, the Keiser-Meyer-Olkin (KMO) analysis was assumed to determine suitability of the size of sampling to factor analysis. The KMO value was used to establish whether the data was fit for factor analysis and principal component analysis. Equally, the Bartlett's test of sphericity was also executed to establish whether factor analysis could sufficiently be conducted on the data (Ekuma, 2012).

3.7 Statistical Analysis

In pursuit of benefits linked to research triangulation, data integrity assessments were executed through application of appropriate statistical methods with SPSS version 23 program. The data was analysed using the following statistical techniques frequencies, descriptive statistics, exploratory factor analysis and principal component analysis.

4. Results

4.1 Descriptive statistics

The following section provides the mean statistics and standard deviations of the participants' responses regarding their degree or extent on whether or not certain factors explored are current impediments in strategy implementation.

Table 4.1.1: Descriptive statistics

	N	Mean		Std. Dev
	Statistic	Statistic	S.E	Statistic
Structure adequately supports strategy implementation	30	4.32	.111	.545
Structure enhances efficiency and effectiveness	30	4.37	.117	.616
Change in organization's strategy leads to change in structure	30	4.46	.138	.688
Communication promote strategy implementation process	30	4.79	.165	.773
Individual contributions are encouraged	30	4.18	.187	.892
Recruitment of competent employees	30	4.76	.148	.782
Continuous professional development	30	4.61	.197	.808
Leadership demonstrates clear vision	30	4.06	.184	.912
Constant review of the organization's strategies	30	4.46	.140	.639
Change in organization's strategy leads to change in structure	30	4.12	.176	.845
Management commitment to strategy implementation	30	3.76	.223	1.658
Synergy of top and middle level management plans	30	3.90	.176	.803
Constant evaluation of the strategic process	30	3.89	.185	1.081
Leadership is competent in strategy setting	30	4.12	.164	.813
Clear resource allocation	30	4.66	.154	.816
Sufficient financial resources	30	3.97	.156	.753
Competent personnel for strategy implementation	30	4.19	.111	.535
Development of resources capabilities	30	4.21	.112	.614
Continuous professional development	30	4.13	.118	.688
Alignment of organisational competencies	30	4.29	.135	.713
Constant competency appraisal	30	4.32	.116	.612
Valid N (listwise)	30			

Based on the results presented in Table 4.1 above, the mean statistics indicate that the senior management staff at the local municipality, on average agree that all factors explored remain to a large extent challenges in strategy implementation of management plans. In approximate terms, all factors scored a mean scores equal to 4 (mean = 4); reflects that respondents generally agree to a large extent that the factors are challenges.

4.2: Internal Consistency of Items

Table 4.2.1: Scale Reliability of Items

Constructs	Items	Cronbach's Alpha	No of Items
Strategic behaviour	Structure adequately supports strategy implementation Structure enhances efficiency and effectiveness Change in organization's strategy leads to change in structure Communication promote strategy implementation process Individual contributions are encouraged Recruitment of competent employees Continuous professional development	0.713	7
Resource allocation	Leadership demonstrates clear vision Constant review of the organizations strategies Change in organization's strategy leads to change in structure Management commitment to strategy implementation Synergy of top and middle level management plans Constant evaluation of the strategic process Leadership is competent in strategy setting	0.781	7
Institutional policies	Clear resource allocation Sufficient financial resources Competent personnel for strategy implementation Development of resources capabilities Continuous professional development Alignment of organisational competencies Constant competency appraisal	0.761	7
Overall reliability		0.781	21

Given that the minimum overall accepted Cronbach's alpha for scale reliability is 0.781, this depicts that the items of the research instrument were reliable (Azmi, 2010). In other terms, the constructs of the research

instruments fell within the internal consistency requirement.

4.3 Structural Validity of Items

Table 4.3.1: Structural Validity

Constructs	Items	Keiser-Meyer-Olkin	No of Items
Strategic behaviour	Structure adequately supports strategy implementation Structure enhances efficiency and effectiveness Change in organization's strategy leads to change in structure Communication promote strategy implementation process Encouragement of individual contributions Recruitment of competent employees Continuous professional development	0.723	7
Resource allocation	Leadership demonstrates clear vision Constant review of the organizations strategies Change in organization's strategy leads to change in structure Management commitment to strategy implementation Synergy of top and middle level management plans Constant evaluation of the strategic process Leadership is competent in strategy setting	0.712	7
Institutional policies	Clear resource allocation Sufficient financial resources Competent personnel for strategy implementation Development of resources capabilities Continuous professional development Alignment of organisational competencies Constant competency appraisal	0.627	7

The Keiser-Meyer-Olkin (KMO) approach was employed to ascertain the appropriateness of the sample size for factor analysis. The KMO scores of all the constructs confirmed presence of sampling adequacy.

4.4 Principal Component Analysis of Dimensions

Table 4.4.1: Principal Component Analysis

	Component						
	1	2	3	4	5	6	7
Development of resources capabilities				.662			
Change in organization's strategy leads to change in structure							.887
Communication promote strategy implementation process				.864			
Encouragement of individual contributions					.695		
Competent personnel							.551
Structure adequately supports strategy implementation						.888	
Continuous professional development			.791				
Clear resource allocation			.778				
Sufficient financial resources					.944		
Structure enhances efficiency and effectiveness	.726						
Continuous professional development	.789						
Leadership demonstrates clear vision	.683						
Alignment of organisational competencies	.594						
Constant competency appraisal		.717					
Change in organization's strategy leads to change in structure		.856					
Constant review of the organizations strategies				.505			

Based on the results derived from the Principal Component Analysis conducted, lack of adequate financial resources emerged as the most significant factor or challenge in strategy implementation; followed by inadequate structure that effectively supports strategy implementation, weak continuous professional development policies and resistance to change.

Overall, results of the Principal Component Analysis (PCA) revealed that inadequate financial resources remain the most noteworthy impediment in strategy implementation; followed by weak organizational structure, weak continuous professional development policies and resistance to change; respectively. The results conform to Kapoor (2011:6) who indicates that implementation of change and workforce planning; coupled with remuneration and compensation, and rewards systems remain as challenges in global human resource transformation. Only participation of competent personnel in strategy implementation (score = 0.551) and constant review of organization's strategies (score = 0.505) stood as having the most insignificant challenge in strategy implementation.

5. Conclusion and recommendations

The fundamental findings from the study revealed that inadequate financial resources remain the most noteworthy impediment to successful strategy implementation; followed by weak organizational structure, fragile continuous professional development policies and resistance to change; respectively. Against the backdrop of the results of this analysis, the propositions of this study may be considered.

Based on the outcomes of the study; the following recommendations are put forward;

5.1 Strategic Behaviour and Strategy Implementation

Synergy development: there is some moderate level of synergy between the top leadership and departmental heads which leaves some room for improvements to ensure unity of efforts in support of strategy implementation. **Organizational structure:** more needs to be done in the formation of organizational structures. Organizational structure should be dictated by the set strategy, review in strategy should be followed by a review in organizational structure so as to bring about efficiency and effectiveness in strategy implementation.

5.2 Institutional Policies and Strategy Implementation

More needs to be done especially in the area of employee development where employees' development needs to be aligned to the set strategy. **Development of Competencies:** the local municipality needs to continually develop competencies that are relevant to each activity performed in strategy implementation. It is imperative to highlight that competencies assist organisations to create an enabling strategy implementation atmosphere for the organisation.

5.3 Resource Allocation and Strategy Implementation

Alignment of resources: this is not only vital to possess resources but of more significance is the alignment of resources to the strategy so as to support the implementation process. More needs to be done to guarantee adequate allocation of financial resources and their alignment to the implementation of the strategy. **Financial resources distribution:** distribution of financial resources to strategy functions is still not clearly aligned to the strategy implementation functions at the local municipality. Financial resources can be a limiting factor, and the way in which it is obtained may make it easier or harder to further avail resources in the future and this call for proper management of these resources.

In a bid to improve on the shortfalls inherent to the study, it is recommended that future studies should conduct a similar study but outside Mpumalanga Province or within the same Province but focusing on district instead of local municipalities. On the other hand, external determinants of strategy implementation should be explored in order to draw a clear line of distinction with regard to internal or external factors that impede strategy implementation. On the other hand, a study that explores obstacles that hump strategy formulation can help the municipalities and other organisations alike in profiling these challenges and developing well informed recommendations.

References

- Cheese, P. (2010). Talent management for a new era: what we have learned from the recession and what we need to focus on next. *Human Resource Management International Digest*, 18(3), 3-5.
- Dessler, Gary. (2008). *Human Resource Management*. 12th ed., Upper Saddle River, NJ: Pearson Education, Inc.
- Fortuin. (2007). *Strategic Alignment of Innovation to Business: Balancing Exploration and Exploitation in Short and Long Life Cycle Industries*. Wagenigen: Wageningen Academic Publishers.
- Greunig and Richard (2010)
- Harrison, J. S. (2012). *Foundations of Strategic Management*, 6th Edition, New York: Cengage Learning.
- Henry, (2008).
- Higgins, J.M. (2005). The Eight's of Successful Strategy Execution. *Journal of Change Management*, 5, 3-13.
- Hill, C. & Jones, G. R. (2008). *Essentials of Strategic Management*. New York, NY: Cengage Learning
- Ige, Adeyeye & Aina, (2011).
- Ke, W. & Wei, K. K. (2008). Organizational Culture and Leadership in ERP Implementation. *Decision Support Systems*, 45(2), 208-218.
- Kuchru, (2005).

- Levin, G., & Green A. R. (2010). *Implementing program management*. Boca Raton, FL: CRC Press. Mazolla and Kellermanns (2010)
- Mazzola, P. & Kellermanns, F. W. (2010). *Handbook of Research on Strategy Process*. Cheltenham: Edward Elgar Publishing. Schaap (2006),
- Schnelle et al, (2008).
- Speculand, R. (2009). *Beyond Strategy: The Leaders Role in Successful Implementation*. New York, NY: John Wiley & Sons.
- Teresa, K., Kenneth W., and Mwamisha, M. (2013). Factors Affecting Implementation of Operational Strategies in Non-Governmental Organizations in Kenya. *Global Journal of Human Resource Management*, 50-65.
- Pavlou, P. A. & Sawy, O. A. (2010). The “Third Hand”: IT –Enabled Competitive Advantage in Turbulence Through Improvisational Capabilities, *Information Systems Research*, Vol. 21, No 3, pp, 443-471.