

**UNIVERSITY OF KWAZULU-NATAL**

**Bridging the Gap between Strategy Formulation and  
Implementation towards Sustainable Strategic Management in  
Eskom, KwaZulu-Natal**

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A handwritten signature in black ink, appearing to read 'Thembelihle Hlophe', written in a cursive style.

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- My respondents who took their time to complete the questionnaire

## **Abstract**

Strategic management process is concerned with identifying strategies that the organization implements in order to realize its strategic objectives resulting to better organizational performance. The process is made up of four main stages that is, environmental scanning, strategy formulation, strategy implementation, evaluation and control. Through these stages the process allows managers at all level in the organization to interact in planning and implementing organizational strategic plans, the challenge however is that, despite numerous studies that have been conducted in the field of strategic management, the failure rate of strategic plans still remains startling, as high as seventy percent (70%) of strategic plans have been said to fail at implementation stage and this is an indication of a vast gap that exists between strategy formulation and implementation. The aim of this study was therefore to investigate and attempt to close this gap in order to move the organization towards sustainable strategic management. A probability sample of 331 was drawn from a population of 2 400 Eskom, KwaZulu-Natal employees. Quantitative data was collected using a web based questionnaire.

The statistical analysis revealed that although the organization is in the right path to sustainable strategic management, it emerged that there was a lack of consideration for some of the critical implementation success factors during strategy formulation which impacts directly on the effectiveness of strategy implementation. The salient findings of this study were that the organization used a downward communication system when communicating its strategy to employees, that there was a lack of employee engagement prior to strategy formulation, that there was no employee involvement in decision making of decisions pertaining strategy implementation and that the organization focused a large portion of its resources on a narrow set of strategic objectives. The main recommendations of this study are therefore that the organization should employ the use of a vertical two-way communication system that will allow the interaction and flow of information between managerial and non-managerial employees, that the organization should communicate its strategy through strategy awareness campaigns particularly at ground level since employees at this level have the biggest impact on sustainable effective strategy implementation and to enable realization of strategic objectives, all strategic goals should be a priority which will force the equal distribution of resources.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Introduction

Strategic management is defined as the set of decisions and actions resulting into the formulation and implementation of strategic plans intended to realize organizational strategic objectives (Pearce and Robinson, 2011). The challenge however is that numerous studies have shown that there is a vast gap between the formulation and the realization of the formulated goals, which is implementation, organizations only achieve approximately sixty three percent (63%) performance level asserted by their strategies and only about thirty three percent (33%) of the formulated strategies are effectively implemented (Ehlers and Lazenby, 2010; Mankins and Steele, 2005; Johnson, 2004 and Kaplan and Norton, 2008). This study titled: **Bridging the Gap between Strategy Formulation and Implementation towards Sustainable Strategic Management in Eskom, KwaZulu-Natal** concentrates on examining this gap between strategy formulation and implementation and consequently attempting to close it thereby moving the organization towards sustainable strategic management.

The discussion in this chapter includes background overview of the study, the focus of the study, problem statement, purpose of the study, research objectives, research questions, significance of the study, limitations of the study and lastly the overview of the structure of the entire study.

### 1.2 Background of the study

Eskom is the electricity public utility that is responsible for generating approximately 95% of the electricity used in South Africa and nearly 40% of the electricity used in Africa. It is has the sole transmission license in South Africa and therefore responsible for the development and maintenance of the country's transmission and distribution infrastructure.

The organization is faced with organizational performance challenges, external environment dynamics and internal resources capacity. The consumption of power has dropped by approximately half a percent a year, on average since 2006 (Eskom, 2017). This is due to various factors such as slow economic growth, volatility of the commodity market, increasing cost of electricity and lack of supply security. The increased competition brought by renewables, wider customer choice and new technologies is changing the consumption patterns. To address these challenges Eskom selected a strategic pathway through strategic imperatives to address these challenges. These strategic imperatives support the purpose and vision elements of the organization and outline the strategic direction for the years ahead; also they will guide the organization in overcoming its current and foreseeable challenges. The organization is therefore faced with the responsibility of transforming these strategic imperatives to attainable strategic goals through effective strategy implementation therefore achieving sustainable strategic management.

### **1.3 Focus of the study**

This study titled: Bridging the Gap between Strategy Formulation and Implementation towards Sustainable Strategic Management in Eskom, KwaZulu-Natal focuses on investigating the gap between strategy formulation and implementation. It intends on investigating critical success factors in strategy formulation and challenges faced in strategy implementation in order to make recommendations that will bridge the gap and move Eskom, KwaZulu-Natal towards sustainable strategic management. The intended outcome is to assist the organization avoid the pitfalls that lead to strategic plans failure while assisting the employees in understanding the critical role they play in successful strategy formulation and implementation therefore implementing sustainable strategic management throughout Eskom, KwaZulu-Natal.

### **1.4 The problem statement**

Eskom has chosen a strategic pathway through strategic imperatives to address its current and foreseeable challenges. The organization has a complex task at hand of transforming its strategic imperatives to attainable strategic goals through effective strategy implementation, which is basically strategic management. However

according to Venter (2014) strategic management is a complex process that is dynamic and interrelated; formulated decisions impacts directly on strategy implementation, which in turn impacts directly on strategic control (Venter, 2014). Mintzberg (1994) states that more than half of formulated strategies are never actually implemented. This is supported by Miller (2002) who points out that, as much as seventy percent (70%) of organizations fail to implement their formulated strategies. Similarly Mankins and Steele (2005) states that almost forty to sixty percent (40% - 60%) of the potential value of a strategic plan is never realized due to inefficiencies in formulation and implementation of the strategy. This raises question as to why does this gap between formulation and successful implementation persistently occur and how can Eskom, KwaZulu-Natal escape giving in to this challenge. Such high failure rate therefore represents a great need for more an in-depth study on tools for successfully transforming strategic goals into action for the organization to effectively implement strategy and achieve sustainable strategic management.

### **1.5 Purpose of the study**

The overall purpose of this study is to explore the gap between strategy formulation and implementation and attempt to bridge this gap by making recommendations that will ensure effective strategy formulation and implementation consequently implementing a sustainable strategic management in Eskom, KwaZulu-Natal.

### **1.6 Research objectives**

- To examine the critical implementation success factors in strategy formulation to ensure sustainable strategic management in Eskom, KwaZulu-Natal.
- To examine the effectiveness of sustainable strategy implementation in Eskom, KwaZulu-Natal
- To investigate barriers of sustainable strategy implementation in Eskom, KwaZulu-Natal.
- To recommend a sustainable strategic management implementation strategy for Eskom, KwaZulu-Natal.

## **1.7 Research questions**

- What are the critical implementation success factors in strategy formulation to ensure sustainable strategic management in Eskom, KwaZulu-Natal?
- How effective is the sustainable strategy implementation in Eskom, KwaZulu-Natal?
- What are the barriers of sustainable strategy implementation in Eskom, KwaZulu-Natal?

## **1.8 Significance of the study**

Given the high failure rate of strategic plans, it is important to study the underlying issues that are instigating the breakdown within the strategic management process resulting into the gap between strategy formulation and implementation. The recommendations made in this study will serve as guideline for effective sustainable strategic management in Eskom, Kwa Zulu-Natal. It will assist management in avoiding the pitfalls that lead to strategy implementation failure by identifying shortfalls in strategy formulation and challenges in strategy implementation and mitigation measures thereof.

This will benefit Eskom, KwaZulu-Natal by preventing the organization from suffering the consequence of failed strategic plans such as the time and funds lost during the implementation efforts, loss of trust in top management and demotivated employees. Further, this study will benefit the research community by providing a more in depth understanding of why strategic plans still fail even though previous research has been conducted and recommendations made on similar issues in strategic management. The findings from this study will hopefully further advance knowledge in the area of strategic management. Lastly, by investigating this problem, this study will benefit me as researcher in increasing personal knowledge with regard to the topic itself as well as developing valuable intellectual skills of critical analysis as well as transferrable skills such as data handling, time and resource management.

## **1.9 Limitations of the study**

- This study is limited to a smaller Distribution division group at a provincial level; therefore the results cannot be generalized for a broader group at national level.
- Data obtained may potentially be biased since participants are both management and employees. To address this, participants were randomly selected, categorized by their employment grades and data analyzed accordingly.
- The study was conducted within an organization and collecting data was difficult due to participants' busy schedules. This was addressed by allowing participant to complete the questionnaire at the time convenient to them.

## **1.10 Structure of the study**

This study consists of five chapters:

### **1.10.1 Chapter 1 – Introduction**

This chapter introduces the study. It section outlines the background overview of the study, the focus of the study, problem statement, purpose of the study, research objectives, research questions, significance of the study and limitations of the study.

### **1.10.2 Chapter 2 - Literature review**

This chapter presents the review of literature relevant to the study. The discussion comprises of strategy and strategic management overview, effective strategic management, benefits of strategic management, barriers of effective strategy implementation, change as a fundamental strategy implementation challenge, drivers of strategy implementation and lastly a brief discussion on sustainable strategic management.



### **1.10.3 Chapter 3 - Research methodology**

The aim of this chapter is to outline the research methodology that was employed to conduct the study. The discussion includes the aims and objectives of the study, research design which incorporates research philosophy or paradigm and research methods, research strategy, population and the location of the study, and the sampling strategy. The sample size, pilot study, data collection instrument, administration of the instrument, data analysis and ethical considerations are also discussed in this chapter.

### **1.10.4 Chapter 4 - Presentation of results**

This chapter presents the detailed analysis of the results. The discussion includes details of the response rate, characteristics of the sample, analysis and interpretation of data as well as the discussion of findings with reference to the relevant literature relating to the objectives of the study.

### **1.10.5 Chapter 5 – Recommendations and conclusion**

This is the concluding chapter where conclusions are drawn and recommendations are presented. Recommendations for further research are also discussed in this chapter.

## **1.10 Conclusion**

This chapter introduced the topic of the study and outlined the overview of the entire study. The background of the study identified and described the history behind the research problem. The focus of study explained what the study is investigating and the intended outcome. The problem statement described in detail the issue the study is attempting to address and the purpose statement highlighted the main reason why the study is being conducted. Further, the objectives and research question were stated and the significance of study was discussed. Lastly the limitation of the study and the structure of the entire study was presented and discussed. The following chapter reviews the literature relevant to the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the review of literature relevant to the study. The discussion comprises of strategy and strategic management overview, effective strategic management, benefits of strategic management, barriers of effective strategy implementation, change as a fundamental strategy implementation challenge, drivers of strategy implementation and lastly a discussion on sustainable strategic management.

#### **2.2 Definitions of key terms**

##### **2.2.1 Strategy**

Barney (2001) defined strategy as the theory of the organization on how it can compete successfully; this theory incorporates performance as a factor influenced by strategy since competing successfully means having above satisfactory performance, further, it is an action that management take to achieve goals, a method that brings about the desired future performance of the organization. This is supported by Pearce and Robinson, (2011) and Mintzberg et al. (2003) who point strategy is the set of decisions in an organization that determines its objectives, purpose, goals and plans for accomplishing those goals.

##### **2.2.2 Strategy formulation**

According to Wheelen and Hunger (2012), strategy formulation is concerned with developing long-term plans for the effective management of environmental threats and opportunities taking into consideration the strengths and weaknesses of the organization. It incorporates defining organization mission, vision, specifying of attainable objectives, development of strategies and setting policy guidelines.

### 2.2.3 Strategy implementation

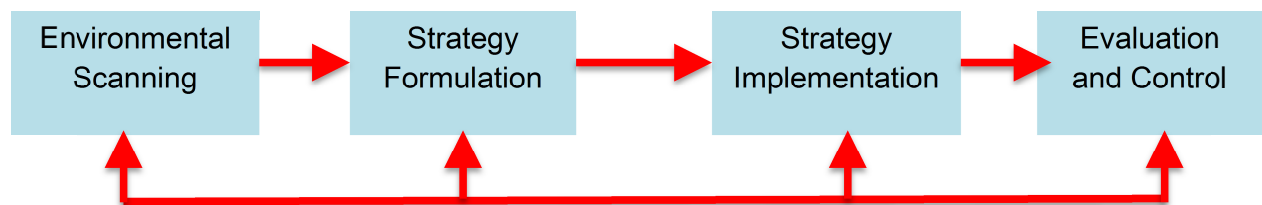
Strategy implementation is defined as the transformation of organizational strategy into action in order for the organization to achieve its strategic goals and objectives; it is the way the organization utilizes its structure, controls systems and culture to execute strategies that lead to better performance (Waters & Waters, 2006).

### 2.2.4 Strategic change

Strategic change is defined as the restructuring of business activities typically performed in order to achieve an important strategic objectives and goals (Barney, 2000).

## 2.3 Strategy and strategic management overview

Mintzberg and Walker (1989) suggest that strategic management can viewed as an array of deliberate and evolving actions that result in the reality of strategy implementation and achievement. According to Pettinger (2004) the significance of the organizational strategy and strategic management is securing long-term future for the organization. Traditionally, strategic management process consists of four basic sequential elements as illustrated in Figure 2.1 below.



**Figure 2.1: Basic elements of strategic management process**

*Source:* Adapted from Wheelen & Hunger (2012), p.15

### **2.3.1 Environmental scanning**

According to Wheelen and Hunger (2012), environmental scanning is concerned with the monitoring, evaluating and circulating of critical information from both internal and external environments to key people within the organization in order to identify strategic factors that will determine the future of the organization. Hough, Thompson, Strickland and Gamble (2011) supports this by suggesting that a comprehensive environmental analysis of both internal and external environment is critical in addressing issues that might impact on achieving the organizational vision. This insightful diagnosis of the environment is a prerequisite for managers to succeed in crafting and aligning strategy that is an excellent fit with that organization's situation. Similarly, Henry (2011) points out that the reason for scanning and monitoring the environment is to try to detect changes, however small, that could potentially disrupt the organization's competitive environment.

### **2.3.2 Strategy formulation**

Strategy formulation is the development of plans for the effective management of opportunities and risks or threats based on the organizational strengths and weaknesses. Defining the mission, specifying of attainable objectives, developing strategies and setting of policy guidelines all form part of strategy formulation (Pearce and Robinson, 2011 and Wheelen and Hunger 2012).

This is supported by Venter (2014) who suggests that formulation typically involves senior management who carry out environmental analysis inside the organization and externally i.e. the environment, which the organization operates within.

Further, he points out that that formulation involves setting of the strategic direction for the organization, i.e. deciding on the organizational future and setting the strategic goals that will get the organization to the envisioned future state.

According to Wheelen and Hunger (2002) the mission is the main reason for the existence of the organization and the objectives state what is to be accomplished in order for the organization to fulfill its mission and strategy forms an all-inclusive master plan asserting how the organization will realize its mission and objectives.

Typically an organization will consider three levels of strategy as shown in Figure 2.2 below.



**Figure 2.2: Hierarchy of strategy**

*Source:* Adapted from Wheelen and Hunger (2002), p.70

Corporate level strategy details the overall strategic direction of the organization in terms of survival, growth and profitability. Business level strategy is usually concerned with improvement of the firm's product or service and functional level strategy is the approach that the business takes in order to achieve corporate and business unit objectives (Wheelen and Hunger, 2002).

### **2.3.3 Strategy Implementation**

Strategy implementation involves the transformation of strategies and policies through the development of procedures, programs and budgets. This transformation might include change of the overall organizational structure, culture and the entire management system.

Middle and lower level managers typically execute this stage of strategic management process with the implementation review done by top senior management (Wheelen and Hunger, 2012). Similarly, Thompson et al. (2011) states

that implementing and executing strategy is concerned with applying precise techniques, actions, and behaviors that are required for an effective strategy supportive operation and then following through to ensure that things are done and delivering the results.

#### **2.3.4. Evaluation and control**

Nedelea and Paun (2009) state that strategy formulation and implementation is not a once off task, during this step of the process, circumstances that require adjustment, may arise. Strategy may need to be altered because the implementation is not going well or because changes in the environment necessitate fine-tuning or even major overhaul of the process. It is therefore necessary for management to monitor and evaluate if the chosen strategy is working well and how well is implementation progressing, making adjustments whenever there are deviations or whenever an improved way of doing things is discovered and supported.

According to Wheelen and Hunger, (2012) corporate activities and performance are monitored through evaluation and control in order for actual performance to be compared with the desired performance. Using the resulting information, managers take corrective action and resolve issues. Evaluation and control is the last stage of the strategy implementation process however it can identify the flaws in previously implemented strategic plans and therefore stimulating the entire process to start again.

This is supported by Ciobanica (2014) who points out that evaluation and control is aimed at checking if all efforts support the smooth implementation of the formulated strategy, evaluation is concerned with the measuring of the results of actions undertaken while control looks more into comparing between the desired state and the results obtained.

#### **2.4 Effective strategic management**

Effective strategic management has become the most significant challenge for management in many organizations (Saunders et al. 2008). Mellahi, Frynas and Finlay (2005), suggest that to achieve efficient strategic management, a linear and

logical process has to be followed. However, Stoney (2001) argues that strategic management is much more complex than that. This researcher suggests that when strategic management is considered from a sociological point of view, it can be seen that its influence goes beyond just strategic analysis, planning and implementation but rather it affects all aspects of an organization inclusive of structure and empowerment within the organization. Jasper and Crossan, (2012) states that integrating strategic management activities into all organizational functions is one way of bridging the gap between the intended strategy and its effective execution thereof. Mankins and Steele (2005), however point out that organizations only achieve about sixty-three percent (63%) performance level asserted by their strategies. Furthermore, Johnson (2004) suggests that only about thirty-three percent (33%) of the formulated strategies are implemented. Kaplan and Norton (2008) point out that the reason for such gaps is, in part, due to the fact that about ninety-five (95%) percent of employees in an organization have an unclear understanding of their company's strategy and in some instances, they are not even aware of the strategy. This suggests that there is a serious issue somewhere in between strategy formulation and implementation.

There are ten recommended steps required in preparing a solid strategic plan that will enable successfully implementation (Ciobanica, 2014, De Feo and Janssen, 2001).

- 1) *Establish a vision:* a good organizational vision defines what benefits employees, customers, shareholders and society can expect from a company. If there is an agreement on the overall direction, the ways to realize it can be flexible.
- 2) *Agree on a mission:* this statement is usually confused with the vision, the mission statement should answer the question of what business is the organization in and what is it that the organization does. It should clarify the company's purpose or reason for existence, nothing more.
- 3) *Develop key strategies:* the first step in transforming the vision to an achievable plan is the development of few key strategies that contributes to the overall vision. These should focus of five areas which are; customer satisfaction and loyalty, cost of poor quality, organizational culture and employee satisfaction, internal business processes including suppliers and

competitive benchmarking. Analyzing these key strategies will surface organizational strengths, weaknesses, opportunities, and threats the organization might be exposed to. Once this analysis is complete, strategies can be modified to reflect quantifiable and observable long-term goals.

- 4) *Develop strategic goals*: goals should be precise, measurable and within a set time. Several areas must be examined which includes performance of business processes, customer satisfaction, customer loyalty, customer retention, product/service performance, competitive performance, quality improvement and cost of poor quality.
- 5) *Establish values*: values are what the organization believes in and stands for, supported by actions and behavior from management.
- 6) *Communicate company policies*: policy pronouncements as a guide to managerial action are essential during strategic change and result from detailed deliberation by management with approval at the highest management level.
- 7) *Provide top level management leadership*: any strategic plan requires participation of senior management acting as executive council responsible for executing the strategic plan and monitor key performance areas. Business units should have similar councils at their level for successful implementation of strategy.
- 8) *Deploy goals*: this is the conversion of strategic goals to operational plans and projects, subdividing and allocating sub-goals with careful consideration to details, participants, schedule and milestones. This must then be communicated to lower levels in manageable pieces.
- 9) *Measure progress with key performance indicators*: measuring performance is essential to indicate the degree of success and also monitoring for continuous improvement at individual, team and business unit performance level.
- 10) *Review progress*: a formal evaluation will increase the prospect of accomplishing strategic goals. The organization should look at gaps between the current conditions and the intended targets



Crittenden and Crittenden (2008) suggest that management strategists have over the years offered sizable advice with regard to strategy implementation. Strategists such as Beer and Eisenstat (2000) offered this advice by describing six silent killers of implementation, that is, 1) laissez-fair management style, 2) vague strategy and contradicting priorities, 3) ineffective senior management team, 4) poor vertical communication, 5) lack of coordination across business functions and 6) insufficient down-the-line leadership skills and development. The rationale behind this advice was that management teams who confronted these silent killers rather than avoiding them could become a proficient organization capable of successfully implementing their strategies. Other researchers such as Mankins and Steele (2005) referred to such advice as conquering the gap between strategy formulation and implementation. They offered tactical means of bridging this gap which is to keep the strategy simple or make it concrete, deliberate on assumptions, use rigorous frameworks, discuss the deployment of resources early, identify and clarify priorities, consistent performance monitoring as well as rewarding and developing execution capabilities. Crittenden and Crittenden (2008) point out that by the looks of things; strategy implementation requires a strategic warfare.

Atkinson (2006) supports this view by stating that, over the years strategy implementation has received little attention as compared to strategic formulation in the strategic and organizational research. The various reasons for this include the less desirability of strategy implementation, because of perception that anyone can implement formulated strategies, people tend to overlook it and also, there is usually uncertainty as to what exactly it includes, where it begins and where it ends. Formulation of strategy is usually viewed as the exclusive domain of top management because it rewards creativity - the most respected and valued intellectual pursuit. Kazmi (2008) suggests that the main focus of many organizations tends to be on the formulation of strategy; however a good formulated strategy does translate to automatically achieving the organizational objectives set in the strategy.

To achieve organizational strategic objectives, the formulated strategy has to be implemented at all levels within the organization. The challenge however is that, although many researchers have offered advice for successful strategy implementation and executives understand that careful implementation of strategy is

critical for success, many organizations still fail to effectively implement and execute their formulated strategies.

Furthermore, Jooste and Fourie (2009) point out that for many years; strategy formulation has been widely regarded as the most significant element of strategic management process however recent researchers have indicated that for a superior business performance, successful strategy implementation, rather than formulation alone, is much more crucial. In addition to that, there is a growing acknowledgment that the most problems within the field of strategic management are not necessarily related to the formulation of strategy but rather to the implementation (Flood et al. 2000).

## **2.5 Benefits of strategic management**

According to Pearce and Robinsons (2011) strategic management allows managers at all levels in the organization to interact in planning and implementing organizational strategy, further to that:

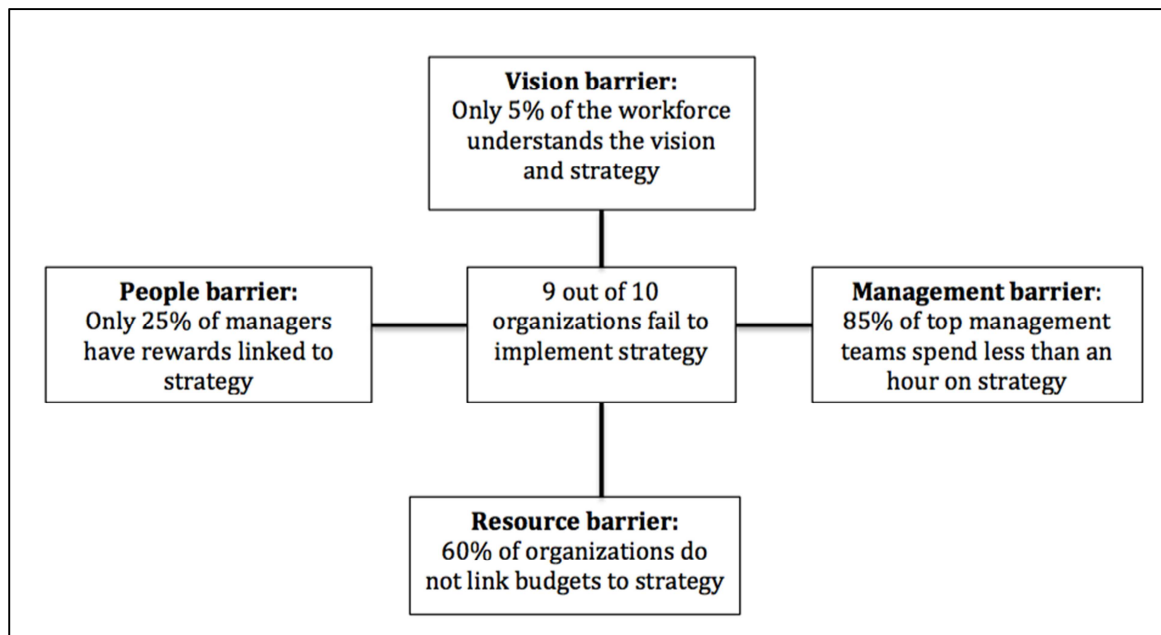
- Environmental scanning activities during strategy formulation activities enhance the organization's ability to identify and prevent problems.
- Best strategic decisions are likely to be drawn from best available options because strategic management allows for group interactions, which result in a greater variety of strategies based on specialized perspective of group members.
- The involvement of employees in strategy formulation enhances their understanding of the productivity-reward correlation in every strategic plan and consequently increases their motivation.
- Strategy formulation clarifies differences in roles and responsibilities and thus reduces gaps and overlapping of activities among individuals.
- Participation in strategy formulation reduces resistance to change because of the awareness of the parameters that limit the available options in terms of strategic decisions.

## **2.6 Barriers to effective strategy implementation**

According to Heracleous (2000) the focus on strategy implementation is a relatively recent development that is mainly driven by studies that are showing that even good strategic plans fail because of poor implementation. The implication of poor strategy implementation are enormous not only in terms of monetary and time loss but failed strategies create a negative precedence within the organization, such as loss of trust in management, low employee morale and creation of an even more rigid organization. Traditionally the strategic process has been portrayed as basically a linear sequence through a number of distinct steps.

A split is generally made between the formulation stage and the implementation stage (Meyer, 2006). However, according to Venter (2014) most recent research suggests that strategic process is not sequential and discrete, but is rather messy, overlapping and iterative. In a modern business environment characterized by ambiguity, instability and rapid change, strategy can easily be outdated by the time it has to be implemented.

According to Ehlers and Lazenby (2010) strategy implementation is an essential component of the strategic management process. It is significant in that it has often been considered the most complex part of the strategic management process. Research has shown that it is simpler to formulate strategy than to apply it and that is, it is at the implementation stage that strategies often fail. Implementation affects the entire organization and employees are participants in the implementation process. The challenge of effective strategy implementation is to create succession of tight fits between the preferred strategy and leadership, strategy and culture, strategy and reward system, strategy and structure, strategy and policies as well as strategy and resource allocation (Ehlers and Lazenby, 2010; Hill and Jones, 2010). Figure 2.4 below depicts some of the barriers to successful strategy implementation.



**Figure 2.3: Barriers to strategy implementation**

*Source:* Adapted from Ehlers & Lazenby, (2010) p.267

Kaplan and Norton (1996) suggest that majority of organizations do not have a system in place that would help with the implementation of strategy. They point out that 60 percent of organizations do not link their financial budgets to strategy implementation, only about 5 percent of the workforce understand the strategy, management do not allocate adequate time to engage and discuss strategy with employees thus it is no surprise that only about 25 percent of the organization's incentives schemes are linked to strategy. Implementation therefore fails in such an environment because employees are unable to link their daily activities to the organization's strategic goals. Employees are simply unaware of the organization's strategic direction and they continue executing their daily tasks as per the norm.

Similarly Heracleous (2003), tabulates ten reasons for which strategy implementation efforts can fail as depicted in Table 2.1 below

**Table 2.1: Ten reasons why strategy implementation efforts can fail**

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- The so-called strategic plan is nothing more than a collection of budgets and vague directions, which do not provide clear guidelines for action.
  - The strategy does not correspond to the market realities because it was developed by strategic planners who had no input from grass roots.
  - The strategy does not enjoy support from and commitment by the majority of the employees and middle management because they do not feel consulted in the development of the strategy.
  - Middle management does not think the strategy is the right one or does not feel it has the requisite skills to implement it, so they sabotage the implementation.
  - Top management spends insufficient time on communicating about the new strategy, selling the new strategic direction and managing the organizational change involved.
  - No provision is made for developing the new skills and competencies required by the employees to successfully make the transition and operate within the new strategic direction.
  - No provision is made for instituting the appropriate organizational systems for the selection, motivation, and reward of people in accordance with the new strategy.
  - No provision is made for creating a close fit or coherence between the business-level strategy and various functional-level strategies that can operationalize it.
  - There are factions in the organization, which disagree with the strategy because if implemented it would reduce their power and influence so they sabotage it by deliberate actions or inactions.
  - No attempt is made to analyse the culture of the organization and identify aspects, which would be barriers and facilitators to change and manage change accordingly.
- 

*Source:* Adapted from Heracleous, (2003) p.79

The intricacy of the organization combined with other numerous potential problems associated with the strategy itself, how it was developed and the management of the change process make effective strategy implementation extremely difficult (Heracleous and Barret 2001).

How middle managers behave towards strategy implementation is critical because even if senior management has effectively communicated its commitment to particular cause of action, if middle management think that their self-interest is being compromised or they feel that the strategy is not suitable for the organization or if they feel that they do not have the right competence to effectively implement the strategy they can sabotage the implementation efforts both actively and passively.

The capability to manage the change that the new strategy brings about is fundamental to effective strategy implementation, with all mangers and all employees being supportive rather than hostile to the proposed change (Heracleous, 2003). Furthermore Merchant and Van Der Stede (2007) emphasize that management control problems might be the issue in effective implementation of strategy and categorizes the needs for control to three main categorizes, that is, lack of direction, motivation issues and personal limitations:

**a. Lack of direction**

When employees do not have a clear understanding of what the organization is expecting from them, they are more likely to set their own goals assuming that these goals are aligned to organizational strategic goals, however organizational goals might be different from how employees understood them.

**b. Motivation problems**

In cases where employees understand what the expectations with regard to strategy implementation, they might choose not to execute strategy-aligned tasks because they lack motivation. As a result some employees may choose to put their own interest first at the expense of the organization's strategic goals.

### **c. Personal limitations**

These are normally person-specific associated with lack of intelligence, training, experience, knowledge etc. The danger with personal limitations is poor decision-making of decisions that are linked to strategy implementation and therefore affecting the effectiveness of strategy implementation.

Merchant and Van Der Stede (2007) suggests that these three categories can occur in any combination or simultaneously and can be detrimental to strategy implementation efforts. This is supported by Cater and Pucko (2010) who points out that while an organization may have a well-formulated strategy, a robust and efficient pool of skills and human capital are of extreme importance for strategy success, however poor leadership is one of the main barriers in strategy implementation. One fundamental challenge in effective implementation of strategy is ensuring employees' buy-in and directing their capabilities towards the new strategy, therefore the need for effective leadership is crucial. Beer and Eisenstat (2010) also supports this view by pointing out that conflicting priorities arise in the absence of effective leadership and will result in poor coordination because employees are uncertain of the organization's strategic direction.

Ehlers and Lazenby (2010) identified change as the fundamental strategy implementation barrier. They suggest that sometimes management itself must be changed to implement new strategies and take the organization to the next level.

#### **2.6.1 Change as a fundamental implementation challenge**

According to Leana and Barry (2000) companies are characterized by both stability and change. Forces such as apathy reduction of uncertainty, cost cutting and cultivation of social capital foster stability, other forces such as the need to adjust to the environment, controlling of costs, sustaining competitive advantage and satisfying impatient capital markets demands continuous change. Ehlers and Lazenby (2010) suggest that many strategic changes have to take place within the organization for the strategy to be implemented successfully. It is imperative that a new strategy is communicated distinctly to all employees and they clearly understand that a new strategy has been developed and new action plans such as restructuring might be required for successful implementation.

Restructuring often brings about fear among employees because they are not certain of what is going to happen to their jobs. Johnson and Scholes (2002) suggest that the issues below should be managed and taken into consideration when implementing new strategy:

- **Time.** How soon is the change required? Is there sufficient time to change?
- **Scope.** How wide is the scope of the required change? Is the change going to be intensive or moderate?
- **Diversity.** What is the level of uniformity within the organization? A diverse workforce can debilitate change.
- **Capacity.** Does the organization have adequate capacity with regard to resources?
- **Readiness.** Are all employees prepared and ready for change?
- **Capability.** Is the workforce, including managers capable of implementing change.

Answers to these questions are an indication of level of readiness of the organization to effectively implement strategy. If there is some uncertainty around these issues, the organization is most likely to experience resistance to strategic change.

### **2.6.2. Managing the change**

Korbi (2015) states that overcoming resistance to change is crucial in managing change. According to Ehlers and Lazenby, (2010) the consequence of change is that it interrupts normality; employees may be under the impression that their job security is threatened and start to resist everything that strategic change implies in the organization. Resistance is one of the key obstacles to effective strategy implementation. People get accustomed to a certain way of doing things; which is usually to their personal benefit or preference; as a result they resist any change that threatens their ways.

Managers, lower level in particular may also resist strategic change because they only get involved predominantly at the implementation stage but were not part of the strategy development and formulation.



Lynch (2000) tabulates the reasons for resistance to change as well as some of the solutions that can be applied to manage and overcome resistance to change in Table 2.2 below.

**Table 2.2: Reasons for resistance to change**

Reason for resistance	How to overcome resistance
<ul style="list-style-type: none"> <li>- Conflicting strategic proposals</li> <li>- Pessimism</li> <li>- Anxiety</li> <li>- Lack of interest</li> <li>- Different personal ambitions</li> <li>- Irritation with the new things</li> </ul>	<ul style="list-style-type: none"> <li>- Involvement of employees with the highest resistance.</li> <li>- Build support networks</li> <li>- Use effective communication and discussions</li> <li>- Give incentives</li> <li>- Use managerial authority (if nothing else helps)</li> </ul>

Source: Adapted from Lynch, (2000), p944

Thompson (2001) also suggests the following ways to manage change and overcome resistance:

- *Education and communication.* The rationale for strategic change should be communicated in such a way that everyone in the organization understands the need and the benefit of change.
- *Participation and involvement.* People who were involved in strategy formulation are more likely to support strategic changes necessary to implement strategy successfully
- *Facilitation and support.* This is concerned with building and providing support networks for change throughout the organization.
- *Manipulation and cooptation.* Although this is ethically questionable, manipulation can be used to try and influence people into accepting change. Cooptation can possibly involve a “buy off” of informal leaders offering them personal reward in order to accept and promote change within their environments.
- *Giving clear direction.* Power and authority can be used to set the strategic direction.

Similarly Korbi (2015) suggests that to manage change and overcome resistance there should be a clear determination for the need for change. Management should:

- Firstly establish the content of what will be communicated to employees, that is, the impact of the change on both the employees and the organization.
- Set a communication plan to address any staff queries, the profile of the organization after the change, styles of leadership and behavior and the systems to strengthen the organization.
- Communicate to employees, explain to them the process of change, signify the need for change and describe the arguments in support of the organizational strategic change.
- Lastly, provide direction and enforce the necessary means to implement the change.

## **2.7 Drivers of strategy implementation**

So far the literature reviewed indicates that strategy implementation is a tremendous challenge for organizations. Kazmi (2008) suggests three ways that could improve the implementation process. Firstly, the organization should *adopt a clear model of strategy implementation* – often managers do what they consider important not what is important enough to be done which usually results into a lot of confusion and uncoordinated actions. In such instances what is required is clear model of implementing a strategy that provides explicit guidelines for the managers responsible for implementing the strategy.

Such model should outline the elements or key themes of the implementation process so that there is a clear and high level of understanding of how the process of implementation has to proceed, while at the same time there needs to be knowledge of how these different elements or themes are interrelated.

Secondly, there should be *effective management of change in complex situations* – almost always implementation creates the need for management of change in complex organizational contexts. Usually these areas of change are behavioral in nature and thus complicated and messy in nature, for instance, a change of

leadership style required to implement specific strategies or cultural changes brought about to expedite new strategy implementation are all complex matters that call for careful effective management. Lastly, the organization should *set down clear measures of effectiveness* – omissions in setting down clear measures of effectiveness can be detrimental to effective implementation of strategies however if this is clear the likelihood of implementing a strategy successfully is enhanced.

Kazmi (2008) however highlights that setting this measure can be a complex task because it might be difficult to come up with a suitable set of effectiveness measures and he suggests the use of performance management systems such as the balanced scorecard.

Hough et al. (2011) suggests that the first step in implementing and executing strategy successfully is for managers to communicate the case for organizational change so distinctly and convincingly to organizational members that a firm commitment takes hold throughout the ranks to find ways to implement strategy, make it work and meet performance target. The emphasis is that no matter what the organizational circumstance is, there are eight managerial tasks that pop up repetitively in organizational efforts to execute and implement strategy, and these are depicted in Figure 2.4 below. With these eight components, the organization should start with a probing evaluation of what it can improve to carry out their strategy successfully. The management should consider accurately how to make internal changes as quickly as possible. Irrespective of how big or small the organization is or whether the implementation involves major or minor changes, the most vital leadership traits are strong, confident sense of what has to be done and how to it.



**Figure 2.4: The eight components of strategy execution process**

Source: Hough et al. (2011), p.249

Hough et al. (2011) state that effective strategy implementation is heavily dependent on skilled personnel, sufficient competitive competences and efficient internal organization therefore building an organization capable of good strategy execution is always top priority in strategy implementation and it involves four types of organizational building actions that is (1) Staffing the organization – gathering a talented, management team, employing and retaining employees with desirable technical skills and intellectual capital, (2) Building core competencies and

competitive capabilities – that will facilitate good strategy execution and evaluation as strategy and external circumstances change, (3) Structuring the organization and work effort – this entails organizing the value chain activities and business practices and determining how much decision making authority to delegate down to lower level management and front line personnel, as well as (4) Creating movement and energy – awareness of culture and value system has to be reinforced and the approach to management of change that would be required.

Ehlers and Lazenby (2010) suggest the use of strategy implementation drivers to steer the execution and implementation efforts in the right direction. These drivers include strategic leadership, organizational culture and structure (design) as well as the reward systems.

### **2.7.1. Strategic leadership**

According to (Louw and Venter, 2010), strategic leadership is about understanding the organization in its entirety; strategic leaders use this understanding to drive strategic change within the organization. Korbi (2015) suggests that to be effective in strategic leadership managers need to demonstrate certain skills if they are to engage successfully in their role. Leaders should be able to provide a strategic vision; they should have qualities of a visionary and be able to lead others to see the future by inspiring them through words and actions. Further to this, they should be able to identify the need for change and seek a strategic response. They must be able to communicate the perimeters of the old strategy and the merits of the new one.

Speculand (2014) recommends that to implement strategy successfully, managers should:

- Pay equal attention to both crafting and implementing strategy.
- Supervise and stay committed to the implementation, they should be continually involved by sharing information, communicating with employees and checking the progress on implementation.
- Adapt and adjust the strategy and implementation as necessary.

- Create the right environment for implementation, they should ensure that organizational culture should supports the execution of strategy.

Comparably Louw and Venter (2010) point out that for managers to successful lead through strategic change, managers should demonstrate certain competencies such as strategic thinking, emotional intelligence and transformational leadership.

#### **2.7.1.1. Strategic thinking**

According to Louw and Venter (2010) strategic management is about defining and implementing strategy, which can be seen as cause of action for accomplishing the purpose of the organization. It is therefore the duty of the strategic leader to think strategically to effectively implement strategy. Similarly Macmillan and Tampoe (2000) point out that strategic thinking is closely linked to strategic actions and it is a vital part of strategic management. They emphasize that strategic thinking is central to the formulation process comprising of strategic intent, choices and assessment. There are numerous models that strategic leaders can employ to in order to develop their understanding of the how business world works and therefore assisting them in diagnosing the organizational issues for successful strategy implementation. Examples of these models include, Open Systems model, the McKinsey 7-S framework and Higgins's eight S's model (Louw and Venter, 2010).

- **The open system model**

This model is valuable for understanding the functioning of the organization. It provides leaders with the ability to think of the firm in intricate and vigorous terms integrating an understanding of the external environment, internal context and of the interrelationships that constitutes the organization as a whole. Open refers to the fact that the companies do not operate in isolation, they form part of broader environmental and interact with the environment as oppose to closed system, which do not interact with their environment (Louw and Venter 2010).

- **The McKinsey 7-S framework**

According to Louw and Venter (2010), McKinsey 7-S framework is another model that can assist leaders in identifying critical key elements when executing and implementing strategy. This model specifies that once the strategy has been formulated, leaders need to pay attention to the hard components of structure and systems (procedures) and the soft components of shared values (culture), management style, staff and skills (organizational strengths).

- **Higgins's eight S's model**

Higgins's model of successful strategy implementation is based on the McKinsey 7-S model. Basically Higgins's model replaced skills from the McKinsey's model with resources and added an additional element of strategic performance as an output to provide focus on the efforts of strategy implementation. The point of both McKinsey and Higgins's models is that effective implementation of strategy is dependent on alignment of key organizational factors to strategy for strategic performance to be achieved (Louw and Venter, 2010).

According to Louw and Venter (2010), these models aid leaders in their strategic reasoning process. They offer context that supports leaders in conceptualizing the organization.

This relates to seeing an organization as whole with its numerous subcomponents and how they relate to each other as well as looking to the organizational wider environment. The models are valuable as they enable leaders in identifying different components or elements of an organization that should be aligned and mutually supportive for successful strategy implementation.

### **2.7.1.2. Emotional intelligence**

According to Henry (2011) emotional intelligence can be defined as the capability to recognize your own emotions, the ability to manage 'one self' while managing relationships with others. Effective strategic leadership necessitates that the leader

possess a range of behaviors and the wisdom to apply appropriate behavior for a particular situation. According to Louw and Venter (2010) emotional intelligence helps leaders to identify and apply suitable leadership style for any business situation therefore achieving the desired results, in essence demonstrating what is termed behavioral complexity.

### **2.7.1.3. Transformational leadership**

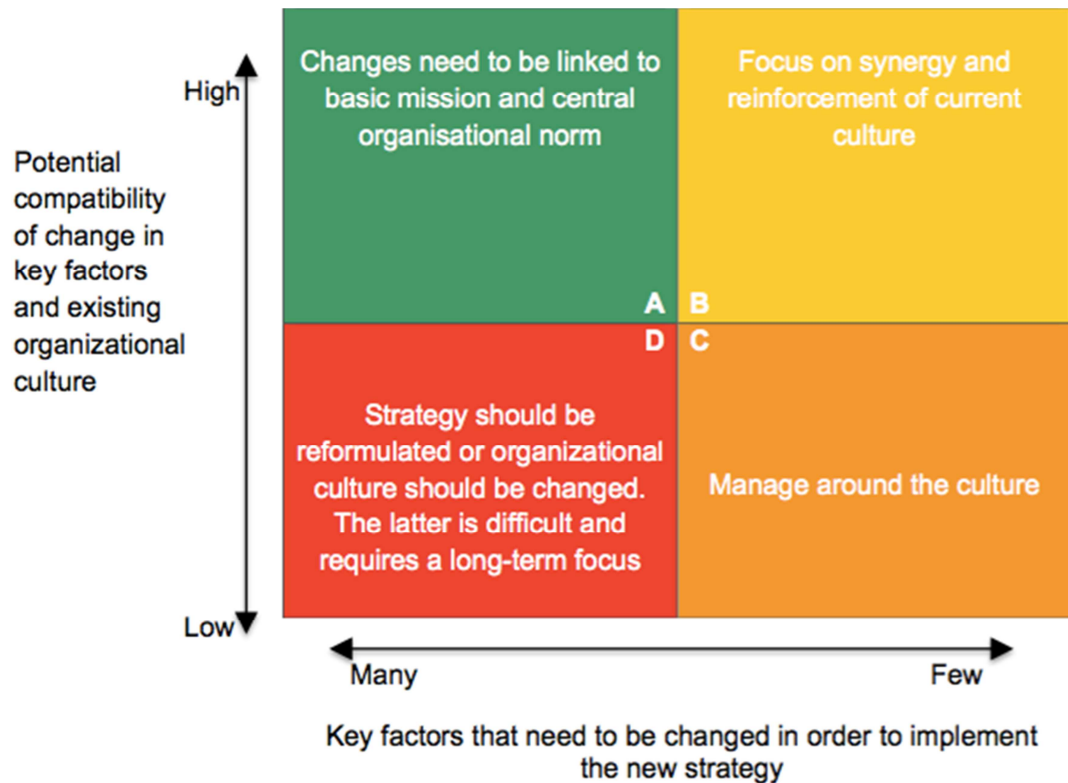
McGee, Thomas and Wilson (2010), suggest that this type of leadership style ensures that the organization have incentives which prevent complacency and encourage new innovative ways of thinking and acting strategically. Transformational leaders, ensure that the organization is meeting the social and political challenges of keeping the dialogues and interaction going when various stakeholders who look at the same world through very different lenses during strategy implementation, they ensure that the organization has a specific design in mind, which aligns the activities, structures and processes in the organizations with strategic intentions and they are able to live with the consequences of change in terms of both ethics and performance.

### **2.7.2. Organizational culture**

Pearce and Robinsons (2011) state that leaders know very well that organizational culture, which is the values and beliefs shared in the organization, shapes how work is carried out in the organization. Reshaping organizational culture is an activity that takes a lot of time when attempting to embrace accelerated strategic change. According to Chatman and Cha (2003), culture strongly relates to implementation of strategy, shaping organizational culture requires unambiguousness in content, uniformity in nature, and completeness in coverage for strategy to be implemented effectively. This is supported by Ehlers and Lazenby, (2010) and Rajasekar, (2014) who suggest that a significant correlation exists between organizational culture and strategy implementation. When organization's beliefs, vision and goals underpinning its chosen strategy are well-matched with its organizational culture, the culture then



aids strategy implementation as a valuable driver and streamlines strategy implementation efforts. As much as it is a complex and time consuming task, top management should establish a tight fit between chosen strategy and culture in order to execute strategy successfully. Pearce and Robinson (2005) developed a framework that can be used for managing the strategy-culture relationship as depicted in Figure 2.5 below. Cell A – Several changes to key organizational factors are needed to implement the strategy successfully. According Pearce & Robinson, (2005) changes compatible to existing culture should be linked to the mission for organizations who find themselves in this position. They should adjust the reward system accordingly and use current personnel to fill positions affected by strategy implementation while also focusing on the essential changes that are least compatible with the current organizational culture.



**Figure 2.5: A framework for managing the strategy-culture relationship**

Source: Adapted from Pearce & Robinson, (2005), p.301

Cell B – here organizations are in a position where only few changes are required and they should strengthen the existing culture and use this opportunity to remove any barriers to the envisioned future (Pearce & Robinson, 2005). Cell C -

organizations in this position are faced with the need to make major changes that are incompatible with existing organizational culture. They are faced with a challenge of creating a way of accomplishing the necessary change that will avoid confronting the incompatible culture (Pearce & Robinson, 2005). Cell D – Managing the strategy-culture relationship in this position is the most difficult task for the organization. Numerous major changes to key organizational factors are necessary and these changes are completely incompatible with the existing culture, a complete transformation might be needed (Pearce & Robinson, 2005).

According to Ehlers and Lazenby (2010) a tight strategy-culture fit creates structure, standards, a value system and casual rules that aligns the existing culture to strategy implementation process therefore supporting effective implementation of strategy

### **2.7.3 Rewards systems**

Henry (2011) suggests that the design of all organizations must incorporate control and rewards systems, which ensures that employees are working enthusiastically to realize corporate strategic goals. A well-designed reward system can be enable effective strategy implementation by recognizing an individual or team's accomplishment and motivate them to work towards the organizational goals. This is supported by Ehlers and Lazenby (2010) who suggest that rewards play a critical role in strategy implementation and should be created in such a way that they are firmly linked to the strategy, therefore encouraging change in behavior to support implementation of strategy. To ensure effective implementation, rewards have to be linked to attainment of specific outcomes necessary to make the new strategy work and must accentuate rewarding employees for more than just performing their assigned tasks but also for showing results in relation to implementation of strategy.

### **2.7.4. Organizational structure**

According to Henry (2011) organizational structure is the representation of labour divided into specialized task in an organization and the coordination of these tasks thereof. There is a prevalent acceptance that changing a strategy, other things being

constant, will necessitate a change in organizational structure in order to effectively implement that strategy. Wheelen and Hunger (2012) suggests that strategy and structure needs to be carefully aligned else, organizational performance will likely suffer. Hill and Jones (2009) supports this by pointing out that to enable attainment of strategic and organizational objectives, the structure synchronizes and integrates the tasks performed by all employees at all levels across all divisions and functions.

Crittenden and Crittenden (2008) suggests that organizational structure and managerial skills are two of the main variables that affect strategy implementation, structure provides a charter in which the organization effectively operate and managerial skills are the behavioral activities that managers engage in within the structure, therefore strategies are executed through the structure with the managerial skills as main indicators of effective or ineffective implementation effort. Similarly Getz and Lee (2011) suggests that every strategy should have a distinctly well-defined organizational architecture i.e. the way an organization needs to be structured in order to be able provide a diverse set of outputs and outcomes deduced from its new ambition. The goal is to align the organizational structure in such a way that it aligns and fits the strategy requirements. Often management assumes that the existing structures, policies, metrics, skills, behaviors and tools will deliver the new strategic to its destination but they would later discover that the existing organization was optimized for delivering the past vision not the one being implemented.

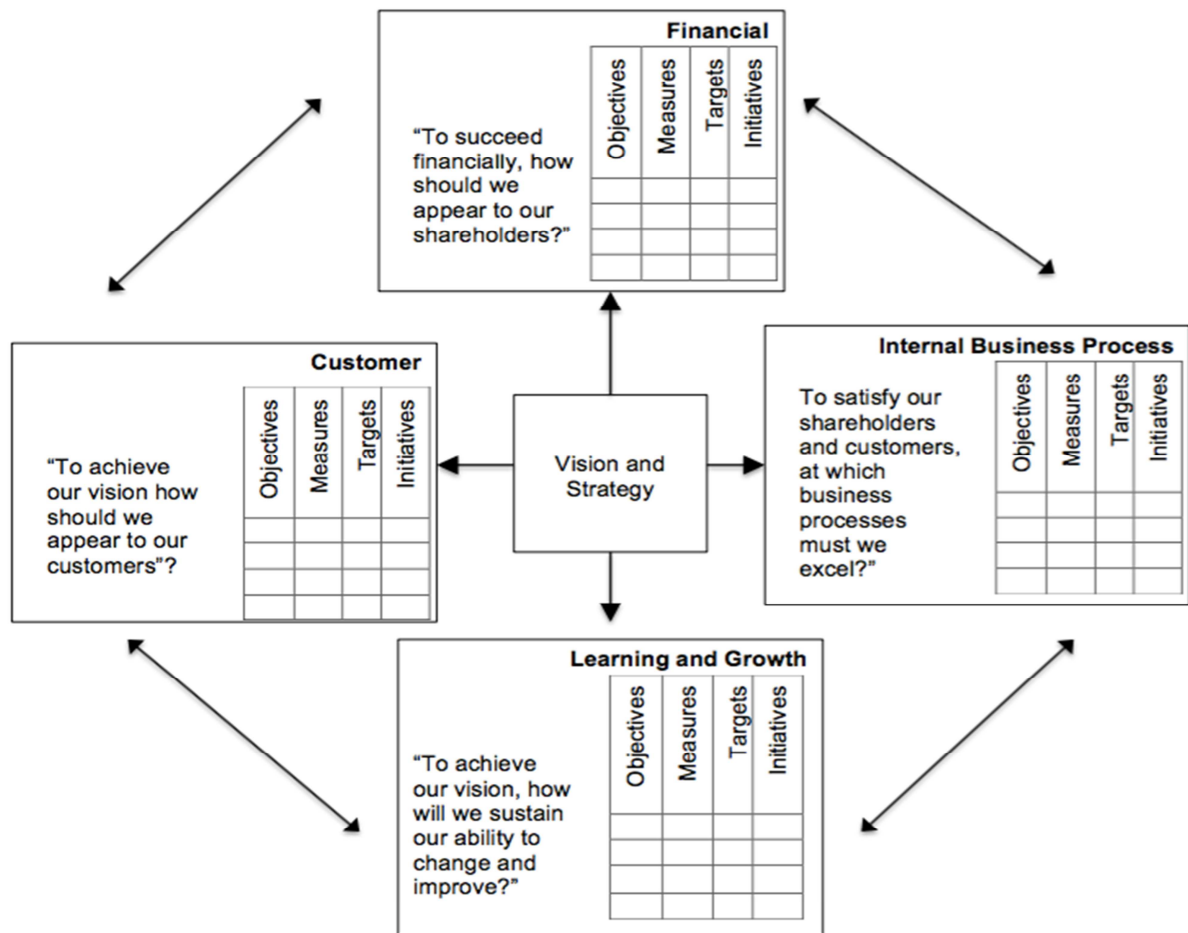
Furthermore Cocks, (2010) suggests that the three vital drivers necessary for successful implementation are; focused leadership, communication through evident management and the use of management techniques such as project management. Remaining focused during strategy implementation is one of the main requirements for effective implementation. The usual triggers of failure in implementation are related to competences, procedures and events that are required to bring the strategy to life.

Successful implementation demands distinguishing and inventive skills encompassing leadership, accuracy, care to detail, breaking down of complex tasks to digestible activities and communicating in clear and brief ways through the organization and to all its stakeholders (Raffoni, 2003). Failure of the business to communicate its vision, stand and forthcoming strategic plans to all employees

generates perception gaps which lead to unsuccessful implementation. According to Cocks (2010) communication channels should be visible; this can be achieved through the use of dashboards, scorecards such as the Balanced Scorecard (BSC), flow charts and tools for problem solving such as project management. Project management can be used for breaking down strategic plans to activities and defining of tasks. Each task can be aligned to its objectives and the allocation of resources using Gantt chart ensures that tasks are executed and strategy implementation is therefore effective. Similarly Pearce and Robinson (2011) suggest that the Balanced Scorecard (BSC) is one of the powerful tools that that can be used by organizations to drive effective strategy implementation.

Developed by Harvard Business School professors Robert Kaplan and David Norton, the balanced scored is a management system that allows organizations to clarify their strategies, transform them into action, and provides expressive feedback. Figure 2.6 below illustrate the scorecard and its elements. According to Balăcă (2014), the Balanced Scorecard clusters the non-financial and financial key performance indicators (KPIs) into four perspectives i.e. financial, customer, learning and growth as well as internal business processes. These four lenses offer a balance between the short and long-term goals, between the anticipated results and the aspects that lead to those results as well between the perceptible goals and unreachable effects.

Hough et al. (2011) suggests that the measure in the *financial* perspective uncover whether strategy implementation is leading to bottom-line results and usually organizations choose financial measures that relates to profitability, growth, value creation, market valuation and risk management. The *customer* dimension offers the organization prospects to learn and subsequently transform the business; this perspective offers rich opportunities for obtaining qualitative data, which could serve as input of value when refining strategy. The *internal business processes* perspective is the dimension of the balanced scorecard where key process that the organization must excel in are identified in order for the organization to continue adding value for customers and finally shareholders. Lastly, *learning and growth* perspective puts emphasis on measuring the dimensions required by personnel in order to attain formidable results for the internal processes, customers and eventually stakeholders.



**Figure 2.6: Balanced scorecard**

Source: Adapted from Pearce & Robinson (2011), p.182

Pearce and Robinson (2011) points out that through the integration of each perspective, the balanced scorecard approach allows the shareholder value creation to be linked to the organizational strategy while providing numerous quantifiable short-term outcomes that monitors strategy implementation.

According to Atkinson (2006) there is a criterion with three elements that must be met by a performance management system for it to efficiently mediate between an organization's strategy and its daily activities. The first element is that the system must unambiguously link operational targets to strategic goals. Secondly the system should integrate the non-financial and financial performance information and lastly, the system should allow the focus of the business activities to be on meeting customer requirements.

Atkinson (2006) suggests that the balanced scorecard essentially meets all these elements by offering a genuine strategic control system that puts strategy and vision at the center of the organization's operations.

It provides a level of granularity that increases clarity and focus thus creating a clear direction and through the development and publishing of the strategy map, expedites the understanding and coordination of strategy across the organization.

## **2.8 Moving towards sustainable strategic management**

According to Stead and Stead (2008) sustainable strategic management starts with a model shift with regard to the basic relationship between the economy, society and the natural environment. Strategic managers therefore have the responsibility to expand the view of the traditional strategic management formulation processes to include multitude of stakeholders who embody the shared ecological, social and economic wisdom of the organization.

Further, in expanding the strategy formulation process, it is critical to reformulate the firm's industry analysis processes and to expand the organization's standpoint on conducting resource analysis. Radomska (2015) suggests that sustainable strategic management is a consequence of the natural evolution of strategic thinking towards meeting prospects placed by the environment.

Organizations are coming to the realization that sustainability is becoming more than just an issue separated from the execution strategy but a natural element of their actions.

According to Galbreath (2009), it is necessary to undertake a strategic approach, which guarantees that the concept of sustainability is an integral part of strategic management process in order to speak sustainable strategy implementation. Venter (2014) suggests that a sustainable business model must consider organizational operations, internal and external stakeholders thus it is vital to consider six critical elements when developing sustainable strategies. The critical elements are 1) environmental context – for a strategy to be sustainable, it should not cause any harm to the physical environment the organization operates within, 2) social context

– a sustainable strategic management contributes positively to the community within which the organization operates, 3) economic context – this is concerned with the economic contribution made by the organization usually measured by financial measures such as profits, return on equity and economic value added, 4) organizational context – relating to effective strategy implementation and internal factors such as employee effectiveness, management, board of directors and so on, 5) stakeholders – key role players such as creditors, employees, directors, government, suppliers and the community from which the organization draw its resources from, 6) strategic fit – concerned with long-term strategic success which is only possible if the organizational strategy is aligned with both the internal and external environment. These views suggest that for an organization to implement sustainable strategic management, a more holistic comprehensive approach which looks at strategic management not only as long-term survival of the organization itself but also the renewal and survival of the economy, social system and ecosystem in which the organization is embedded should be employed.

## **2.9 Conclusion**

Organizations endeavor to formulate good strategies but the challenge has been transforming these plans to achievable strategic goals. This chapter reviewed the strategic management process, highlighting key elements of effective strategic management, the benefits of the process and barriers of effective implementation. Further, the issue of change as a fundamental strategy implementation challenge and drivers of strategy implementation were discussed building up to the sustainable strategic management discussion. Based on this review it is clear that organizations are faced with a challenge of effectively implementing their formulated strategies. The evidence presented suggests that strategies tend to fail during the implementation stage confirming that for a strategy to be implemented successful, certain issues such as the barriers of effective implementation and management of change brought about by the new strategies must be taken into consideration. The following chapter discusses the research methodology that was employed to conduct the study.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The previous chapter reviewed the existing literature related to the study and the evidence presented suggested that most strategies typically fail at implementation stage substantiating that for a strategy to be implemented successful, certain issues such as the barriers of effective implementation and change management brought about by the new strategies must be taken into consideration when strategies are formulated and implemented. This chapter discusses the research methodology employed to conduct the study further investing the strategic management phenomena. Research methodology is the general principle or philosophy that guides the research. Its significance is that it describes the method applied in carrying out the study it is a way to methodically and logically solves the problem under investigation (Kombo and Tromp, 2009).

This chapter outlines the research methodology that was employed to conduct the study. The discussion includes the aims and objectives of the study, research design, which incorporates research philosophy and research methods, further to that research strategy, population, location of the study, sampling and sampling strategies as well as sample size are discussed. The method followed to collect data, piloting of the data collection instrument, construction and administration of the instrument, data analysis and ethical considerations discussion is also presented in this chapter.

#### **3.2 Aim and objectives of the study**

This study aims at exploring and attempting to close the gap between strategy formulation and implementation through investigating the cause of the breakdown between these two strategic management elements and subsequently recommending a sustainable strategic management implementation strategy for Eskom, KwaZulu-Natal.



To achieve this, research objectives were formulated and they include examining the critical implementation success factors in strategy formulation, examining the effectiveness of strategy implementation and investigating the barriers of sustainable strategy implementation in Eskom, KwaZulu-Natal.

### **3.3 The research design**

Research design is a layout of how the study will be conducted. It is the structure and strategy of investigation for obtaining answers to research questions. It includes research philosophy, data collection analysis and interpretation, to provide an answer to the research problem (Sekaran, 2003 and Kumar, 2011). Data collection is concerned with gathering and measuring of information on targeted variables in a conventional systematic fashion, which allows the researcher to answer relevant questions and evaluate outcomes (Kumar, 2011).

#### **3.3.1 Research philosophy**

Research philosophy or paradigm is the underlying assumption about the way in which data relevant to the inquiry should be assembled, analysed and used. The two most dominant philosophical orientations in social sciences research are positivism and phenomenology. Positivism, which is sometimes called empiricism, assumes that the researcher is impartial of what is being investigated (Saunders, Lewis and Thornhill, 2009). In the positivism approach the researcher is concerned with the objectivity of their research and the generalizability of findings. The researcher uses deductive reasoning to put forward a theory that can be tested by means of a fixed, predetermined research design and objective measures. The fundamental approach of positivism is the experiment, which allows the researcher to test cause-and-effect relationships through manipulation and observation (Sekaran and Bougie, 2013). Phenomenology is concerned with collecting large amounts of rich information grounded on belief in the significance of understanding the experiences and situations of a comparatively small number of subjects (Veal, 2005). Its strength lays on its ability to enable the researcher to gain an in-depth understanding of the situations being studied (Berg, 2004).

It has however a weakness of reducing the generalizability of the result due to a smaller number of samples (Patton, 2002).

This study employed the positivism philosophy since it allows the use of survey approach. This has a benefit of easy administration to a large geographically spread sample population providing a greater validity through a larger and more representative sample which provides a better generalizability of findings.

### 3.3.2 The research approach

There are two main research methods used for data collection, analysis and interpretation, that is, quantitative, qualitative research as illustrated in Table 3.1 below.

**Table 3.1: Summary of research methods**

Qualitative	Quantitative
Qualitative research method involves subjective assessment of attitudes, opinions and behavior. It is designed to found out how people feel or think about a particular subject. The process of research involves emerging questions and procedures; data is typically collected in the participant's setting and the researcher makes interpretations of the meaning of data. (Sekaran, 2003, Kothari, 2004 and Creswell, 2014)	Quantitative research method is concerned with the measurable data that can be subjected to rigorous quantitative analysis and expressed in terms of quantity (Sekaran, 2003 and Kothari, 2004). According to Creswell (2014), this method examines the relationship between variables, allowing for the collection of data that describes the characteristics of situations or associations between variables and can establish cause and effect in highly controlled circumstances. This method assumes that the sample is representative of the population, which allow for generalization of result for that population.
Characteristics	
It is non-numerical, descriptive, applies reasoning and uses words.	It is numerical, non-descriptive, applies statistics or mathematics and uses numbers.
Its aim is to get the meaning, feeling and describe the situation.	It is an iterative process whereby evidence is evaluated.
Qualitative data cannot be graphed.	The results are often presented in tables and graphs.
It is exploratory.	It investigates the what, where and when of decision-making.
It investigates the why and how of decision-making.	It is conclusive

The combination of these two methods is called a mixed method and its core assumption is that it provides a more complete understanding of the research problem than either quantitative or qualitative method alone (Creswell, 2014). Bryman (2004) states that qualitative research accentuates on attainment of an understanding and interpretation of what is happening in the participant's world based on evidence.

In qualitative research, the researcher is completely responsible for collecting, interpretation and analysis of data, the presence of the researcher during the interviews can either beneficially or artificially influence data, by being there the researcher might have an impact on how the participants respond to interview questions.

According to Creswell (1994) the use quantitative research method enables the researcher to establish statistical evidence on the strengths of association between constructs. Quantitative data is suitable for explaining phenomena through collection of numerical data that is analysed using mathematical based method and it allows for the generalizability of the results.

The main aim of the study is to bridge the gap between two variables that is, strategy formulation, and implementation. A quantitative research method was therefore used to conduct the study as it allowed for the collection of data that described the characteristics of situations or associations between variables. Further to that, this method allowed for the generalization of results for the population of this study.

### **3.4 Research strategy**

Johannesson and Perjons (2014) states that, while research method guides the researcher with data collection and the analysis process, research strategy offers a high level guidance in planning, executing and monitoring the study. Research strategies include experiments, survey research, observation, case studies, grounded theory and action research. *Experiments* are typically associated with deductive research and are set up to study a potential cause-and-effect relationship amongst variables, (Sekeran and Bougie, 2013).

*Survey research strategy* is concerned with collecting information from or about people for the purpose of describing, comparing or explaining their knowledge, attitudes and behaviour. This form of research strategy includes defining objectives for the collection of data; designing the study, preparation of reliable and valid survey instrument, administering the instrument, interpretation and analysis of collected data as well as reporting the findings.

The questions in a survey research are usually arranged into self-administered questionnaire which enables participants to complete the survey on their own either online or on paper. This research strategy is mostly popular in business research since it allows for collection of quantitative data on many types of research questions (Fink, 2003).

According to Sekeran and Bougie (2013) *observation research strategy* involves a planned observation of the subject, recording, analysis and interpretation of action or behaviour or events. This types of research strategy is normally best suited for research that requires non-self-report data, meaning examining of behaviour without asking the participants themselves.

Yin (2009) states that *case studies* are specific to collecting information about a certain object, event or activity such as a particular division or unit in an organization.

The rationale behind case studies is that in order to have a clear picture of the issue under investigation, a real life situation must be examined from different angles and perspective using various data collection methods.

*Grounded theory* is a methodical set of techniques used to develop an inductively derived theory from data, it looks for theory through a systematized method of investigation of what is said or written (inductive) and produces groups of ideas, that can then be used to distinguish, grow or change organizations (Collis and Hussey, 2003).

Lastly, action research is often undertaken by consultation agencies that are looking into initiating change in an organization, meaning that this research strategy is mostly appropriate while effecting planned changes. The effects are evaluated, defined and diagnosed and the research continues on an on-going basis until the problem is fully resolved (Saunders, Lewis and Thornhill, 2009).

This study is aimed at examining, understanding and attempting to bridge a gap between two variables, which are strategy formulation, and implementation within an organizational setting with a sizable number of employees, both managerial and non-managerial. This meant collecting data from a larger population for analysis, interpretation and generalizability of the results.

Survey research strategy was then more suitable because it can be used to explain attitudes and behaviours and it allows for collection of quantitative data on many types of research questions which could be arranged into self-administered questionnaires enabling participants to complete the survey on their own considering their busy schedules and time constraints.

### **3.5 Population and location of the study**

Keller (2014) defined population as a group of all items of interest that the researcher wishes to investigate such as people; events etc. and make interpretation based on sample statistics.

The target population for this study was 2 400 Eskom employees located in KwaZulu-Natal employees, made up of managers and non-managerial staff which were males and females of different age groups and different race groups.

### **3.6 Sampling and sampling strategy**

According to Kumar (2011) sampling is a process whereby a few items (sample) is selected from a bigger group (population) to be used as the basis for generalizing the prevalence of an unknown variable, situation or outcome concerning the population. Sampling incorporates sampling design and sample size determination. Khothari (2004) points out that sampling design is a crucial plan for selecting a sample from a given population; it is the method or process that the researcher would adopt in selecting the sample. According to Saunders, Lewis and Thornhill (2009) there are two main types of sampling designs, that is, probability and non-probability sampling. Table 3.1 is a summary of differences between these types of sampling designs.

**Table 3.2 Sampling design and techniques**

<p><b>Probability</b> Elements in the population have some known, nonzero chance or probability of being selected as sample subject</p>	<ul style="list-style-type: none"> <li>• <b>Systematic</b> - elements selected at regular intervals depending on the size of the population and the number of units in the sample.</li> <li>• <b>Stratified</b>- process of stratification or segregation, followed by a random selection of subjects from a stratum.</li> <li>• <b>Simple random</b> - every element has a known and equal chance of being selected as a subject.</li> <li>• <b>Cluster</b> - population divided into clusters, and then a random sample is drawn for each selected cluster.</li> <li>• <b>Multi-stage</b> - selecting the sample in stages (taking samples from samples).</li> </ul>
<p><b>Non-probability</b> Elements in the population have some known, nonzero chance or probability of being selected as sample subject.</p>	<ul style="list-style-type: none"> <li>• <b>Purposive</b> - confined to specific types of people who can provide the desired information, either because they are the only ones who have the information or they conform to some criteria set by the researcher.</li> <li>• <b>Snowball</b> - researchers identify a small number of individuals that have the characteristics of interest then use them as informants to identify others who qualify for the inclusion in the sample.</li> <li>• <b>Convenience</b> - information is collected from members of the population who are conveniently available to provide it.</li> <li>• <b>Self-selection</b> - occurs when you allow individuals to identify their desire to take part in the study.</li> </ul>

Source: Adapted from Sekaran and Bougie (2013), p.245

This study used random probability sampling because the list of the entire population (2 400) was available from the Human Resources Department and therefore each single element had the same or equal chance of being chosen as a subject, thus when drawing elements out of this population, it is most likely that the distribution patterns of the characteristics being investigated in the population are also likewise distributed in the subjects that were drawn for the sample. Further to this, random sampling is the least bias sampling technique and offers the most generalization of

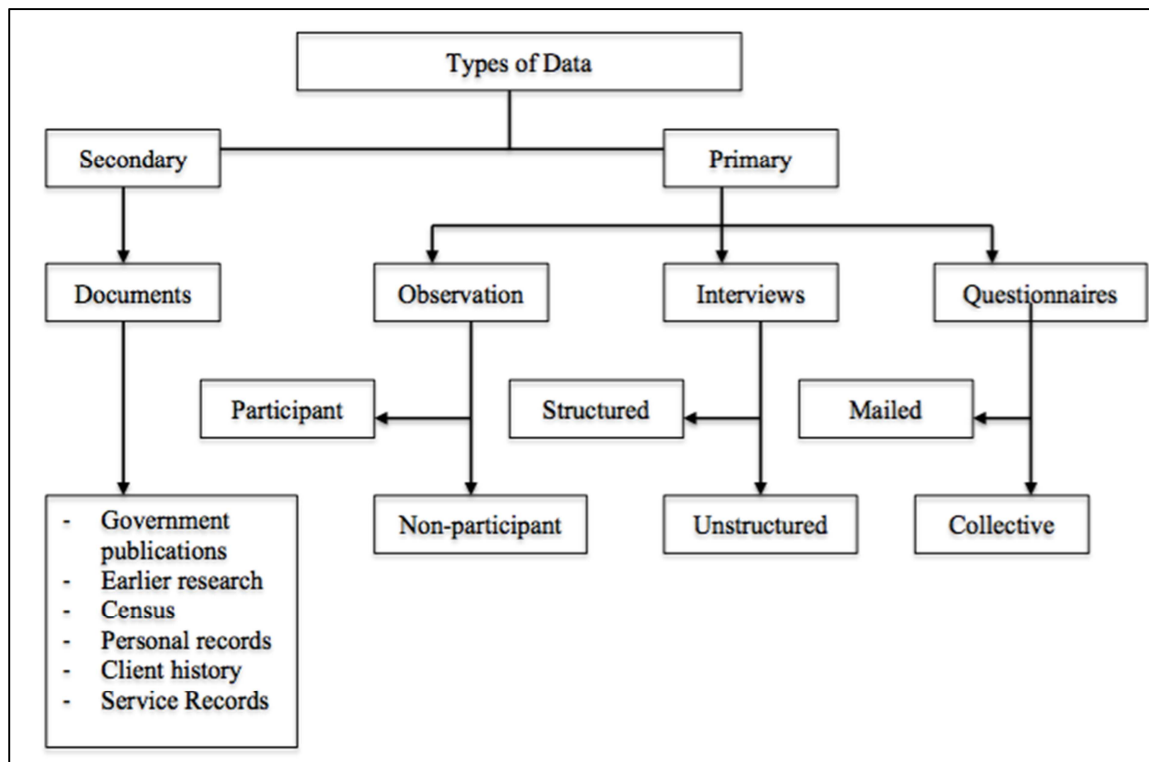
the results (Sekaran and Bougie, 2013).

### **3.7 Sample size**

Saunders, Lewis and Thornhill (2009) states that the sample size is determined by the level of accuracy and confidence preferred in estimating the population parameters and the variability in the population itself; however Krejcie and Morgan (1970) simplified the sample size decision by providing a table that offers a generalized scientific guideline for sample size decision. Based on this table the sample size for the study was 331.

### **3.8 Data collection instruments**

There are two main forms of data that can be collected, that primary or secondary data. Primary data is the first hand information, specific to the study, collected by the researcher on the variable of interests and secondary data is the data that already exists and readily available from different sources. Each type of data can be collected with different data collection instruments (Kumar, 2011). Figure 3.1 shows the various data collection instruments. Observation, interviews and administering of the questionnaires are the main data collection instruments. According to Sekeran and Bougie (2013) interviews have flexibility advantage in terms of adapting, adopting and altering questions as the researcher progresses with the interviews, questionnaires however have an advantage of gathering large quantities of data more effectively in terms of time, effort and costs.



**Figure 3.1 Types data collection instruments**

Source: Adapted from Kumar, (2011), p.132

A questionnaire data collection instrument was used to collect data for this study because it allowed for collection of large amount data in a short period of time and because of time constraints and a wider geographically area the questionnaire was administered both personally and electronically through email. This ensured that completed responses were collected within a short period of time while covering the location of the study adequately.

### **3.9 Construction and administration of research instrument**

The instrument used to conduct the study was a questionnaire. To effectively examine the causes of the gap between strategy formulation and implementation, a funnelling technique was used to develop a total of twenty-five questions, twenty-four closed ended questions and one open ended question. The questions were developed and linked to each of the four objectives. Table 3.3 below depicts the grouping of the questions per each objective.



Participants were recruited through the employee list obtained from Human Resource Management Department. The participants varied from junior employees to senior management. This allowed the researcher to obtain data from incumbents in different levels of the business structure, which will provide true reflection of the problem being investigated.

**Table 3.3 Structure of the instrument**

<b>Objective No.</b>	<b>Objective</b>	<b>Question No.</b>
	Demographics	i - iv
1	To examine the critical implementation success factors in strategy formulation to ensure sustainable strategic management in Eskom, KwaZulu-Natal.	1 - 8
2	To examine the effectiveness of sustainable strategy implementation in Eskom, KwaZulu-Natal.	9 - 17
3	To investigate barriers of sustainable strategy implementation in Eskom, KwaZulu-Natal.	18 - 24
4	To recommend a sustainable strategic management implementation strategy for Eskom, KwaZulu-Natal.	25

Demographics provided general statistical information about the population sample. Question one to eight dealt with the critical success factor in strategy formulation. Question nine to seventeen addresses the effectiveness of strategy implementation.

Question eighteen to twenty four investigated barriers in strategy implementation and lastly, question twenty-five to look into what is it that the business can do to close the gap between strategy formulation and implementation therefore implementing a sustainable strategic management solution.

### **3.10 Pilot study**

Sekaran and Roger (2013) states that it is crucial to pre-test the data collection instrument to ensure that questions are clearly understood by the respondents, that is to ensure that there is no vagueness in the questions and that there are no problems with the general wording or measurement.

Pretesting and validation was conducted through a pilot study. A sample of 10% of the sample size was selected to complete the questionnaire in order to test for the appropriateness of the questions and to determine the time in terms of how long, on average, will it take for participants to complete the survey. Also, this also assisted in rectifying any inadequacies before administering the instrument to participants thus reducing any potential bias.

### **3.11 Validity and reliability**

According to Heale and Twycross (2015), in a quantitative study consideration is not only given to the results but also the rigour of the research which is basically the extent to which a researcher worked to enhance the quality of the study and this is usually achieved through the measurement of validity and reliability. Kimberlin and Winterstein (2008) defined validity as the degree to which the instrument measures the concept that it is supposed to measure while reliability is defines as the extent to which the instrument consistently show the same results if it is used in the same situation on repetitive occasions.

The validity and reliability of the instrument was enhanced based on the feedback from pilot testing which was conducted on a 10% sample of the respondents, the results of the principal component analysis and the Cronbach alpha that was generated from Statistical Package for Social Sciences (SPSS). According to Tavakol and Dennick (2011), Cronbach alpha provides a measure of the internal consistency and it is expressed as a number between 0 and 1. Internal consistency describes the degree to which all the items in a test measure the same concept and it should be determined before a test can be employed for research or examination purposes to ensure validity. Heale and Twycross (2015), suggests that the Cronbach alpha score should be 0.7 or higher to be acceptable. The Cronbach alpha score for the study was 0.924, which is far higher and better than the acceptable score.

### **3.12 Data analysis**

Once data has been collected through data collection instruments such as interviews, observations, and questionnaires it needs to be edited, there has to be a certain way to handle blank responses, data has to be coded and a categorization scheme has to be established. The data will then have to be analysed using a software program (Sekaran, 2003). This is supported by Saunders, Lewis and Thornhill (2009) who suggest that collected data is raw and until its analysed it makes very little or no sense to most people and therefore to make it useful it should be processed and converted to information.

Data was collected and captured through a questionnaire using an online-based software called Question Pro, which is basically an online survey tool. To analyse the data, SPSS was used and data is presented in the form of descriptive statistics and graphs.

### **3.13 Ethical considerations**

When a study is going to be undertaken, a number of factors have to be taken into consideration prior to the commencement of the research. One of these factors is ethics, which is critically in maintaining the credibility of the research (Wellington, 2000). In a study where people are involved, it imperative that their privacy, values and beliefs are respected, the study should be justifiable and have substantial benefits for either the researcher or the broader community group where the conclusions from the study help inform practice (Wilkinson, 2001). According to Bryman (2004) there are four guiding principles that should be considered by researchers when conducting a study; firstly, a researcher needs to ensure that there is no potential harm to the participants that could be emotional, physical or developmental.

Secondly, all participants' should take part in the study willingly through an informed consent. Thirdly, the researcher must ensure that the participant's privacy is respected and the last principle is that of deception, this occurs when a researcher misrepresent their research as something that its not. This is supported by Fouka and Mantzorou (2011) who state that the major ethical issues to be considered when

conducting a study are; 1) informed consent – individuals need to have all the relevant information on the possible risks and benefits of the study in order to make an informed decision to participate voluntarily in the study, 2) respect for anonymity and confidentiality – researchers must consider all psychological and social implications of the study that a breach of confidentiality may have on participants, they have the responsibility to inform all participants of their right to refuse or withdraw from the study at any time with no negative consequence, 3) respect for privacy – if a participant refuses to share any personal information which they may regard private and sensitive such age, income level, marital status etc. the researcher has to respect that and not invade their privacy. All in all, the researcher has to take all possible measures to protect the participants from any potential social, psychological or physical harm during the study and after the circulation of the results.

To ensure compliance with the ethical requirements the following steps were undertaken:

- a. The gate keeper was obtained from the Regional Manager of Eskom; KZN Operating Unit to conduct the study within business unit.
- b. The ethical clearance application was submitted and approved by the University of KwaZulu-Natal ethical office.
- c. An informed consent was obtained from each responded before answering a questionnaire.

### **3.14 Conclusion**

This chapter outlined the research methodology used to conduct the study. It covered the objectives of the study, the research design, which includes the research philosophy underpinning, the study and the research method employed to conduct the study.

The discussion in this chapter also highlights the research strategy, population, location of the study, sampling and the sampling strategy as well as the sample size.

Details of how the pilot study was conducted, the method of data collection, the

administration of the instrument and ethical consideration are covered in this chapter. Lastly, this chapter introduced data analysis which explains how the data will be analyzed. Further details of data analysis and presentation of the results are discussed in detail in the next chapter

## CHAPTER FOUR

### PRESENTATION OF RESULTS

#### 4.1. Introduction

This study investigated the gap between strategy formulation and implementation; mainly it sought to examine the critical implementation success factors in strategy formulation, the effectiveness of sustainable strategy implementation and the barriers of sustainable strategy implementation in Eskom, KwaZulu-Natal in order to recommend a sustainable strategic management implementation strategy for Eskom, KwaZulu-Natal.

This chapter is the presentation of the results. The discussion includes details of the response rate, demographics of the sample, analysis and interpretation of data as well as the discussion of findings with reference to the objectives of the study.

#### 4.2. Response rate

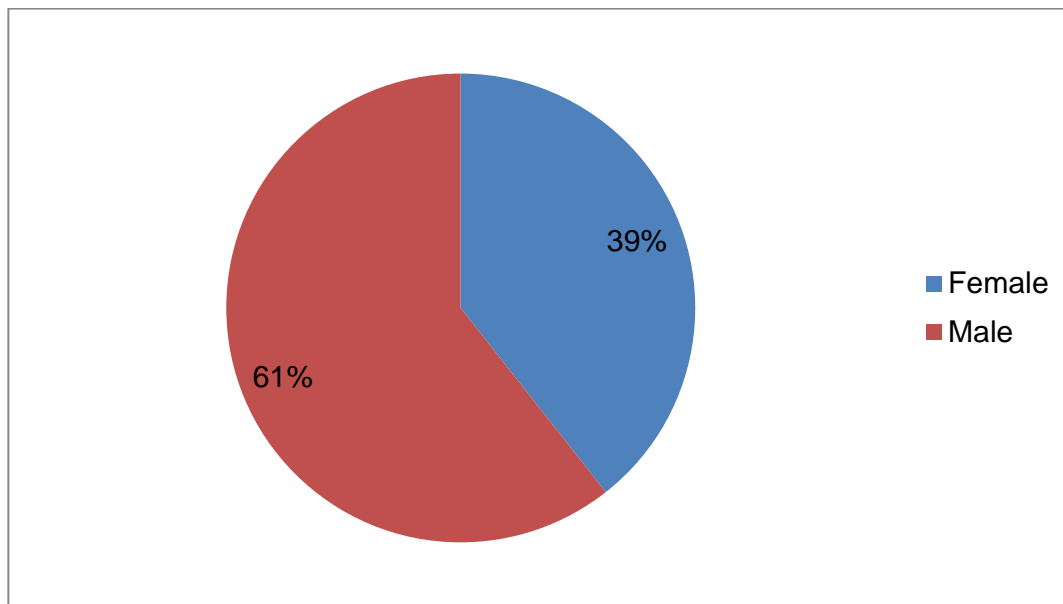
According to Baruch (1999), the response rate is the number of participants who completed the survey divided by sample number and is usually expressed in the form of a percentage, a response rate of approximately thirty-five percent (35%) is reasonable in a study that involves top management or organizational representatives. Mugenda and Mugenda (2003) recommend a response rate of fifty percent (50%) while Saunders, Lewis and Thornhill (2009) consider a response rate of forty to fifty percent adequate. In this study data was collected between April and May 2017 using a questionnaire, 203 responses were received, representing sixty-one percent response rate, which is above what the various authors have recommended above.

#### 4.3. Sample demographics

Sample demographics provided the general characteristics of the participants in terms of gender, age, race and task grading.

### 4.3.1 Gender

The diagram below shows gender composition of the respondents

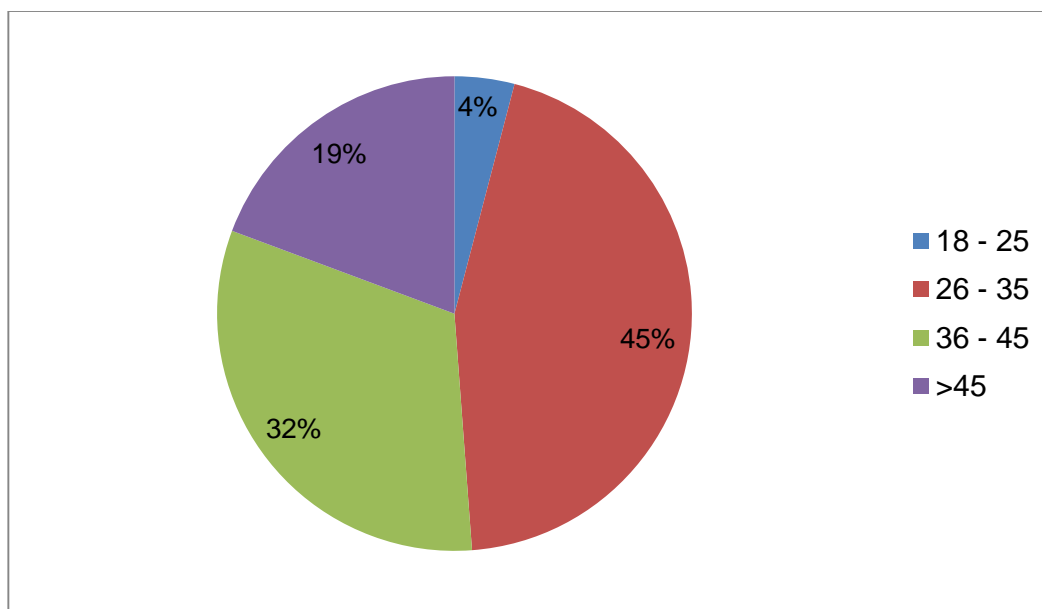


**Figure 4.1 Gender spread of respondents**

Figure 4.1 shows that sixty one percent (61%) of the respondents were males and thirty-nine (39%) were females.

### 4.3.2 Age

Figure 4.2 below shows the age composition of the respondents

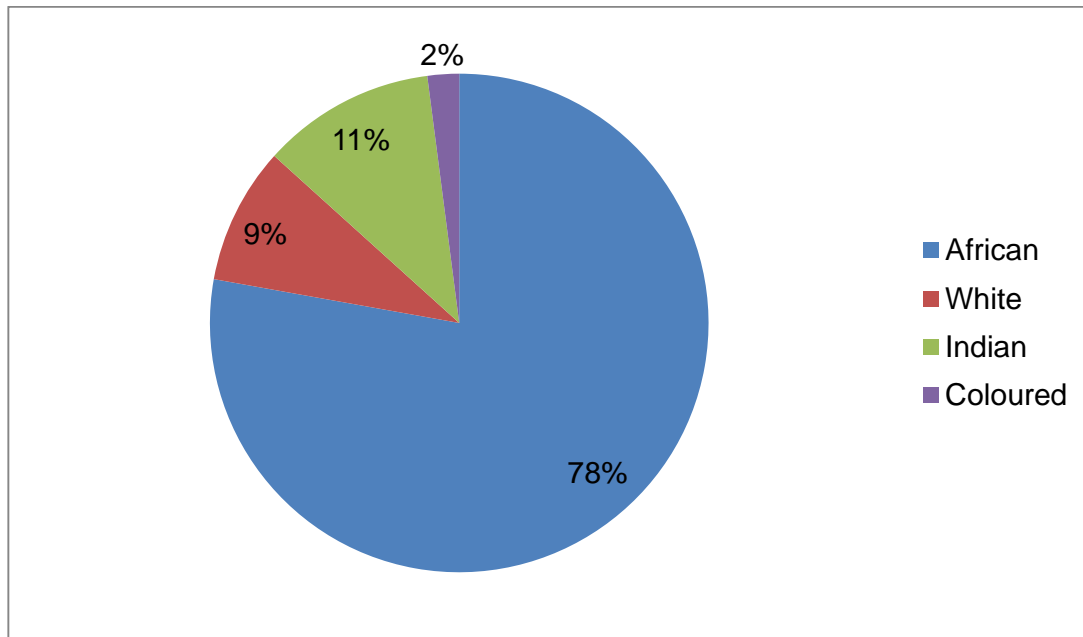


**Figure 4.2: Age range of respondents**

Four percent (4%) of the respondents were aged between 18 and 25 years of age, forty-five percent (45%) were aged between 26 and 35 years of age, thirty-two percent (32%) were aged between 36 and 45 years of age and nineteen percent (19%) were aged over 45 years of age.

### 4.3.3 Race

The diagram below illustrates the race composition of the respondents.



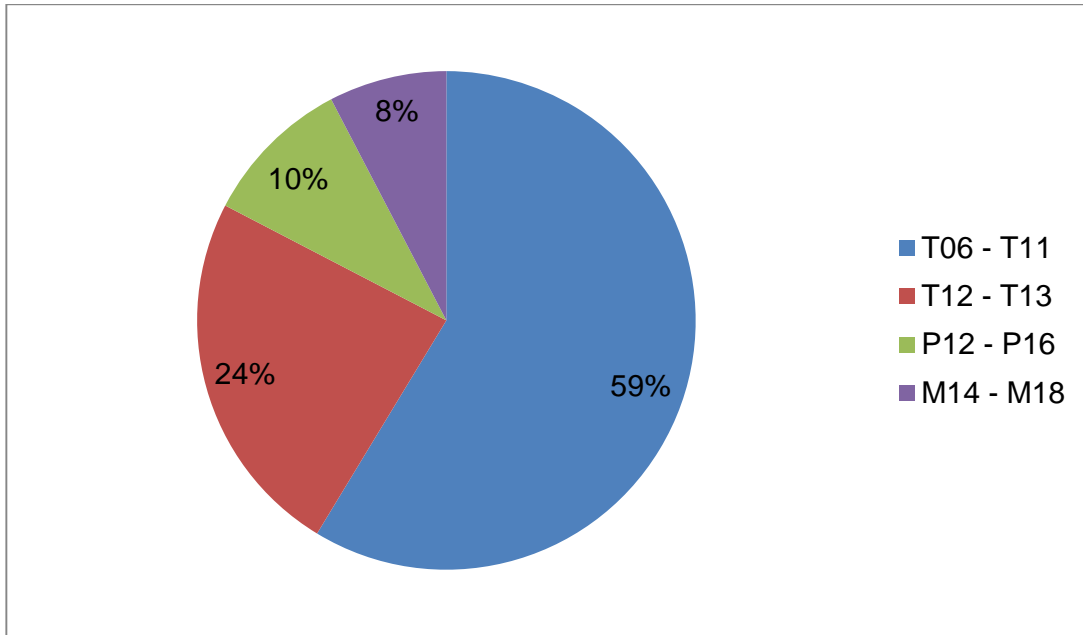
**Figure 4.3: Respondents by race**

Seventy-eight percent (78%) of the respondents were Africans, nine percent (9%) were White, eleven percent (11%) were Indians and two percent (2%) were Coloured.

### 4.3.4 Tasking grading

Figure 4.4 below show the task grading composition of the respondent. Task grading is the job level of the respondent. T06 to T13 is non-managerial staff and P12 to M18 is managerial staff.





**Figure 4.4: Task grading levels of the respondents**

Fifty-eight percent (58%) of the respondents had a task grading of T06 to T11, twenty-three percent were T12s to T13s, approximately ten percent (10%) were P12s to P16s and lastly about eight percent were managers with the task grading M14 to M18.

**4.4. Data analysis for study objectives**

The respondents were asked to indicate to what degree did they agree or disagree the statements in each table below based on each of the objective of the study. The responses were rated in a five-point scale with 1=strongly disagree, 2=disagree, 3=Neutral, 4=Agree and 5=strongly agree. Descriptive statistics were used to describe and summarize the features of the data. The mean and standard deviation were calculated and the results are shown in each table below. The responses with a mean value closer 1 signify a strong disagreement, 2 signify moderate disagreement; similarly responses with a mean value closer to 3, 4 and 5 signify a neutral response, an agreement and a strong agreement respectively.

#### 4.4.1 Objective one: To examine the critical implementation success factors in strategy formulation to ensure sustainable strategic management in Eskom, KwaZulu-Natal

The respondents were asked to indicate to what degree did they agree or disagree with following statements with regard to the critical implementation success factors in strategy formulation.

**Table 4.1: Descriptive statistics: Objective one**

	<b>Mean</b>	<b>Standard Deviation</b>
The organization uses downward communication when communicating its strategy to the employees.	3.78	0.797
The organization defines the mission and vision statements as the first step in formulating its strategy.	3.74	0.905
The organization defines strategic goals that are geared towards the mission and vision statements.	3.72	0.807
The organization uses terminology that has a standardized meaning across all functions of the organization.	3.58	0.940
The organization uses simplified and easy to understand methods when communicating its strategic plan to all its employees	3.47	1.008
Prior to formulating a new strategic plan, the organization assesses its available resources.	3.41	1.018
The existing resources complement the strategic intention of the organization.	3.16	1.045
The organization uses two way communication when communicating its strategy to the employees	2.99	1.077

The highest ranking mean value of 3.78 with a standard deviation of 0.797 in Table 4.1 above indicates that majority of the respondents agreed with the statement that; “The organisation uses downward communication when communicating its strategy to the employees”.

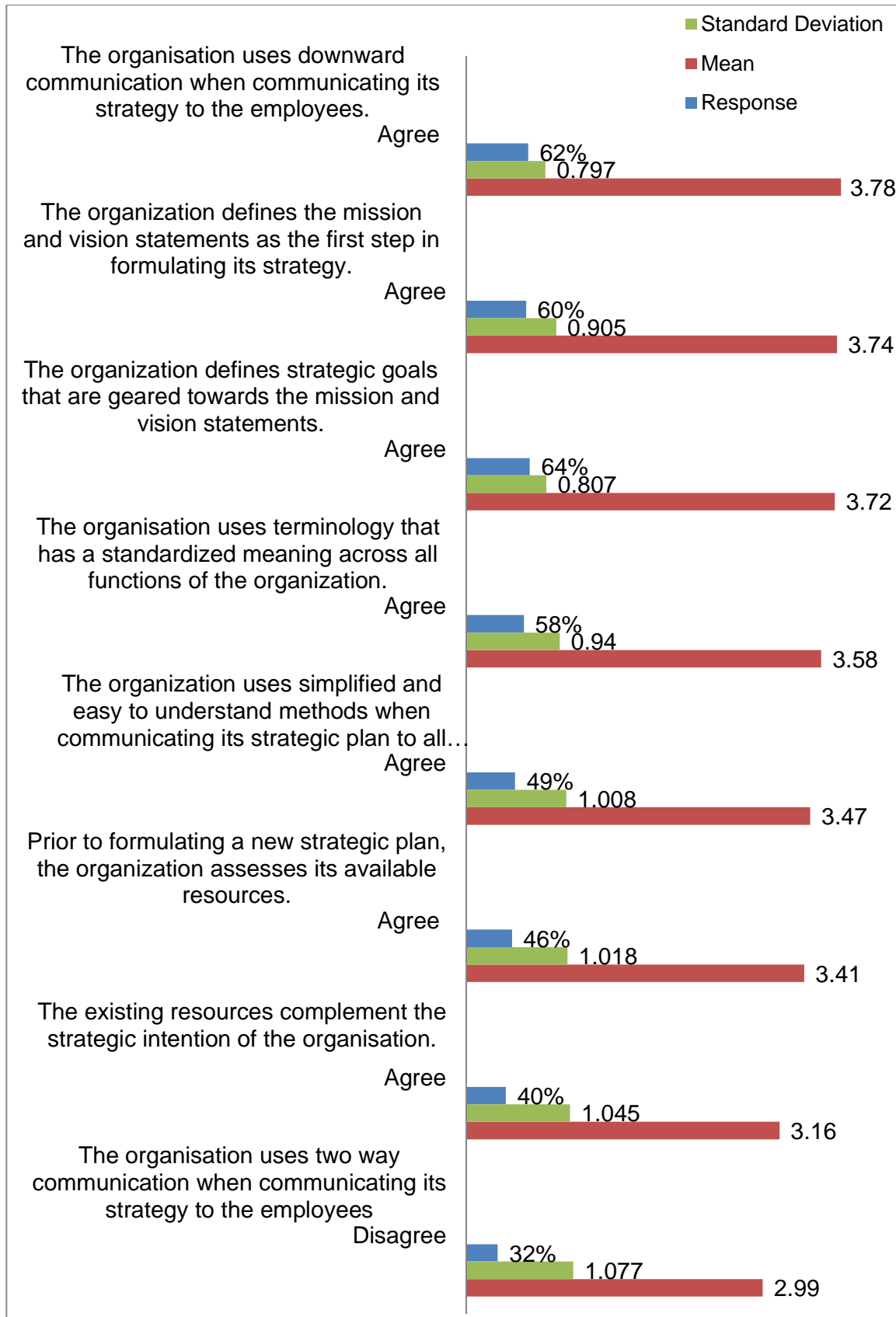


Figure 4.5: Objective one statements: Descriptive statistics vs. responses

This is also evident in Figure 4.5 above, which indicates that approximately sixty-two percent (62%) of the respondents agreed with this statement. The second highest-ranking mean value is 3.74 with a standard deviation of 0.905, which indicates that the respondents (61%) agreed that the organization defines its mission and vision as the first step in formulating strategy.

Following this is the statement with a mean of 3.72 and a standard deviation of 0.807, which states, "The organization defines strategic goals that are geared towards the mission and vision statements" where sixty percent (60%) of the respondents agreed with this statement. Further to this, fifty-eight (58%) of respondents (mean = 3.58, std. deviation = 0.94) agreed that the organization uses terminology that has a standardized meaning across all functions of the organization as shown in Figure 4.5 above.

These study findings revealed that, the organization defines its mission and vision as the first step in formulating strategy which is a starting point in formulating a good strategy.

This is supported by Ciobanica (2014) who suggests that in order to formulate a solid strategic plan that will enable successful implementation, an organization has to first establish the vision and agree on a mission. Based on the findings, once the vision and mission had been defined, the organization established strategic goals that are geared towards these two critical elements of strategic management using terminology that has a standardized meaning across all functions of the organization. The issue however is with communication of the strategy, a significant portion of the respondents indicated that the organization used downward communication when communicating its strategy to the employees. This one of the strategy implementation silent killers, as identified by strategists Beer and Eisenstat (2000) who points out that vertical communication used by management to staff is harmful to effective strategy implementation.

The bottom four ranking mean and standard deviation values were 3.47, 3.41, 3.16, and 2.99 with a standard deviation of 1.008, 1.018, 1.045 and 1.077 respectively. Here respondents agreed that the organization uses simplified and easy to understand methods when communicating its strategy to employees, that prior to formulating a new strategic plan, the organization assesses its available resources,

and that the existing resources complement the strategic intention of the organisation. These factors are all critical in effective strategic management and were referred to by Mankins and Steele (2005) as tactical means of bridging the gap the gap between strategy formulation and implementation. These authors stated for strategy to be effective, it has to simple and concrete, and that the deployment of available resource should be done as early as possible. The majority of the respondents however had disagreed with the statement that the organization uses two way communication systems when communicating its strategy to the employees. This is corresponded to the earlier finding that the organization used downward communication when communicating its strategy to the employees which is a serious issue as already alluded to above. Heracleous (2003) suggests that one of the reasons why strategies fail is lack of support and commitment by majority of employees and middle management simple because they do not feel consulted in the development of strategies in the organization.

#### **4.4.2 Objective two: To examine the effectiveness of sustainable strategy implementation in Eskom, KwaZulu-Natal**

The respondents were asked to indicate to what degree did they agree or disagree with the statements in Table 4.2 below with regard to the effectiveness of sustainable strategy implementation. The results indicated that a substantial portion (44%) of respondents (mean = 3.39 and std. deviation = 0.873) agreed that the organization has alternative means of implementing strategy and achieving its goals. The next ranking mean value of 3.3 and standard deviation of 1.076 showed that the respondents agreed that, both management and staff are held accountable for successful implementation of the strategy of the strategy within the organization.

This was collaborated by the next ranking mean of 3.26 and a standard deviation of 0.960, which indicated that thirty-eight percent (38%) of the respondents, as seen in Figure 4.6 below, agreed that each member of the management team has responsibilities mapped to strategy implementation, which obviously comes with accountability.

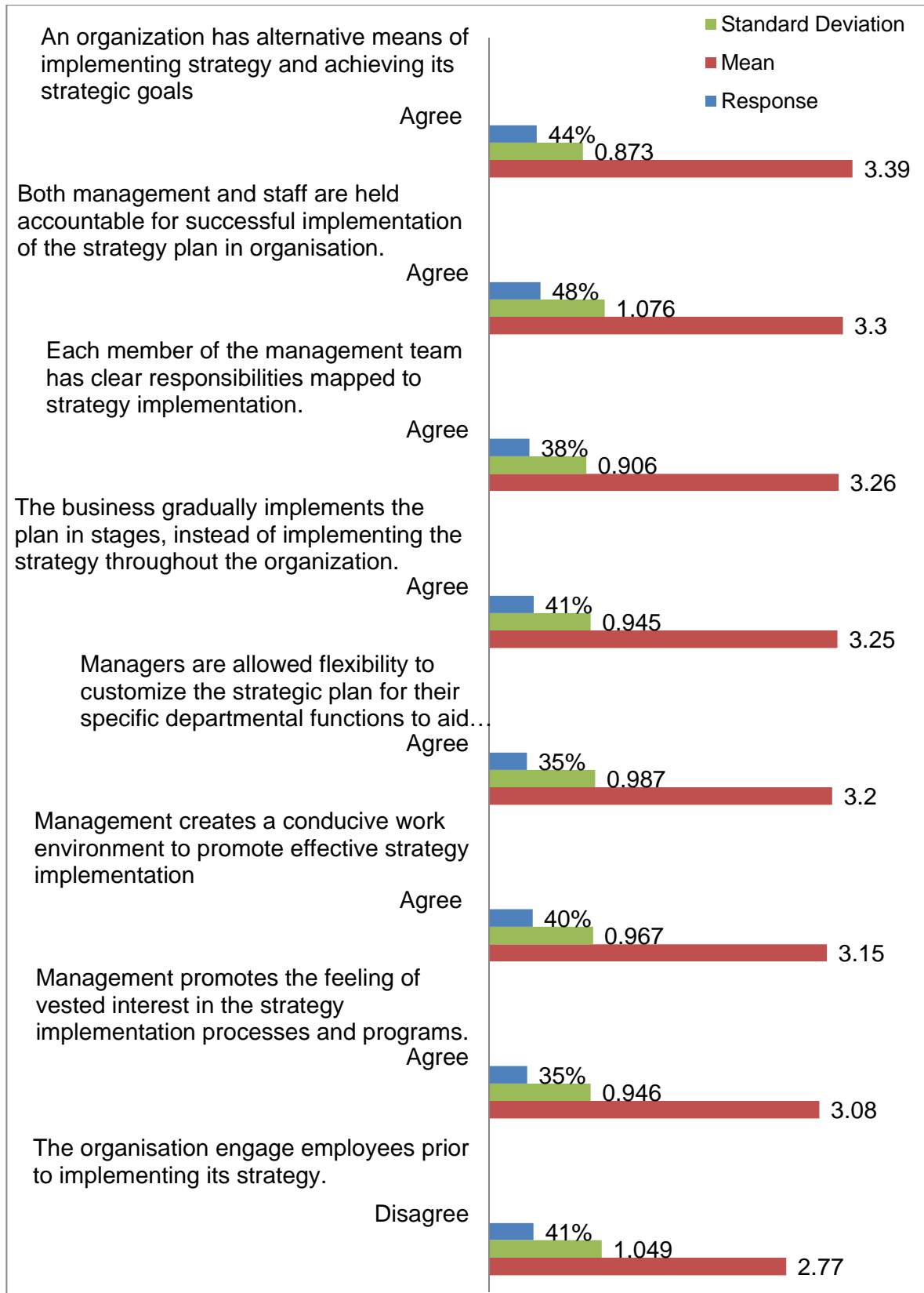
**Table 4.2: Descriptive statistics: Objective two**

	<b>Mean</b>	<b>Standard Deviation</b>
An organization has alternative means of implementing strategy and achieving its strategic goals.	3.39	0.873
Both management and staff are held accountable for successful implementation of the strategy plan in organisation.	3.30	1.076
Each member of the management team has clear responsibilities mapped to strategy implementation.	3.26	0.960
The business gradually implements the plan in stages, instead of implementing the strategy throughout the organization.	3.25	0.945
Managers are allowed flexibility to customize the strategic plan for their specific departmental functions to aid effective implementation.	3.20	0.987
Management creates a conducive work environment to promote effective strategy implementation.	3.15	0.967
Management promotes the feeling of vested interest in the strategy implementation processes and programs.	3.08	0.948
The organisation engages employees prior to implementing its strategy	2.77	1.049

Based on these findings, the organization allows some strategy implementation flexibility and all employees including management are held accountable for the successful implementation of strategy and each member of the management has clear responsibilities mapped to strategy implementation. Hills and Jones (2009) suggests that, for strategy implementation to be effective, the structure of the

organization should synchronize and integrate strategy to the tasks performed by all employees at all levels across all divisions and functions. The goal should be to align the organizational structure such that it aligns and fits with the strategy requirements. Cocks (2010) points out that the strategy should be broken down to activities and tasks should be clearly defined and linked to the strategic objectives of the organization in order to effectively execute strategy. The next ranking mean was 3.25 with a standard deviation 0.945, which showed that the respondents agreed that the business gradually implements the plan in stages, instead of implementing the strategy throughout the organization. This is followed by statement with a mean value of 3.20 and a standard deviation of 0.987 which state that "Managers are allowed flexibility to customize the strategic plan for their specific departmental functions to aid effective implementation". This tallied to the gradually implementation of the strategic plan since managers are allowed some implementation flexibility. The least ranking statements had mean values of 3.15, 3.08 and 2.77 with a standard deviation of 0.967, 0.946 and 1.049 respectively. With these statements, respondents agreed that management creates a conducive work environment to promote effective strategy implementation and that management promotes the feeling of vested interest in the strategy implementation processes however forty-one percent (41%) of the respondents disagreed with the statement that "The organisation engages employees prior to implementing its strategy." This could be linked to the findings under study objective one in 4.4.1 above, which indicated that the organization uses downward communication with no two-way interaction or engagement.

One of reasons why effective implementation efforts fail as identified by Heracleous (2003) is that top management spend insufficient time on communicating the new strategy, selling the new strategy direction and managing the organizational change involved.



**Figure 4.6: Objective two statements - Descriptive statistics vs. responses**



Hough et al. (2011) suggests that for an organization to implement and successfully execute strategy, management should engage with staff to communicate the case for organizational change so distinctly and convincingly that a firm commitment takes hold throughout the ranks to find ways to implement strategy, make it work and meet performance target. Failure of the organization to communicate its vision, position and strategic plans to all its employees creates perception gaps leading to ineffective implementation.

#### **4.4.3 Objective three: To investigate barriers of sustainable strategy implementation in Eskom, KwaZulu-Natal**

The respondents were asked to indicate to what degree did they agree or disagree with the statements tabulated in Table 4.3 below with regard to the barriers of sustainable strategy implementation. The findings indicated that majority (46%) of the respondents agreed that the strategic intentions of the organization are clear as this statement had the highest ranking mean of 3.48, however the standard deviation of 1.013 showed that there was a higher variation of opinion, fifty-four percent (54%) of the respondents disagreed or neither agreed or disagreed (neutral) with this statement. This is in tandem with previous literature by Ehlers and Lazenby (2010) who point out that one of the barriers to effective strategy implementation is the vision barrier where only as little as five percent of the workforce understand the vision and the organizational strategy or strategic intentions.

The second highest ranking mean of 3.44 with standard deviation of 0.939 indicated that most respondents (50%) agreed that attainment of strategic goals is prioritized in order of their importance in the organization. This was an indication that the organization is somewhat in the right path in eliminating strategy implementation barriers since Beer and Eisenstat (2010) points out that conflicting prioritizes results in poor coordination because employees are uncertain of the organizations' strategic direction.

**Table 4.3: Descriptive statistics: Objective one**

	<b>Mean</b>	<b>Standard Deviation</b>
The strategic intentions of the organisation are clear.	3.48	1.013
Attainment of strategic goals is prioritized in order of their importance.	3.44	0.939
The strategic goals align with organisational culture.	3.42	0.971
An organization focuses a large portion of its resources on a narrow set of strategic objectives.	3.41	0.836
Strategic goals of the organisation are contradicting.	3.29	0.979
Management constantly reviews strategy implementation progress to identify any challenges or deviations.	3.16	0.944
Commitment of top level management gives employees confidence during the implementation effort.	2.86	1.090
Top level management allow employees' participation in decision making	2.36	1.076

The next score was a mean of 3.42 and a standard deviation of 0.979, which showed that majority (50% as show in Figure 4.7 below) of the respondents, agreed that the strategic goals align with organisational culture. According to Chatman and Cha (2003) culture strongly relates to implementation of strategy, shaping organizational culture requires unambiguousness in content, uniformity in nature and completeness in coverage in order for strategy to be effectively implemented. This is supported by Rajesejar (2014) who suggests that an important relationship exists between organizational culture and strategy implementation. When the organizational beliefs, vision and goals underpinning its chosen strategy are well matched with its organizational culture, the culture then aids strategy implementation as a valuable driver and streamlines strategy implementation efforts.



**Figure 4.7: Objective three statements: Descriptive statistics vs responses**

The next ranking mean was 3.41 with a standard deviation of 0.836, which indicated that most respondents were in agreement with the statement, which stated, “An organization focuses a large portion of its resources on a narrow set of strategic objectives”. This aligned to an earlier finding that strategic goals are prioritized in order of their importance; because of prioritization the organization is most likely to end up focusing most of its resources on a narrow set of strategic objective in order to achieve its priority goals.

The next score was a mean of 3.29 and standard deviation of 0.979 showed that most of the respondent (36%) neither disagreed nor agreed with the statement “Strategic goals of the organization are contradicting”. The higher standard deviation, indicated difference in opinion amongst respondents, in fact thirty-one percent (36% as shown in Figure 4.7 above) had agreed with statement with twenty-four percent (24%) in disagreement with the statement. This could be a symptom for lack of strategic direction, Merchant and Van De Stede (2007) points out that when employees do not have a clear understanding of what the organization is expecting from them, they are more likely to set their own goals assuming that these goals are aligned to organizational strategic goals, however organizational goals might be different from how employees understood them.

The lowest ranking scores were a mean of 3.16, 2.86 and 2.36 with a standard deviation 0.944, 0.946 and 1.076 respectively. Majority of the respondents had agreed that management constantly reviews strategy implementation progress to identify any challenges or deviations.

Thirty-three percent (33%) of the respondents agreed that the commitment of top level management gives employees confidence during the implementation effort, however forty-one percent (41%) disagreed that top level management allow employees’ participation in decision making. This could be linked to earlier findings in the first and second study objectives above, which indicated that the organization used downward communication (mean = 2.99) and that the organization does not engages employees prior to implementing its strategy (mean = 2.77).

Thompson (2001) stresses importance of employee participation and involvement in strategic management; he points out that people who are consulted and involved in

strategy formulation are more likely to support strategic changes necessary to implement strategy successfully.

#### **4.4.4 Objective four: To recommend a sustainable strategic management implementation strategy for Eskom, KwaZulu-Natal**

This objective allowed respondents an opportunity to share their thoughts on how Eskom, KwaZulu-Natal can achieve sustainable strategic management. Table 4.4 below shows prevalent responses grouped and summarised. The most dominant responses were around planning, communication and engagement as well as monitoring. Two of these elements are directly linked to the strategic management process which consists of four main steps, that is, environmental scanning, strategy formulation (*planning*), strategy implementation, as well as evaluation and control (*monitoring*).

The lack of consideration of the elements therefore is an indication of a breakdown in the strategic management process within the organization. With regard to planning, the concerns were around succession planning, resources planning, setting of attainable goals and involvement of employees in strategy planning, Heracleous (2003) suggests that one of the reasons for strategy failure is that the strategy does not correspond to market realities because it was developed by strategic planners who had no input from the 'grass roots'. This highlights the vital role employees at ground level play in planning and formulating a good strategy. According Cater and Pucko (2010) one fundamental challenge in effective strategy implementation is ensuring employees' buy-in and directing their capabilities towards therefore communication and engagement is crucial. This is supported by Thompson (2001) who points out that the rationale for strategic change should be communicated in such a way that everyone in the organization understands the need and the benefit of the new strategy.

Korbi (2015) advises that management should set up a communication plan to address any staff queries, the profile of the organization after the strategic change, styles of leadership and behavior in order to strengthen the organization during strategy implementation.

**Table 4.4: Top responses - communication and engagement**

Element	Top responses
Planning	<ul style="list-style-type: none"> <li>• There should be proper succession planning to ensure continuous implementation.</li> <li>• There should be proper resource planning to ensure that there are adequate resources to support implementation</li> <li>• The organization should set realistic goals in order for strategy to be sustainable.</li> <li>• Involvement of employees in strategic development plans will ensure effective implementation.</li> </ul>
Communication and engagement	<ul style="list-style-type: none"> <li>• Constant communication and engagement of all employees.</li> <li>• Employee involvement in decision-making.</li> <li>• Strategies to achieve strategic goals should be formulated in conjunction with representatives of the work force that will conduct the groundwork implementation</li> <li>• Employees should be engaged before implementation because strategies that work on paper do not always work in practice</li> <li>• Bottom level approach is recommended to get a buy in from all employees. Trust, honesty, transparency from both employees and leaders is required for successful implementation.</li> <li>• Employee engagement from formulation to implementation. Employees need to feel and be part of the strategy in order for them to own the new strategy.</li> <li>• There should be more strategy awareness campaigns.</li> <li>• The organization should engage both internal and external stakeholders when strategizing to ensure strategy success.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• Reliable and routine reporting on strategy implementation, not just once off reports.</li> <li>• More management visibility during implementation to build employee confidence in management and the organizational strategic intentions.</li> <li>• Reduction of excessive rules, regulations and enormous amount of paper work</li> <li>• Consistent periodical reviews of strategic plans.</li> </ul>

Monitoring is a critical step in effectively implementing any plan as it identifies any shortcomings or deviations from the intended outcome. Nedelea and Paun (2009) suggest that strategy formulation and implementation is not a once off task, during this step of the process, circumstances that require adjustment, may arise. Strategy

may need to be altered because the implementation is not going well or because changes in the environment necessitate fine-tuning or even major overhaul of the process. It is therefore necessary for management to monitor and evaluate if the chosen strategy is working well and how well is implementation progressing, making adjustments whenever there are deviations or whenever an improved way of doing things is discovered and supported.

#### **4.5. Conclusion**

This chapter presented the results and data analysis of the study; the response rate and demographics, that is, gender, age, race and task grading of the respondents were discussed. Questions from the survey were clustered according to the study objectives for analysis and the results were presented through graphical presentation, descriptive statistic and the comparison of the responses versus descriptive statistics.

The responses from the open-ended question were summarized and grouped according to the three main prevalent responses, that communication and engagement, planning and monitoring.

The next and the last chapter outlines the conclusions and recommendations for sustainable strategic management based on the findings of the study, recommendations for future research will also be discussed in this chapter.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This last chapter draws conclusions from the findings and makes recommendations to assist the organization avoid the pitfalls that lead to strategic plans failure while assisting the employees in understanding the critical role they play in successful strategy formulation and implementation therefore implementing sustainable strategic management throughout Eskom, KwaZulu-Natal.

#### **5.2 Summary of the study objectives**

This study intended on investigating the gap between strategy formulation and implementation. The main objectives of the study were to investigate critical success factors in strategy formulation, to examine the effectiveness of sustainable strategy implementation and to investigate barriers of sustainable strategy implementation in Eskom, KwaZulu-Natal in order to recommend a sustainable strategic management implementation strategy for Eskom, KwaZulu-Natal thereby moving the organization towards sustainable strategic management.

#### **5.3 Conclusion**

Below are the findings conclusions in line with each objective of the study.

##### **5.3.1 Examining the critical implementation success factors in strategy formulation to ensure sustainable strategic management in Eskom, KwaZulu-Natal**

The study revealed that the organization does define the mission and vision before strategy formulation, which sets the correct tone for sustainable strategic management also; it defines goals that are geared towards the mission and vision.



These are some of the critical success factors in strategy formulation as they demonstrate alignment of actionable goals to the organizational strategy, the issue however seemed to be the communication of the strategy to employees.

Although it emerged that the organization assesses its available resources prior to formulating its strategy and it uses simplified and easy to understand methods when communicating its strategy, most employees indicated that the organization uses downward communication system as shown by the highest scoring statement in Table 4.1 in the results presentation. This is an indication of lack of employee consultation during strategic planning, meaning that the formulation of the strategy is only influenced by the management team without any input from ground level yet the expectation is that employees have to execute and implement strategy. This is a gap that has a potential of resulting into disruption of implementation efforts by employees since they might feel that the strategy is not the right fit for the organization or they do not have the necessary skills to effectively implement the new strategy. In order for strategy to be sustainable it has to be integrated to all functions of the business suggesting that all parties have to be consulted right from the planning stages.

### **5.3.2 Examining the effectiveness of sustainable strategy implementation in Eskom, KwaZulu-Natal**

The study further revealed that the organization has alternative means of implementing strategy and achieving its strategic goals, it also revealed that each member of the management team has clear responsibilities linked to strategy implementation and both management and staff are held accountable for effective implementation. In addition to that, it emerged that management creates a conducive work environment to promote effective strategy implementation and that management promotes the feeling of vested interest in the strategy implementation process and programs, however a significant portion of employees indicated that there is a lack of employee engagement prior to strategy implementation as indicated in Table 4.2. This could be linked to the downward communication system used by the organization as alluded to above. This also

signals ineffective strategy implementation as employees are held accountable for the successful implementation of strategy although they were not given an opportunity to influence the strategy during planning and formulation.

### **5.3.3 Investigating barriers of sustainable strategy implementation in Eskom, KwaZulu-Natal.**

On investigating the barriers of sustainable strategy implementation in Eskom, KwaZulu-Natal, the study revealed that the strategic intentions of the organization are clear, that attainment of strategic goals is prioritized in order of their importance, that there is a tight fit between strategy and organizational culture however the organization seemed to focus a large portion of its resources on a narrow set of objectives which could be the result of prioritization of attainment of strategic goals.

A significant number of employees also affirmed that the management constantly reviews implementation progress but it was unclear (neutral) if commitment of top management gives employees confidence during strategy implementation as shown in Table 4.3. Further to this it emerged that there is a lack of employee involvement in decision-making, which could be explained by both the downward communication and lack of employee engagement.

### **5.3.4 To recommend a sustainable strategic management implementation strategy for Eskom, KwaZulu-Natal**

With regard to employees' views on how Eskom, KwaZulu-Natal can achieve sustainable strategic management, the findings revealed three main areas employees felt strongly about as illustrated in Table 4.4, firstly, communication and employee engagement – employees felt that there should be a transparent, honest and consistent communication from top management which will allow for involvement of employees in decision-making.

Secondly, planning – it was highlighted that during the planning stages the organization should set realistic goals aligned to the available resources, skills and

competencies and have a proper succession plan in place which will ensure uninterrupted strategy implementation. Thirdly, monitoring – the view was that there should be a reliable and routine strategy implementation reports and management should be more visible during implementation in order to build employee confidence in management and the organizational strategic intentions.

Based on the conclusions drawn above, the study recommends that the organization employ the use of a vertical two-way communication system that will allow the interaction and flow of information between managerial and non-managerial employees, since in a two-way communication system the receiver has to react (send back) information to the sender, this system will then provide employees with the means to convey their suggestions and/or contributions and/or ask for any further clarification with regard to strategy formulation and implementation from the management team. This will close the communication gap and enable effective sustainable strategic management within the organization.

The issue of employee engagement prior to strategy implementation can be addressed through strategy awareness campaigns particularly at ground level since employees at this level have the biggest impact on sustainable effective strategy implementation.

Prioritization of attainment of strategic goals presents the risk of inequitable allocation of resources resulting to the non-prioritized strategic goals being neglected; it is therefore recommended that the organization set all strategic goals as a priority which will then force the equal spread of resources. Further to this, management should demonstrate commitment to strategy implementation and strategic management as whole in order to gain employee confidence, which enable successful strategy implementation, in addition management should consider employees' inputs when making decisions around strategic management as this will ensure that employees feel that they are the part of the process and therefore mostly likely to own the process.

In order for strategy to be effectively implemented and for Eskom KwaZulu-Natal to have a sustainable strategic management process in place, employees recommended that communication from top management should be transparent, honest and consistent to enable the involvement of all employees in decision-

making, strategic goals should be realistic and aligned to the available resources, skills and competencies.

To ensure uninterrupted and sustainable strategic management, it was recommended that a proper succession plan should be in place and lastly, to ensure smooth and effective strategy implementation, the recommendation was that there should be a reliable and routine strategy implementation reports and management should be more visible during implementation in order to build employee confidence in management and the organizational strategic intentions.

#### **5.4 Limitations of the study**

The following limitations were encountered by the researcher during the course of the study:

- Time constraints - the study had to be done over a period of six (6) months which presented a challenge particularly during data collection since respondents took longer to respond because of their busy schedules. Respondents had to be reminded numerous times to complete the survey
- Network connectivity challenges also presented a challenge resulting to some of participants dropping out of the survey
- Some of the respondents were concerned about confidentiality and they were assured that all responses will be kept confidential, also the online data collection system allowed them an option for completing the survey anonymously

#### **5.5 Recommendations and suggestion for further research**

This study focused on investigating and attempting to close the gap between strategy formulation and implementation thereby moving the organization towards sustainable strategic management. This was done through only three study objectives which looked into critical implementation success factors in strategy formulation, effectiveness of strategy implementation in the organization and

barriers of sustainable strategy implementation in the organization. A study on the relationship between sustainable strategic management and other factors such, employee motivation, job satisfaction, productivity and overall organizational performance is recommended for future research as this might show the value sustainable strategic management adds in an organization.

## **5.6 Summary**

This final chapter concluded the findings of the study based on the objectives of the study, which were to examine critical implementation success factors in strategy formulation, to examine effectiveness of sustainable strategy implementation, to investigate barriers of sustainable strategy implementation as well recommending a sustainable strategic management implementation strategy for Eskom, KwaZulu-Natal. Findings were summarized, areas of concern were highlighted and recommendations to address these areas were made, further, recommendations and suggestion for further research were also discussed in this chapter.

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## Appendix 1: Sample size table

Population Size	Required Sample Size <sup>†</sup>							
	Confidence = 95%				Confidence = 99%			
	Margin of Error				Margin of Error			
	5.0%	3.5%	2.5%	1.0%	5.0%	3.5%	2.5%	1.0%
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1,000	278	440	606	906	399	575	727	943
1,200	291	474	674	1067	427	636	827	1119
1,500	306	515	759	1297	460	712	959	1376
2,000	322	563	869	1655	498	808	1141	1785
2,500	333	597	952	1984	524	879	1288	2173
3,500	346	641	1068	2565	558	977	1510	2890
5,000	357	678	1176	3288	586	1066	1734	3842
7,500	365	710	1275	4211	610	1147	1960	5165
10,000	370	727	1332	4899	622	1193	2098	6239
25,000	378	760	1448	6939	646	1285	2399	9972
50,000	381	772	1491	8056	655	1318	2520	12455
75,000	382	776	1506	8514	658	1330	2563	13583
100,000	383	778	1513	8762	659	1336	2585	14227
250,000	384	782	1527	9248	662	1347	2626	15555
500,000	384	783	1532	9423	663	1350	2640	16055
1,000,000	384	783	1534	9512	663	1352	2647	16317
2,500,000	384	784	1536	9567	663	1353	2651	16478
10,000,000	384	784	1536	9594	663	1354	2653	16560
100,000,000	384	784	1537	9603	663	1354	2654	16584
300,000,000	384	784	1537	9603	663	1354	2654	16586

## Appendix 2: Consent letter

<b>Informed Consent Letter 3C</b>
-----------------------------------

**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

Dear Respondent,

**MBA Research Project**

**Researcher:** Thembelihle Hlophe (+27 82 258 7382)

**Supervisor:** Dr. E Mutambara (+27 31 260 8104)

**Research Office:** Ms P Ximba 031-2603587

I, **Thembelihle Anetter Hlophe** an MBA student, at the Graduate School of Business and Leadership, of the University of KwaZulu Natal invite you to participate in a research project entitled **Bridging the Gap between Strategy Formulation and Implementation Towards Sustainable Strategic Management in Eskom, KwaZulu-Natal**. The aim of this study is to explore and attempt to understand why does the gap between strategy formulation and implementation persistently occur and then determine the means of bridging this gap.

Through your participation I hope to understand why strategies fail on implementation and what can be done to effectively achieve sustainable strategic management in Eskom, KwaZulu-Natal.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about **15** minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Investigator's signature \_\_\_\_\_ Date \_\_\_\_\_

**This page is to be retained by participant**

**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

**MBA Research Project**

**Researcher:** Thembelihle Hlophe (+27 82 258 7382)

**Supervisor:** Dr. E. Mutambara (+27 31 260 8104)

**Research Office:** Ms P. Ximba 031-2603587

**CONSENT**

I.....(full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT

DATE

.....

**This page is to be retained by researcher**

## Appendix 3: Questionnaire

### DEMOGRAPHIC INFORMATION

#### GENDER:

Please indicate your gender	Tick Appropriate box
Male	
Female	

#### AGE:

Please indicate your age	Tick Appropriate box
18-25	
26-35	
36-45	
>45	

#### RACE:

Please indicate your race	Tick Appropriate box
African	
Indian	
White	
Coloured	

#### TASK GRADING:

Please indicate your grade	Tick Appropriate box
T06-T11	
T12-T13	
P12-P16	
M14-M18	
EEE	



QUESTIONS:		Please tick the most suitable answer				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>To examine the critical implementation success factors in strategy formulation to ensure sustainable strategic management in Eskom, KwaZulu-Natal</b>						
1.	The organization defines the mission and vision statements as the first step in formulating its strategy.					
2.	Prior to formulating a new strategic plan, the organization assesses its available resources.					
3.	The existing resources complement the strategic intention of the organisation.					
4.	The organization defines strategic goals that are geared towards the mission and vision statements.					
5.	The organization uses simplified and easy to understand methods when communicating its strategic plan to all its employees					
6.	The organisation uses terminology that has a standardized meaning across all functions of the organization.					
7.	The organisation uses two way communication when communicating its strategy to the employees					
8.	The organisation uses downward communication when communicating its strategy to the employees.					
<b>To examine the effectiveness of sustainable strategy implementation in Eskom, KwaZulu-Natal</b>						
9.	The organisation engages employees prior to implementing its strategy.					
10.	Management promotes the feeling of vested interest in the strategy implementation processes and programs.					
11.	Management creates a conducive work environment to promote effective strategy implementation.					
12.	Both management and staff are held accountable for successful implementation of the strategy plan in organisation.					
13.	Each member of the management team has clear responsibilities mapped to strategy implementation.					
14.	Managers are allowed flexibility to customize the strategic plan for their specific departmental functions to aid effective implementation.					
15.	An organization has alternative means of implementing strategy and achieving its strategic goals.					
16.	The business gradually implements the plan in stages, instead of implementing the strategy throughout the organization.					

<b>To investigate barriers of sustainable strategy implementation in Eskom, KwaZulu-Natal.</b>						
17.	Attainment of strategic goals is prioritized in order of their importance.					
18.	Strategic goals of the organisation are contradicting.					
19.	Management constantly reviews strategy implementation progress to identify any challenges or deviations.					
20.	An organization focuses a large portion of its resources on a narrow set of strategic objectives.					
21.	The strategic goals align with organisational culture.					
22.	The strategic intentions of the organisation are clear.					
23.	Current organisation top level management allow employees' participation in decision making					
24.	Commitment of top level management gives employees confidence during the implementation effort.					
<b>To recommend a sustainable strategic management implementation strategy for Eskom, KwaZulu-Natal.</b>						
25. Any other suggestions of how Eskom, KwaZulu-Natal can achieve sustainable strategic management?						

## Appendix 4: Validity and reliability results

Reliability Statistics	
Cronbach's Alpha	N of Items
.924	24

Component Matrix	
	Component
The organization defines the mission and vision statements as the first step in formulating its strategy.	0.923
Prior to formulating a new strategic plan, the organization assesses its available resources.	0.919
The existing resources complement the strategic intention of the organization.	0.920
The organization defines strategic goals that are geared towards the mission and vision statements.	0.921
The organization uses simplified and easy to understand methods when communicating its strategic plan to all its employee	0.919
The organization uses terminology that has a standardized meaning across all functions of the organization.	0.920
The organization uses two-way communication when communicating its strategy to the employees.	0.918
The organization uses downward communication when communicating its strategy to the employees.	0.926
The organization engages employees prior to implementing its strategy.	0.918
Management promotes the feeling of vested interest in the strategy implementation processes and programs.	0.919
Management creates a conducive work environment to promote effective strategy implementation.	0.918
Both management and staff are held accountable for successful implementation of the strategy plan in organization.	0.919
Each member of the management team has clear responsibilities mapped to strategy implementation	0.919
Managers are allowed flexibility to customize the strategic plan for their specific departmental functions to aid effect	0.920
An organization has alternative means of implementing strategy and achieving its strategic goals.	0.920
The business gradually implements the plan in stages, instead of implementing the strategy throughout the organization.	0.920
Attainment of strategic goals is prioritized in order of their importance.	0.920
Strategic goals of the organization are contradicting.	0.934
Management constantly reviews strategy implementation progress to identify any challenges or deviations.	0.918
An organization focuses a large portion of its resources on a narrow set of strategic objectives.	0.927

The strategic goals align with organizational culture.	0.919
The strategic intentions of the organization are clear.	0.92
Top level management allow employees' participation in decision making.	0.921
Commitment of top level management gives employees confidence during the implementation effort.	0.92

## Appendix 5: Ethical clearance



**The Registrar**  
University of KwaZulu-Natal

Date:  
03 February 2017

Enquiries:  
Tel +27 31 710 5111

### **ETHICAL CLEARANCE: CONFIRMATION OF ESKOM INTELLECTUAL PROPERTY RIGHTS AND SECURITY CLEARANCE FOR MBA RESEARCH – MISS THEMBELIHLE HLOPHE**

This memorandum serves as an ethics clearance; confirmation of Eskom intellectual property rights and security clearance for the continuation of MBA level research and write-up by Miss Thembelihle Hlophe. The research topic is **BRIDGING THE GAP BETWEEN STRATEGY FORMULATION AND IMPLEMENTATION TOWARDS SUSTAINABLE STRATEGIC MANAGEMENT IN ESKOM KWAZULU-NATAL.**

Miss Hlophe followed due internal processes in terms of gaining permission for this research.

It must be noted that this general clearance is for limited period only, which will be for the rest of the financial year 2017 till end of 2018 and in no way waives Eskom's intellectual Property Rights.

Yours sincerely  


Monde Bala  
**GENERAL MANAGER – KWAZULU-NATAL**

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P. O. Box 66, New Germany, 3620, SA  
Tel +27 31 710 5111 Fax +27 31 710 5359 [www.eskom.co.za](http://www.eskom.co.za)  
**Eskom Holdings SOC Ltd Reg No 2002/016627/30**



23 March 2017

Ms Thembellhle Anetter Hlophe 215080805  
Graduate School of Business and Leadership  
Westville Campus

Dear Ms Hlophe

Protocol Reference Number: HSS/0215/017M

Project Title: Bridging the Gap between Strategy Formulation and Implementation Towards Sustainable Strategic Management in Eskom, KwaZulu-Natal

**Full Approval – Expedited Application**

In response to your application received 1 March 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.


Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.

**PLEASE NOTE:** Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

  
.....  
Dr Shamila Naidoo (Deputy Chair)  
Humanities & Social Sciences Research Ethics Committee

/pm

cc Supervisor: Dr E Mutambara  
cc. Academic Leader Research: Dr M Hoque  
cc. School Administrator: Ms Zarina Bullyraj

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Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

Westville Campus, Govan Mbeki Building

Postal Address: Private Bag X54001, Durban 4000

Telephone: +27 (0) 31 260 3587/6360/4557 Facsimile: +27 (0) 31 260 4609 Email: [simbao@ukzn.ac.za](mailto:simbao@ukzn.ac.za) / [smmm@ukzn.ac.za](mailto:smmm@ukzn.ac.za) / [robust@ukzn.ac.za](mailto:robust@ukzn.ac.za)

Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)



100 YEARS OF ACADEMIC EXCELLENCE

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**Appendix 6: Proof reading and editing confirmation**

July 2017


**To whom it may concern**

This letter serves as confirmation that I have completed format editing for Thembelihle Anetter Hlophe, student no 215080805 MBA dissertation i.e. *Bridging the Gap between Strategy Formulation and Implementation towards Sustainable Strategic Management in Eskom, KwaZulu-Natal*

Many thanks

*M. Dixon*

## Appendix 7: Turnitin report

 **Turnitin Originality Report**

Dissertation 2017 by Thembelihle Hlophe  
From Dissertation for turnitin 2017 (MBA dissertation for turnitin 2017)

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ID: 826359764  
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<http://homepages.bw.edu/~mpisnar/2008%20Text.pdf>

3 1% match (publications)  
[Management Decision, Volume 46, Issue 10 \(2008-11-09\)](#)

### paper text:

Abstract Strategic management process is concerned with identifying strategies that the organization implements in order to realize its strategic objectives resulting to better organizational performance. The process is made up of four main stages that is, environmental scanning, strategy formulation, strategy implementation, evaluation and control. Through these stages the process allows managers at all level in the organization to interact in planning and implementing organizational strategic plans, the challenge however is that, despite numerous studies that have been conducted in the field of strategic management, the failure rate of strategic plans still remains startling, as high as seventy percent (70%) of strategic plans have been said to fail at implementation stage and this is an indication of a vast gap that exists

**1between strategy formulation and implementation. The aim of this study**

was therefore to investigate and attempt to close this gap in order to move the organization towards sustainable strategic management. A probability sample of 331 was drawn from a population of 2 400 Eskom, KwaZulu-Natal employees. Quantitative data was collected using a web based questionnaire. The statistical analysis revealed that although the organization is in the right path to sustainable strategic management, it emerged that there was a lack of consideration for some of the critical implementation success factors during strategy formulation which impacts directly on the effectiveness of strategy implementation. The salient findings of this study were that the organization used a downward communication system when communicating its strategy to employees, that there was a lack of employee