Effects of Stakeholder Involvement on Successful Strategy Implementation in Public Corporations: A Case Study of KEBS
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ABSTRACT
With the public corporations in Kenya embracing strategic management which was heralded to bring the much needed improvement in their performance, the much awaited change has not been as widely seen as was anticipated but is rather slow and at times even retrogressive. There is still concern about poor performance of these public corporations. This can only mean one thing. The strategies are not working or in academic terms, the strategies have not been successfully implemented. Studies have shown the various aspects that contribute to the success of strategy and these have been adopted by the public corporation. This leaves one field not explored- The effect of stakeholder involvement on the successful implementation of strategy. However with public corporations, caution has to be taken on which stakeholder to involve and to what extent. This thus called for the present study to analyze the effect of involving each stakeholder in strategic planning and implementation on successful strategy implementation. Due to the number of public corporations and their homogeneity, a study on one should reflect on what happens in the others. This is the rationale for using KEBS. The study used a desk research design and explored much on the effects of stakeholder involvement on successful strategy implementation in public corporations.

Introduction
After the government of Kenya emphasized the need for strategic management among the Kenyan public corporations (Awuondo & Abdikadir, 2013), all public corporations have fully adopted strategic management in their day to day running with all the firms having a four or five year strategic plans which are implemented and evaluated at the end of the period (G.O.K, 2015).

However, the performance of the public corporations is still a far cry from the anticipated performance levels during the initiation of strategic management. This is however in contrast to their well detailed five year strategic plans (Awuondo & Abdikadir 2003). It is thus clearly seen that execution is often handled poorly by many organizations. Surveys have shown numerous occasions of good plans going awry because of substandard execution efforts.

This then calls into question the various areas which have led to this unconvincing report even with strategic management fully in place. It is on this background that the paper seeks to determine the effect of stakeholder involvement on successful strategy implementation.

Stakeholder Involvement
This can be considered as a process through which individuals and groups that have direct relationship with an organization are involved in major decisions in the organization (Amaeshi and Crane, 2006). It can incorporate internal and external stake holders. The stake holders can also be considered as those affected by the activities of the organization. On the other hand, it can also be seen as a process of seeking realistic views from all parties concerned with the organization both from within and without with an aim of improving an organization’s social and ethical accountability and performance (Greenwood, 2007). This is because today, companies answer to an increasing number of stakeholders. Customers, suppliers, shareholders, employees and other stakeholders demand more than just financial performance. They demand that businesses and industry use “green” processes, cut emissions and reduce resource use all while maintaining financial growth and social responsibility.

This is very vital in strategic management where decisions are made regarding the future prospects of the organization (Blahová, et al, 2011). Njuguna (2012) therefore asserts that the views of both internal and external stakeholders should be used when drawing the strategic plan. Kihanya (2013) however asserts that the management should put more emphasis on the views of the internal stakeholders but are not to totally ignore the views of the external stakeholders.

Successful strategy implementation
The difference between successful and unsuccessful strategy deployment is the way management influences its people to act towards that particular strategy (Pastoriza & Arinio, 2006). This is optimally done when those responsible for the success of the strategy fully understand the contents and the logic behind a strategic objective, (Snow et al, 2006).

It is also argued that this implies full or partial involvement of these parties in the entire strategy process. Various scholars add their assertions by the argument that every successful strategy involves full participation by the internal stake holders and at least some form of participation by the external stakeholders.
Crandall & Crandal (2011) furthered this discussion by explaining the important role played by competitors towards the success of organizational strategies. It is on this basis that the role of each of these stakeholders is to be examined to identify how their involvement in the process will affect the successful implementation of strategy.

KEBS

The Kenya Bureau of Standards was established in 1974 and became fully operational by 1975. Its main activities at that time were development of Standards and Quality Control for locally made products. The Metrology Laboratories started operating in 1980, followed by testing laboratories in 1982. Due to increased Trade Liberalization, Import Inspection commenced in 1995 and Pre-verification of Imports to Conformity of Standards was started in 2005. The other services which KEBS now provides are Training in Management Systems and Certification Services. KEBS also carries out other functions under the WTO Agreement on TBT and the Agreement on Pre-shipment Inspection. Thus, over the last three decades, the scope of KEBS’ activities has expanded from development of standards and provision of Standardization of commodities and codes of practice to cover Standardization and Conformity Assessment for commodities and services in all sectors of the economy not only in Kenya but also in the Eastern Africa region. Administratively, KEBS is structured into five functional Divisions, in addition to the Directorate namely, Standards and International Trade Development Division, Metrology/Testing Division, Quality Assurance and Inspection Division; Finance and Strategy, and Human Resource and Communication (KEBS, 2014).

An analysis of KEBS’ performance over the last plan period as well as interviews with members of the Council and staff has shown areas of weaknesses where improvements will need to be realized over the next plan period. The required improvements include the following: enhanced public awareness of KEBS and its products, development of a formal strategy for expanding scope of measurement fields, reducing testing turn-around time, review and harmonization of the pertinent Acts of Parliament, rationalization and implementation of the organization structure, analysis of staff workload and implementation of proper staffing levels, improving the ICT infrastructure, putting in place an effective Monitoring and Evaluation system and improving the overall governance structure. As part of KEBS’ commitment to ensure high quality services consistently, the organization has issued its Customer Service Charter in which it has outlined the standards of performance and its other obligations to the public (KEBS, 2007).

With emphasis laid on strategic management as the competitive tools for all firms more so, the public corporations which have historically been doing badly off as compared to their private sector counterparts (Awuond & Abdikadir 2003) and the acceptance of the fact that the changeover to profitability in the public corporations can only be realized when there is successful implementation of their strategies () a number of questions thus rise to the reason for the corporate firms still not performing at their 100% potential.

This has seen scholars conduct various studies on the factors that affect the successful implementation of strategies (Atieno, 2009; Blahová, et al 2011; Czepiel & Kerin, 2012 & Mukhalasie 2014). Various factors have therefore been identified such as organizational capacity, organizational structure, human capital, stake holder involvement (Zeina, 2009), stake holder influence, business environment and organizational structure. Among these aspects, there has been extensive studies on the effects of organizational capacity (Pierre et al (2009), organizational structure (Ziaul et al, 2011), human capital (Hendry (2003), stake holder influence (Pastoriza & Arinio (2006), business environment (Gibbons, 2006) and organizational structure (Demeester & Grahovac, 2005).

The concept of stake holder involvement in strategy planning and implementation is a relatively new concept with first major discussions on the same made by Awino (2013). This has therefore seen very few studies such as (Kihanya, 2013 & Mukhalasie, 2014). These studies are however very exploratory with no quantitative determination of the relationship. This has also seen numerous divergent opinions about which stake holders to involve and to which extent they are to be involved in the strategy process. This is the research gap to be filled by the current study in giving specific quantitative relationships of the involvement of each of the stake holders on successful implementation of strategy.

Research Objectives

The study sought

i. To determine the effect of junior employee involvement on successful strategy implementation

ii. To determine the effect of management involvement on successful strategy implementation

iii. To determine the effect of suppliers involvement on successful strategy implementation

iv. To determine the effect of customer involvement on successful strategy implementation

v. To determine the effect of stockholder involvement on successful strategy implementation

vi. To determine the effect of competitors involvement on successful strategy implementation

Research Methodology

The research was descriptive in nature and was intended to find out the effects of stakeholder involvement on successful strategy implementation in public corporations: with special reference to KEBS, Descriptive research was chosen as it best describes data and characteristics about the population and phenomenon being studied. According to Nassaji (2015) the goal of descriptive research is to describe a phenomenon and its characteristics. The research study’s scope was KEBS. The study predominantly adopted a desk study design whose main source of data was secondary. This was derived from books, various websites, Public Service periodicals, KEBS publications, journals and newspapers.

Related Literature

Theoretic Framework

The study being anchored around strategic management derived its rationale from agency theory, stewardship theory and contingency theory.

Agency theory

Agency theory argues that in the modern corporation, in which share ownership is widely held, managerial actions depart from those required to maximize shareholder returns. According to the theory, the owners are the principals who in most cases are the shareholders and the managers are agents thus there is an agency loss which is the extent to which returns to the residual claimants, the owners, fall below what they would be if the principals, the owners, exercised direct control of the corporation. Agency theory specifies mechanisms which reduce agency loss.

The central idea behind the Principal-Agent model is that the Principal may either be too busy or lack the required skills
and expertise to do a given job and so hires the Agent, but being too busy also means that the Principal cannot monitor the Agent perfectly. As a result, there are a number of ways that the Principal might then try to motivate the Agent (Gibbons, 2006). These include incentive schemes for managers which reward them financially for maximizing shareholder interests such as plans whereby senior executives obtain shares, perhaps at a reduced price, thus aligning financial interests of executives with those of shareholders as well as tying executive compensation and levels of benefits to shareholders returns or have part of executive compensation deferred to the future to reward long-run value maximization of the corporation and deter short-run executive action which harms corporate value.

Another model of Agency theory views the agents from behavioral perspective thus the reward to motivate the agents is rather more intrinsic such as esteem and recognition rather than financial motivators. This gives rise to the non-financial motivators and the identification by managers with the corporation, especially likely where they serve with long tenure and are actively involved in the shaping of its form and directions which promotes a merging of individual ego and the corporation, thus melding individual self-esteem with corporate prestige. (Boyd et al, 2012). The theory thus proposes that the principal must always be constantly monitoring the performance of the organization in order to evaluate the performance of the agents. In strategic management, the principal is thus not concerned with the strategies employed by the agents but rather the result of the strategies. This then puts pressure on the agents in this case the managers to do all that is possible to ensure the performance of the organization is guaranteed and this is where strategy comes in (Gibbons, 2006). This theory thus suggests sufficient checks and balances to ensure the management sticks to the expectations of the principal(s). Such include a separate chair of the board form the CEO. This thus calls for specific strategies by the principal to ensure financial performance of the business.

Stewardship theory

The theory is base on the definition of a steward as a person who is interested in doing a good job in order to be a good steward of the corporate assets. This however depends on enabling structure and environment to do a good job by facilitating effective decision and action. Ambiguity, role conflict, and lack of empowering structures are thus seen by stewardship theory as factors that hamper effective action. In this regard, the steward is not a manager in the sense employed in agency theory, as one who is responsible but not trusted. Instead, the steward’s role is seen as a caretaker or an individual for whom the prosperity of the firm is internalized as something good, (Hendry, 2003).

The theory has thus been framed as the organizational behavior counterweight to rational action theories of management since it holds that there is no conflict of interest between managers and owners, and that the goal of governance is, precisely, to find the mechanisms and structure that facilitate the most effective coordination between the two parties. It also holds that there is no inherent problem of executive control, meaning that organizational managers tend to be benign in their actions (Pastoriza & Arinio, 2006). The theory thus proposes that effective structures will assist the stewards to attain superior performance by their corporations to the extent that the CEO exercises complete authority over the corporation and that their role is unambiguous and unchallenged.

Contingency Theory

Unlike agency and stewardship theories, the contingency theory is more concerned with organizational structure which entails both the formal and the informal organization of hierarchical and information as well as decision making structures within an organization. The contingency approach to management has its roots in general systems theory and the open systems perspective. This open systems perspective views the complex organization as a set of interdependent parts that, together, constitute a whole which, in turn, is interdependent with the larger environment. The interactive nature of the elements within the organization and between the organization and the environment result in at least two open system characteristics that are central to the contingency approach. The principle of adaptation asserts that the elements within the system adapt to one another to preserve the basic character of the system. In addition, the principle of equipollencity holds that a system can reach the same final state from differing initial conditions and by a variety of paths, (Njiru, 2008).

The theory holds that the most effective organizational structural design is where the structure fits the contingencies. Fielder (1977) modified the structure to specifically concentrate on the hierarchical relationships in the organization and more precisely the management style such as high control at the top and decentralized systems. The argument of this is that more decentralized systems showed higher innovation, greater employee satisfaction and as a result higher performance as opposed to the high control environment of the stewardship theory. The theory also holds that there are different levels of fit such as technological, human capital quality management and decision making structures each with different performance levels. This then holds that an organization can move from one level of fit to the other gradually by laying out a strategic map which gives guidelines for the gradual change until it gets its optimum level of fit which is the equal performance of all the fit points of the organization. This is the format used by ISO to measure organizational performance and efficiency (Demeester & Grahovac, 2005).

Snow et al, (2006) argue that as much as an organization may not attain full fit, it can attain a quasi-fit, that is, a structure that only partially fits the contingencies. The assertion is that this quasi–fit status may still increase performance sufficient to produce some expansion in the contingencies. Thus an organization that is in misfit by being below the fit line can follow a growth path of increasing its organizational size and structure by moving into quasi-fit, rather than full fit. For such an organization in misfit, it may increase its structure sufficiently to move up onto the quasi-fit line. This level of fit produces an increase in the performance of the organization, though less than would be produced if the organization had moved into fill fit. Nevertheless, this quasi-fit produces a sufficient increase in performance that the organization has new surplus resources that allow it to grow. This increment of growth propels the organization forward into a new state of misfit, which again can be resolved by the organization increasing its structural level sufficient to attain move back onto the quasi-fit line.

Gregory et al, (2005) however argue that over decentralization leads to parallel objectives thus not meeting the organizational objectives.
Crandall and Crandal (2011) agree with this sentiment by asserting that some business environments and situations are better handled using the high control leadership structure. As a result Boyd et al (2012) proposes that contingency is the ability of an organization to allow for appropriate use of high control and decentralization based on the prevailing business environment at the time such that a balanced blend of high control and decentralization can be used to ensure optimum performance.

**Conceptual Framework**

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**Effect of junior employee involvement on successful strategy implementation**

Various strategists have argued for full involvement of junior employees on all matters relating to day to day running of organizations and more so, decision making. This has been founded on the view that participatory work environment is considered to be more effective in enhancing innovations as opposed to the traditional bureaucratic structures since it promotes the sharing of product knowledge between managers and workers (Kipkirui 2013). Van Buul (2010) also asserts that strategies are best developed with the workers in mind since it is the workers who are closest to the products being made and work being done and therefore more likely to develop strategies and suggestions for better quality items.

Zeina (2009) makes an observation that the biggest reason why firms fail is the inability of the CEO’s to create and follow through great strategy and this is caused by their isolation from their own workforce. He argues that when this happens, information is idealized as it passes each management level resulting in good strategy being based on questionable data and ideals. Donovan & Christensen (2014) suggests that CEO’s should spend more time with staff at all levels and most importantly listen without passing judgment to their suggestions on all matters relating to running of the organizations and more so, strategy.

Mukhalasie (2014) also contends that when employees have fully owned and understood the strategy there will be reduced staff support and supervision requirements resulting from more “self-management” and broader skills which will reduce the needs for staff support and supervision. Donovan & Christensen (2014) also adds that involving of employees in the strategic process will lead to more effective resolution of conflict and reduced number of grievances. This is summarized by Gibbons (2006) as a heightened emotional and intellectual connection that an employee has for his or her job, organization, manager, or coworkers that, in turn, influences him or her to apply additional discretionary effort to his or her work.

It is therefore imperative that for any strategy to succeed, organizational leaders need employees who are engaged and connected to their jobs, applying that extra effort willingly to implement change. Employees must be on board and aware of the importance of applying the strategy in their daily work.

**Effect of management involvement on successful strategy implementation**

A study by Abbot et al (2003) showed that the number-one reason for the success of strategic initiatives in business organizations is leadership buy-in and support. This therefore means that strategy should at the core of management decisions and that the top and middle level management must be fully involved in strategy. Van Buul (2010) asserts that as much as the stockholder is the vision carrier, the manager is the vision and mission mover. Thus the management is charged with realizing the vision and mission as seen by the board.

Moreover, those who have implemented and practiced six-sigma agree that the most important factor is continued top management support and enthusiasm (Henderson and Evans, 2000). People in the highest level of the organization must drive six-sigma. In six-sigma success stories like Ford, Motorola, Dow Chemicals, GE, and Allied Signal (Gabor, 2001, Antony & Banuelas, 2001, Motwani et al., 2004) the CEOs are the ones who have made it possible. All of them support, participate and are actively involved in company-wide six-sigma initiatives. Top management must take charge of linking the six-sigma initiative to business strategy, customer requirements, workforce participation, and to suppliers.

**Effect of Supplier involvement on successful strategy implementation**

There has been an ongoing debate on the importance of suppliers to the business. With management practice and operations scholars arguing that suppliers should be treated as business partners whose primary concern is the supply of the required materials which they are paid for and should have no further say on the items once inside the organization. This view thus contends that suppliers should have no say in an organization, (Mzera 2012).

The supply chain scholars whoever have the view that an organization is both affected by the forward process implying the customers and the backward process implying the suppliers. It is from this concept that the concept of vertical integration was incorporated into strategic management where strategy looks into the source of the raw materials as well as the market for the finished products the aligning the firm appropriately, (Theen & Heng 2012).

It is on this background that the suppliers need to be informed of the organizational strategies as some of these strategies would impact on the items they are to supply in terms of quantities and qualities. Jepngetich & Njue (2013) however advice for caution on how far the suppliers should be involved as these could as well also be the suppliers to the competitors.
Effect of customer involvement on successful strategy implementation

Strategists contend that a company needs to bring together four sets of principles and practices to cause a quality initiative to succeed. These are customer focus, continuous improvement, employee fulfillment, and viewing the organization as part of a value chain. It is on this background that the market is full of slogans that show the importance of the customer such as the customer is king.

Walker (2009) argues that given that customer preservation is a crucial element of an organization competitive advantage, then the strategy used to give the organization the competitive edge has also to be centered on the customer. This therefore shows that all strategies need a big input from the customer for it to be realistic. Pierre et al. (2009), also argues that business performance is measured from customer satisfaction as it directly translates to sales and turnover. This is in agreement with Crandall & Crandal (2011) who says that organizations should not struggle in the dark to find ways of satisfying the customer where the customer can tell them directly what satisfies him or her. This has always been the foundation of arguing for customer involvement in strategic planning.

Effect of stockholder involvement on successful strategy implementation

Various scholars equate the role of the stockholder with the role of the board of directors as this is the body of stockholder that has direct control and contact with the organization. As a result, the paper will be more focused on the influence of the board of directors rather than all the stockholders.

Gibbons (2006) maintains that the board has a fiduciary responsibility which includes review and monitoring strategy implementation as well as approving strategic plan before it is rolled out. Zeina (2009) however states that the board is the vision carrier and its role in strategy includes defining the business, developing the mission and vision as well as selecting and implementing the best strategies to survive the dynamic business environment. It is for this reason that Blahová, et al. (2011) asserts that strategy is the mandate of the board and the management has the duty of fulfilling the wishes of the board.

It can therefore be seen that no strategy comes to existence without full knowledge of the board. Ziaul et al. (2011) however contends that a high number of managers assume the role of the principles and not agents when carrying out their day to day duties by not reporting to the board on the strategies to be adopted but rather only giving the mandatory periodic reports.

Effect of competitors involvement on strategy success

Scholars have long argued that success of a business is reliant on how it out smarts its competitors (Kipkirui, 2013). This is from the basis that performance of any given firm is measure on the bench marks of the performance of its competitors. This is the reason behind considering the possible actions of the competitors before laying out strategies too out smart such actions.

Czespei & Kerin (2012) shows that for every strategy an organization puts in place, it must be aware of the level of success of alternative strategies available to the competitors as well as the reactions the competitors are likely to take to the implementation of the strategy. This is further illustrated by Van Buul (2010) who attests the role of the competitors in shaping the market environment which strategy aims at mitigating.

Donovan & Christensen (2014) therefore suggests that strategic planning and implementation of strategy has to involve the competitors though not directly. Awino (2013) therefore calls for steps of getting information about the competitors through observation of the market, trend analysis and any other means of getting relevant information from the competitors such as their publications and expert opinions. Njuguna (2012) advocates for industrial espionage which is opposed by a number of scholars. It is however clear that the competitor plays a role in success of strategy.

Conclusion

The study sought to find out the impact of junior employee involvement on successful strategy implementation, effect of management involvement on successful strategy implementation, role of suppliers involvement on successful strategy implementation, effect of customer involvement on successful strategy implementation, effect of stockholder involvement on successful strategy implementation and competitors involvement on successful strategy implementation. From the study it is clear that the strategic process of an organization is an important step towards the realization of the organizations objective. It is also evident from literature that stakeholder’s involvement is important in the implementation of strategies in an organization. The study reviled that junior employee involvement, management involvement, customer involvement, stockholder involvement, and competitor’s involvement greatly affects the successful implementation of strategies in an organization. For this reasons therefor, it is believed that in the near future, the effect of stakeholders in the implementation of an organizations strategy will grow in importance due to the general public interest, availability of company information to the public as well as need to invest in companies by shareholders.

Recommendations

This study makes the following recommendations:

The study found out that it might be difficult to meet the demands of all the stakeholders. It is therefore recommended that a firm establishes the demands that it will be able to fulfill and also is in line with its strategic objectives. Stakeholders demands should well be managed in order to enable a firm realize its set objectives. Failure to do so organizations will dwell more on external stakeholder’s demands thus forgetting to bring in the required checks and balances thus loosing focus in strategy implementation.

In order to achieve its goals and objectives, the organization should continuously train its stakeholders on how the strategy should be implemented, involve staff in decision making and create an efficient communication system that provide proper well-functioning information channels to aid in providing information regarding strategy implementation to all stakeholders.

The study found out that stakeholder involvement greatly affects successful strategy implementation in public corporations. It is therefore recommended that the government directs more resources to the financing of the stakeholder involvement of the various public corporations in order to realize beneficial factors associated with it.

In order to realize a perfect strategy implementation process, the organization should ensure effectiveness in coordination and sharing of responsibilities of strategic management practices, to avoid challenges associated with delay in strategy implementation of strategies.
The study also recommends that managers should involve all stakeholders both internal and external in strategy implementation.

**Areas for Further Studies**

Having looked at the effects of stakeholder involvement on successful strategy implementation in public corporations with special reference to KEBS, and basing on the conclusion, a study need to be done on the effective leadership behavior, corporate governance on successful strategy implementation within both private and public corporations in Kenya.

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