Barriers to Strategy Implementation: A Case Study of Air New Zealand

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A thesis submitted to Auckland University of Technology in partial fulfilment of the degree of Master of Business

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Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the qualification or any other degree or diploma of a university or other institution of higher learning, except where due acknowledgement is made in the acknowledgements.

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Yii Teang Tan

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Abstract

The ability to implement strategies successfully is important to any organisation. Despite the importance of the implementation process within strategic management, this is an area of study often overshadowed by a focus on the strategy formulation process. This thesis concentrates on the strategy implementation process, investigating barriers to strategy implementation. A research framework called the Organisational Minefield was developed to represent the importance of the implementation process to organisations. In contrary to most studies available in strategic management, this research included participants from all levels of the organisation.

To identify barriers to strategy implementation, a case study of Air New Zealand was conducted. This involved focussed interviews with 28 participants from the Network and Revenue Management Department of Air New Zealand. Other sources of data such as research articles and secondary company data sources were also used.

The findings revealed that: participants from different levels of the organisation have unique perceptions of the implementation process; implementation variables could become roadblocks that undermine the implementation process; these barriers can be overcome if managers are perceptive to the organisation's current situation; and the Organisational Minefield framework presented verified the significance of the role of barriers in the implementation process. The findings add two additional barriers to implementation, namely leadership and power. It was also discovered that the participants acknowledged that these two barriers will impede or enhance the success of Air New Zealand. This was backed by the level of commitment and loyalty shown by the participants, which brought Air New Zealand one step closer to unravelling the mysteries of the implementation process.

1 – Introduction

"It must be considered that there is nothing more difficult to carry out, nor more doubtful to success, nor more dangerous to handle, than to initiate a new order of things"
(Machiavelli, 1952)

The study of strategic management is concerned with the relationship between an organisation and its environment in order to be successful (Camillus, 1997; Covin, 1991; Mintzberg, Ahlstrand, & Lampel, 1998). Due to the dynamism of both the organisation and the environment, the ability to adapt becomes even more important (De Wit & Meyer, 2004). Advancements in technology, communications and innovation made it impossible for organisations to maintain the *status quo* in order to be competitive. Organisations need to have the ability to devise strategies which are vital to its survival. However, these strategies will not benefit organisations unless implemented successfully (Ginsberg, 1988; Hamel & Prahalad, 1989; Reid, 1989). Although the importance of strategy implementation is widely acknowledged, strategy implementation remains a process which is poorly understood (Gupta & Govindarajan, 1984; Hamel & Prahalad, 1989; Reid, 1989; Waldersee & Sheather, 1996).

The purpose of this thesis is to explore the existence of barriers to strategy implementation initiatives of an organisation. The implementation process is one of the most important aspects of strategic management because without implementation, "a strategy has no concrete existence, but is merely an abstraction" (Forster & Browne, 1996, p. 189). Failure in the implementation process is usually the main weakness for most strategy management processes (Beer, Eisentat, & Spector, 1990; Woolridge & Floyd, 1990). As observed by Floyd and Woolridge (1992), "it is usually considered easy to formulate strategies; the hard part is to get everyone in the organisation to jump on the bandwagon" (p. 27). The complexity of implementation is further aggravated by other elements such as political issues, organisational culture, structure of the organisation, systems that are in place and practices of managers (Heracleous, 2000; Johnson, 1987; Pettigrew, 1985). Unsurprisingly, these factors make strategy implementation even more demanding for managers (Bourgeois, 1996;

Hammermesh, 1986; Hussey, 1998; Miller, 1998; Stoner, Freeman, & Gilbert, 1995).

Resistance to strategy implementation appears to be attributable to failures in the implementation process rather than in the development of the strategy itself (Beer et al., 1990; Woolrigde & Floyd, 1990). Other authors such as Bourgeois (1996), Hammermesh (1986), Heracleous (2000), Hussey (1998), Miller (1998) and Stoner et al. (1995) also agree that the implementation process is one of the most difficult and complicated management activities.

In addition to its complexity, research in the area of strategy implementation often lacks the explanation of how and why implementation processes fail. Most of the implementation frameworks found focus mainly on the achievement of successful implementation. Literature available are often not adequate for researchers and managers to understand the ways in which elements introduced in these frameworks interact with one another and their influences on the overall implementation process (Okumus, 2001).

Therefore, it is possible that new strategies are being implemented without a clear understanding of the elements that affect the implementation process. Although managers may assume that their implementation has been successful, frontline staff may encounter various issues which has not been taken into consideration before the implementation phase. Furthermore, the problems that arise from unsuccessful implementation may only appear in the long run. This would cause undesirable consequences to the organisation, whether they are of little or great impact.

Thus, the objective of this thesis is to identify whether the implementation variables in the above studies are barriers to implementation and how they can be overcome. From the databases, journals and books reviewed, the researcher could not find a framework which simply illustrates the impact of these implementation barriers to organisations. Therefore, it is not surprising if managers do not fully understand the impact of barriers to the implementation process.

Qualitative research is used for this thesis. This means that a critical review of key literature in strategic management is used to illustrate existence of elements in organisations and the relationship between these elements. The theory is then used as a base for case study analysis of the barriers in the strategy implementation process. Together with the researcher's own interpretation, the theory is also used to design a framework called Organisational Minefield which draws the barriers to implementation together.

1.1 Background to Research

The purpose of this thesis is to investigate the barriers which exist in the implementation process within Air New Zealand, an international and domestic airline group in New Zealand. At the time of this case study, the airline industry had serious problems. Major events such as the terrorist attack on the US in 2001, Iraq war in 2003 and Severe Acute Respiratory Syndrome (SARS) led to the collapse of a number of major airlines around the world. Additionally, full service airlines such as Air New Zealand, Qantas Airways and Singapore Airlines were obliged to review their product offerings and operations due to competition from providers of "no frill" services (Anonymous, 2002).

Affected by such circumstances, airline managers are often faced with constant changes in the external environment. Emergence of new competition, change of economic policies, introduction of new technology, new research findings in the areas of management, and new strategies often mean that these managers are usually preoccupied with "catching up" (Prahalad & Hamel, 1994). Therefore, managers often lack the time they need to focus on the implementation process of their strategic initiatives.

The complexities of the implementation process may have also contributed to the lack of attention on the subject matter by managers (Heracleous, 2000; Johnson, 1987; Pettigrew, 1985). Managers may spend even more time formulating strategies. The intention of this thesis is not to discourage focus on strategy formulation, but to highlight that strategy implementation process is an equally important process in strategic management to strategy formulation

(Vasconcellos, 1990). As mentioned by Miller (1998), one of the most valuable of all managerial skills is the ability to implement strategy. Successful execution of strategic plans plays a vital role in the process of strategic management. Without execution, there will not be any results or performance for the organisation.

Since the 1980s, various authors have made attempts to develop implementation frameworks (e.g. Floyd & Wooldridge, 1992; Miller, 1997; Scholz, 1987; Waterman, 1982). These frameworks are generally idealistic but not eloquent enough to present a clear picture of the "real world" (Okumus, 2001). There are also authors who believe that for an organisation to successfully achieve its desired results, there needs to be a strategic fit between organisational elements (Venkatraman & Camillus, 1984; Scholz, 1987; Miles & Snow, 1984; Zajac, Kraatz & Bresser, 2000). "Strategic fit is the situation in which all internal and external elements relevant for a company are in line with each other and with the corporate strategy" (Scholz, 1987, p. 78) to enable successful strategy implementation. Although the frameworks and notion of achieving strategic fit focus on elements that may affect strategy implementation, explanation as to how these elements interact with each other or how they affect the outcome of the implementation process are not provided. Could these elements potentially become barriers to implementation? This gap in the research encouraged the researcher to conduct a study on the barriers to strategy implementation.

The study will approach the study of strategy implementation process by exploring existing academic research and obtain theoretical support from the field of strategic management and change management. From there, gaps in the literature are identified and investigated for this research. An implementation framework will be designed from the information gathered and refined based on the findings of the research. To define the study further, this research will focus on implementation of key strategies which affects the direction of the organisation, instead of changes in the internal processes or structure.

1.2 Research Question and Objectives

Taking the above view helped the researcher to narrow the area of research from the broad topic of strategic management to a more specific area of focus. The focus of this research will be on identifying barriers to the strategy implementation process and investigating ways to overcome these barriers. This is dealt with through the research question:

"What are the barriers to strategy implementation within Air New Zealand?"

The overall focus of this thesis is exploratory, building on existing studies done in the area of strategy implementation. Exploratory research seeks to find out what is happening and seek new insights into the area of study by utilising appropriate methods (Marshall & Rossman, 1989; Robson, 1993). The lack of emphasis on the strategy implementation process in strategic management literature prompted this approach.

To answer the research question above, the following objectives are identified for this research:

1. To investigate whether perceptions of implementation are different at different levels of the organisation;
2. To ascertain whether implementation variables are common barriers which exist in the strategy implementation process;
3. To examine how these barriers could be overcome;
4. To investigate whether the Organisational Minefield framework is relevant to this research.

The four objectives above will be used to form questions for this case study and simultaneously provide a structure for this thesis. A detailed explanation of these objectives are provided in Section 3.2.

1.3 Organisational Context

The case study that constitutes the empirical part of this thesis was done within Air New Zealand, the national passenger carrying airline of New Zealand. Air New Zealand is one of New Zealand's largest employers, with about 9,500 employees worldwide in its employment when the empirical research was undertaken in 2003. Air New Zealand has been through hard and trying times in the last few years. The terrorist attack in New York on September 11th, 2001 was one the events that had a significant impact on the airline industry. Several days after that, Ansett Australia, Air New Zealand's subsidiary was put into voluntary administration. These two events combined brought Air New Zealand to the brink of bankruptcy. However, the New Zealand Government stepped in to assist and a new management team was appointed (Laxon, 2001).

In order to remain competitive in an industry which had already been struck hard by events around the world, the new management worked on developing strategies to move Air New Zealand forward. For example, due to increased competition from value based airlines, Air New Zealand had to re-consider its service offerings. To remain competitive in its own domestic market, Air New Zealand made a bold decision to launch Domestic Express – a product that costs less without the regular meal service (Anonymous, 2002). This challenged the company's core business, which was to provide full service flights. Although there was initial resistance to this strategy, the launch was a success. This created a new, younger and braver image for Air New Zealand, which then created opportunities for further streamlining of their processes and "historical" practices.

Just as the travel industry slowly regained its confidence, this was shattered again by the outbreak of SARS (Severe Acute Respiratory Syndrome) in 2003. The consequences of the outbreak were so great that it brought the buoyant travel season to a standstill. Travellers were too afraid to take the risk of contracting the disease while travelling. Air New Zealand was again affected by this with the drop in demand for its international services which also affected its domestic services (Anonymous, 2003d; Anonymous, 2003e).

One of the biggest challenges for Air New Zealand was and remains a public scrutiny. Mostly because the taxpayers owns it now, and being the national airline as well as one of the biggest organisations in New Zealand, every decision it made was scrutinised and commented on, - their successes celebrated, their failures criticised. However, this also made Air New Zealand one of the most influential organisations in the country. New business practices or solutions are often "trialled" within Air New Zealand before other organisations takes it on, especially in the area of IT infrastructure. For example, Air New Zealand was listed as the largest IT user in New Zealand in 2003 by MIS (Anonymous, 2004c).

Thus, a study on the existence of barriers to strategy implementation within Air New Zealand may provide useful insights for other New Zealand organisations into reasons these barriers exist and how they can be overcome.

1.4 Outline of Thesis

In addition to this introduction chapter, this thesis comprises of eight other sections, presented as individual chapters. These chapters are outlined below:

Chapter two presents the literature review which forms the basis of this research. The literature review for this thesis is presented in six sections. Firstly, an overview of the evolution of strategic management is presented to provide readers with an understanding of the study of strategic management. Then an introduction of strategy formulation and its relation to strategy implementation is provided. This is followed by the topic of strategy implementation and selected implementation approaches which are relevant to this thesis. After that, a section which explains change management and its relevance to strategic management is included. This chapter concludes with a section explaining the research framework undertaken for this thesis.

Chapter three provides details on the research methods used for this thesis. It features the research question and objectives, together with the methods used to obtain answers to the research question. The section then presents the

research design employed for this thesis, backed by the rationale for selecting a qualitative approach to this research. Limitations of the method for data collection methods selected are also included. The chapter ends with the process of analysing data collected from the case study.

Chapter four presents the findings of the research. Data obtained from the interviews together with secondary data are analysed and presented according to the objectives set in Chapter three. Common barriers which were identified from the case study are also presented in this chapter, together with the reasons for their existence and ways to overcome these barriers. A summary of the chapter concludes the chapter.

Chapter five compares the findings from the case study to existing literature in the area of strategy implementation. This section includes comparisons of findings with those of the literature and presents any other discoveries from the case study. Relationships between the barriers of implementation are also analysed and discussed. The chapter comes to a close with a summary on the results obtained from the study.

Chapter six explains the limitations of this research and provides recommendations for further research. It stresses the importance of understanding the role of leadership and power as well as their relationships with other organisational elements for successful implementation processes. The chapter will also suggest areas for further research. Lastly, chapter seven presents the conclusion for the thesis.

Chapter eight is an epilogue which provides a brief update on where Air New Zealand is now compared to the time when the case study started. Due to the changes experienced in the industry, there have been significant changes in the company and it is worthy to note this in the thesis.

2 – A Background to Strategy Implementation

"A thoughtful and insightful discussion of related literature builds a logical framework for the research that sets it within a tradition of inquiry and a context of related studies"
(Marshall & Rossman, 1995, p.28)

This section aims to provide an introduction to the importance of strategy implementation by drawing on literature in the area of strategic management. To provide readers with the background to this research, this chapter starts by providing a brief historical overview of strategic management. This is followed by an introduction to the strategy formulation process to provide an overview of planning in relation to the implementation process. After that, a review of existing strategic implementation literature is provided, along with key frameworks which are relevant to this thesis. A section on change management is also included as this is an area which is often linked with strategy implementation. The chapter then continues with the research framework chosen for this thesis which provides explanations of a list of barriers and their relationship to implementation and ways of overcoming these barriers. Finally, it concludes with a summary.

2.1 Evolution of Strategic Management

"In the business world, the rearview mirror is always clearer than the windshield."
Buffett (2004)

Strategic management is a field of study that has evolved significantly over the past four decades. Although there are many areas of interest within the study of strategic management, this thesis concentrates on the rational aspect of planning, focussing on the implementation of deliberate decisions made by the organisation. This section intends to provide the reader with an introduction and explanation of the evolution of strategic management. As this thesis only focuses on one distinct area of strategic management, explaining this in the

broader context of strategic management will improve the understanding of the approach that this thesis takes.

There are various definitions and explanations available on strategic management. These definitions do not only make it more confusing for researchers to conduct a study in this area, but present managers with too many variations of strategic management, without giving them a clear picture of what strategic management is all about. Therefore, to clarify the meaning of strategic management, this thesis will take the approach of presenting how the understanding of strategic management has evolved.

The origin of strategic management has often been linked to military science (Witzel, 2004). Back in the 17th Century, the British and Dutch East India trading companies fought a private war over the control of spice trade in the Indian Ocean and Indonesia (Witzel, 2004). This war lasted almost a century, even when England and the Netherlands were at peace. It is believe that this "close linkage of war with commerce inevitably led to" war being linked to business. A few examples of popular influencers of strategies affected by military science are included Machiavelli's book called 'The Art of War', the success of Frederick the Great and an ancient Chinese classic by Sun Tzu in the 4th Century BC, coincidentally, also called 'The Art of War'. For example, Frederick the Great was able to end the Seven Years War (1756-1762) with more money in his treasury than when he began (Witzel, 2004).

Following on from there, the concept of strategic management continued to evolve, reflecting on the changes in the economic, technological and social environments (Bonn & Christodoulou, 1996; Wilson, 1998). In the 1960s, strategic planning was a very popular concept in the corporate world, and it focussed more on budget planning. In the 1970s, strategic planning became even more popular and assisted businesses to respond better to markets and competitions by assessing their options and utilising resources available to them (e.g. Alison, 1971). A decade later saw a reaction against strategic planning and a move towards strategic management where instead of only putting the emphasis on planning, and where resources were used to create competitive advantage. In the 1990s, the emphasis had moved to searching for

new paradigms on strategic management (Bonn & Christodoulou, 1996; Wilson, 1998).

Today's approach to business strategy is that instead of concentrating on winning a war, businesses are faced with the challenges of being ahead of their competition. There are several theories developed by authors in different areas which can be used to explain strategy today. For example, in his work in 1978, Mintzberg explains the Game Theory, Military Theory and Management Theory. Under the umbrella of Game Theory, strategy represents a set of rules that governs the action of players (Friedman, 1986; Mintzberg, 1978; Weigelt & Camerer, 1988). On the other hand, the Military Theory suggests that strategy focuses on the utilisation of resources through "large-scale, long-range planning and development to ensure security and victory" (Mintzberg, 1978, p. 935). Lastly, in the Management Theory, also known as strategic management, Chandler (1962, p. 13) defines strategic management as:

> *… the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.*

The common themes derived from the above definitions and explanations of strategic management are that it is treated as explicit, being deliberately developed for a purpose, and a foresight for a specific decision (Mintzberg, 1978). These themes represent the traditional perspective of strategic management where strategic decisions are "unproblematic and ontologically straightforward: decisions are intentionally 'made', they exist" and then they are implemented (Hendry, 2000, p. 957). Keeping to the traditional perspective of strategic management, this thesis uses Chandler's definition of strategic management as basis of the research.

But it must be noted that other approaches to strategic management may be used by organisations. For instance, in his work on classifying strategic management process, Chaffee (1985) developed three models of strategic management; linear (or rational), adaptive (or learning), and interpretive (or cognitive) (Hendry, 2000; Johnson, 1987; Rajagopalan & Spreitzer, 1997). Chandler's (1962) definition of strategic management was used to represent the

linear model. In the linear model, top managers are depicted as having the ability to change the organisation, either through the decisions they make, goals they identify, methods of achieving these and decide on which decisions to implement (Chaffee, 1985). Table 2.1 illustrates the three models of strategic management.

Table 2.1: Three Models of Strategic Management

Variable	Linear	Adaptive	Interpretive
Nature of strategy	Decisions, actions, plans Integrated	Achieving a "match" Multifaceted	Metaphor Interpretive
Focus for strategy	Means, ends	Means	Participants and potential participants in the organisation
Aim of strategy	Goal achievement	Coalignment with the environment	Legitimacy
Strategic behaviours	Change markets, products	Change style, marketing, quality	Develop symbols, improve interactions and relationships

Adapted from: Chaffee, 1985

Although the linear or rational model may be seen as a model that is too simplistic and idealistic, the model is believed to be suitable as a basis for this thesis. As Hendry (2000) states, that one of the benefits of this perspective are that it is consistent with problems that practising managers face today (Hendry, 2000). Therefore, addressing issues which arise are relevant to practitioners. Furthermore, the irony is that the simplicity of this perspective does not mean that it has to be followed word for word. Instead, it gives readers and researchers a base to form their ideas or opinions on an approach that suits them. Hence, for the purpose of this thesis, the linear view of strategic management will be used.

Strategic management consists of three dimensions, context, content and process (Pettigrew & Whipp, 1991). The process of strategic management is concerned with the manner in which strategies are derived (De Wit & Meyer, 2004). Strategic content refers to the outcome from the strategic management

process (De Wit & Meyer, 2004). The set of conditions which determine the process and content are known as strategic context (De Wit & Meyer, 2004). Although all the three dimensions of strategic management are important, this thesis will only focus on the strategic management process which incorporates the ways which an organisation develops its strategies.

In summary, this section provided a discussion on the evolution and definition of strategic management. This is followed by a brief explanation of the three dimensions within strategic management and the dimension that this thesis adopts. The following section provides an insight into the process dimension of strategic management.

2.2 Defining Strategic Management Process

The terms 'organisations', 'strategic management' and 'decision-making' is often taken for granted (MacCrimmon, 1993) in the study of strategic management. MacCrimmon (1993) believes that is because we spend so much time in organisations thinking strategically and making decisions, there would not seem to be any reason to question whether they are meaningful concepts. Therefore, although strategic management is a commonly used term in organisations and literature, it is imperative to define its meaning for this research to avoid misconceptions or wrong assumptions being made.

The reference to 'strategic management' in past studies provided varying definitions (Ansoff, 1991; Mintzberg, 1987, Whittington, 1993). Porter (1991) describes strategic management as the configuration of a collection of discrete but interrelated economic activities. These activities are seen as an organisation's competitive orientation and can be thought of as a pattern of business related decisions (Covin, 1991). Camillus (1997) believes that strategic management represents an organisation's ability to analyse strengths, weaknesses, opportunities and threats facing the organisation; develop the scope, resources, competitive advantage, synergy; and create organisational flexibility in order to respond to changes in the environment. These definitions agree with Mintzberg et al.'s (1998) definition that strategic management

symbolises the courses of actions that are required to achieve the overall vision of an organisation and to remain competitive. This also corresponds with the definition of strategic management that is chosen for this thesis.

Hence, it is the aim of this section to provide a better appreciation into how organisations put together these 'courses of actions', also known as the strategic management process. There are three ongoing processes that are central to the strategic management process – strategy analysis, strategy formulation and strategy implementation (De Wit & Meyer, 2004; Dess & Lumpkin, 2003). These three processes are highly interdependent, that even though one of the processes was successful, it does not guarantee success to the organisation as a whole (Dess & Lumpkin, 2003). The interrelationship of these three processes is exemplified in Figure 2.1.

Figure 2.1: Strategic Management Process
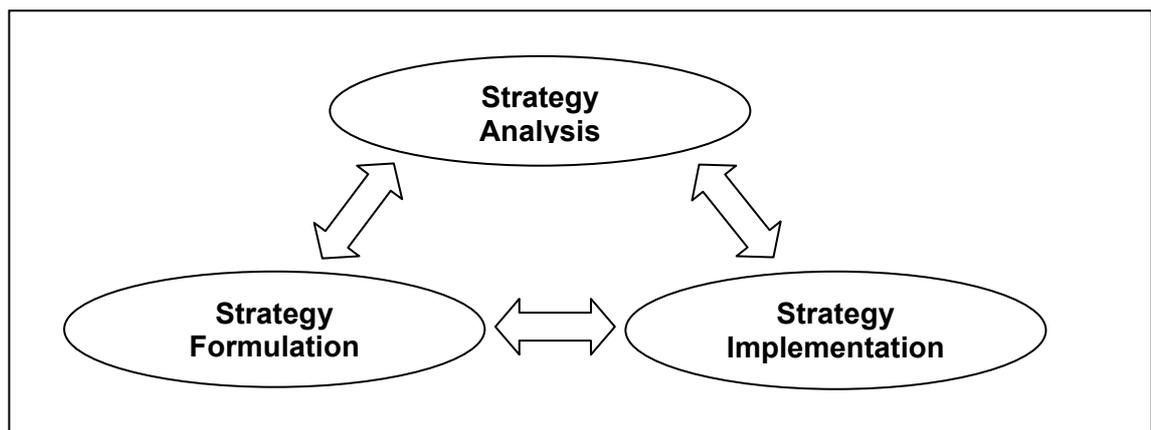
Source: Adapted from De Wit and Meyer, 2004; Dess and Lumpkin, 2003

Strategy analysis, also known as strategic thinking may be considered as the preliminary process to the strategic management process (Dess & Lumpkin, 2003). This process involves analysis of an organisation's goal, its suitability and viability to the organisation. It also challenges managers to understand their organisations requirements, environment and identify issues that need to be dealt with to ensure the achievement of organisational goals (Andrews, 1987; Liedtka, 2000). This process can also be summarised as a SWOT (which stands for Strengths, Weaknesses, Opportunities, Threats) analysis, where managers scan both their internal and external environment to identify strengths and weaknesses of their organisations as well as their opportunities and threats

in the external environment (Hunger & Wheelen, 1996). The strategy analysis process is very closely linked with the **strategy formulation** process. Once managers understand their organisations requirements, they make strategic decisions to deal with the issues identified within the strategy analysis stage (De Wit & Meyer, 2004; Dess & Lumpkin, 2003). In reality, it all forms part of the decision-making process. This process includes the definition of the organisation's mission, specification of objectives, development of strategies and design of policy guidelines (Dess, 1987).

Strategy implementation is the process where managers translate the strategies into action (Hunger & Wheelen, 1996), for without implementation, effective strategies are of no value (Dess & Lumpkin, 2003). This process involves the management of all other internal elements within an organisation to ensure that the implementation process is successful (Dess & Lumpkin, 2003; Hunger & Wheelen, 1996).

As Shrivastava (1983) explains, the strategic management process represents methods and practices organisations use to interpret opportunities and threats and make decisions about the effective use of skills and resources. From this, it is clear that although there are three different processes involved; these processes are interrelated, affecting one another to bring about the result that is required by the organisation (De Wit & Meyer, 2004; Krüger, 1996).

Although the content and context of the strategic management process are important to an organisation's success, understanding of the "processes through which management determine strategies in the first place should be considered equally pressing" (Bourgeois, 1980, p. 29). This claim is also supported by authors such as Hart (1992), Hatten and Schendel (1975), and Simon (1957) who believe that the process of strategic management is something which had often been neglected by researchers. Recognising this gap in literature, this thesis takes the 'process' approach to studying the strategic management process, concentrating on 'how' strategies are enacted (Dess & Lumpkin, 1996).

To summarise, this section presents an overview of strategic management and the strategic management process. By taking the 'process' approach to strategic management, this thesis will concentrate on the ways strategies are implemented within Air New Zealand. This research intends to concentrate on understanding the decisions made in the formulation process that leads to implementation, rather than only what is involved in implementation. Recognising this, the following sections will explain the interaction between strategy formulation and implementation processes in more detail.

2.3 Interaction between Strategy Formulation and Implementation

"Plans are only good intentions unless they immediately degenerate into hard work"
Drucker (2004)

There is a large amount of literature available on specific areas of the strategic management process, with the area of strategy formulation "receiving the most attention" (Harrington, Lemak, Reed & Kendall, 2004). Using the linear model of strategic management introduced by Chaffee (1985), the strategy formulation role is often seen as a key role of top managers of an organisation. Top managers are commonly perceived as the decision makers who develop strategies and make decisions on which strategies to implement (Chaffee, 1985).

While different authors have taken different perspectives on strategy formulation (Forster and Browne, 1996; Hart, 1992; Mintzberg, 1978; Quinn, 1978), the common idea behind strategy formulation is that this process is believed to be the core of strategic management, involving key decisions which "shape the future of an enterprise" (Eisenhardt & Zbaracki, 1992, p. 17) and lead to the achievement of its objectives (Forster & Browne, 1996). David (1999) and Hunger and Wheelen (1998) define strategy formulation as the development of long-range plans, in view of an organisation's strengths and weaknesses for the effective management of environmental opportunities and threats.

Theorists on the study of strategic management agree that the study of strategic management "includes both the actions taken, or the content of the strategy, and the processes by which actions are decided and implemented" (Chaffee, 1985, p. 89). Boal and Bryson (1987) take a slightly different approach, stating that the planning process should include at least four basic elements: "the context within which the project occurs, the planning and implementation process itself, the result or outcome of the change and the interconnections among these three elements" (Bryson & Bromiley, 1993, p. 320). These comments are but some of the examples of work in strategic management, which demonstrate the importance of both the strategy formulation and implementation processes.

Mintzberg and Waters (1985) have studied the process of strategy formulation based on the idea of operationalising the concept of strategy to investigate its formation within organisations. They explored the relationship between intended, deliberate, emergent and realised strategies believe that understanding the differences between these strategies improves ones understanding of the strategy development process. Figure 2.2 explains the relationship between these strategies.

Figure 2.2: Types of Strategies
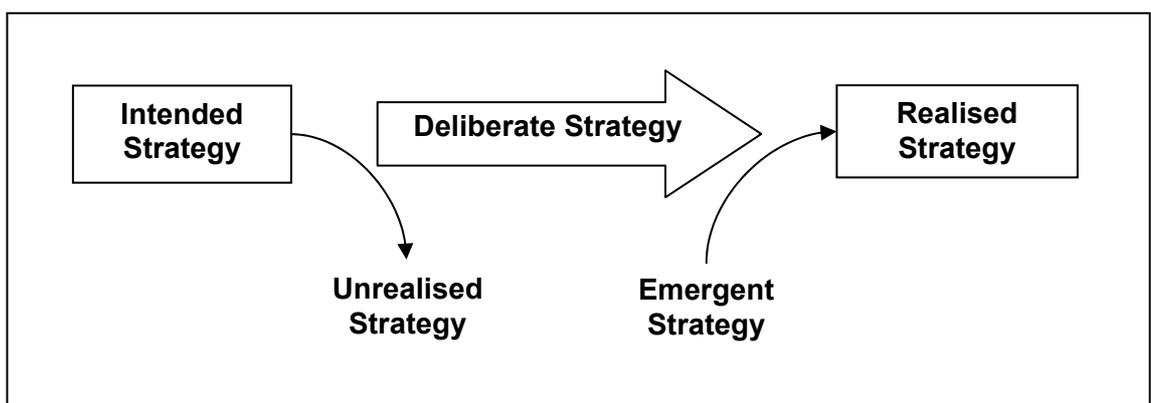
Source: Mintzberg, and Waters, 1985.

According to Mintzberg and Waters (1985), a perfectly deliberate strategy has to perform exactly as intended, fulfilling at least three conditions. Firstly, the intended strategy has to be expressed explicitly within the organisation, without

any doubt that everyone within the organisation knows of the strategy. Secondly, all key players within the organisation accept or agree with the intended strategy because the intended strategy should be seen as an organisation's collective intention. Thirdly, the intention has to be realised exactly as intended. Emergent strategies, on the other hand, represent strategies that arise without intention.

Mintzberg and Waters (1985) explained that intended strategies refer to the strategy formulation process, while realised strategy represents the strategy implementation process. Managers may find that although their original intentions are realised, additional strategies might have emerged during the strategic process (Harrington et al., 2004). Quinn (1980) believes that the strategic process which allows for strategies to emerge allows organisations to respond more effectively to the changes in the environment.

Despite the clear and precise conditions set for perfectly deliberate and emergent strategies to exist, in practice, things are a lot more complicated (Mintzberg, 1978). Mintzberg (1978) says that although the planning theory suggests that the strategy maker formulates strategy from the top, while subordinates implement at the lower levels, these two assumptions are often false. It is near impossible that both the formulator and implementer are as well informed as each other, the environment is stable and predictable, and there is no need to reformulate strategies during implementation (Mintzberg, 1978; Mintzberg & Waters, 1985). However, there are some strategies which are close to resembling deliberate and emergent strategies (Mintzberg & Waters, 1985). Therefore, instead of basing the planning process on unrealistic criteria, the conditions above should only serve as a guideline to the differences between intended, deliberate, realised and emergent strategies.

Furthermore, strategy formulation interacts between three basic forces of an organisation: a changing environment, the organisational environment and structure, and leadership role to mediate between the two forces (Mintzberg, 1978). This view places a great emphasis on the leader of the organisation to be able to formulate strategies as well as ensuring that these strategies are implemented successfully. Strategy formulation needs to take into

consideration the situation of change for an organisation. As the environment changes with time and market conditions, organisations need to formulate new strategies for it to remain competitive. However, the question remains, do leaders plan in advance or react to changes? This presents another area of interest which will not be included in this thesis. This thesis will focus on the linear decision making process where strategies are formed deliberately and explicitly by the top management, analysed and passed on to the middle managers or staff to be implemented.

Although strategy formulation was traditionally seen as a responsibility of the executive management team (Bourgeois, 1980; Fredrickson & Mitchell, 1984; Hart, 1992), more authors have started to include the involvement of organisational members (Floyd, 1992; Hart, 1992; Parnell, Carraher & Halt, 2002). To analyse whether this is true in this case study, participants from all levels of the organisation are included to find out whether the perceptions of organisational members at different levels are different from top managers. This is important because the strategy making process is an "organisation-level" phenomenon, which are patterns of behaviour that exist within organisations (Fredrickson & Mitchell, 1984, p. 400). These patterns of behaviour tend to persist even as the organisation or people in the organisation change (Fredrickson & Mitchell, 1984; Perrow, 1961). Therefore, understanding this meant that it is possible for this research to study a number of decisions at any given time because the strategic process and its characteristics tend to remain consistent across different strategic decisions (Fredrickson & Mitchell, 1984).

To summarise, strategy formulation is seen a process which determines the path an organisation takes. The planning process also stresses the importance of a leader's role to lead the organisation towards the realisation of the strategy formulated. This thesis is intended to only include the study of realised strategies which are intended and deliberate. The following section presents the next stage of the strategic management process, implementation.

2.4 Approaches to Strategy Implementation

*"It's been rather easy for us to decide where we wanted to go. The hard
part is to get the organisation to act on the new priorities."*
Floyd & Wooldridge (1992, p. 27)

As noted earlier in this chapter, strategies which have been formulated are of no
value unless implemented properly (Dess & Lumpkin, 1996). Strategy
implementation plays an important role in the success of strategic initiatives
(Miller, 1998; Pearce & Robinson, 2000; Vasconcellos, 1990). Strategy
implementation is the transformation of strategic intentions into actions or
changes for the organisation. Hammermesh (1986) defines strategy
implementation as the process of ensuring that the strategy is embodied in all
that an organisation does. This process is one of the most difficult and
complicated management activities (Bourgeois, 1996; Hammermesh, 1986;
Heracleous, 2000; Hussey, 1998; Miller, 1998; Stoner et al., 1995). Numerous
authors have indicated that there had been resistance from a lot of managers to
implementation of strategies or change due to a number of reasons, amongst
others, the feeling of defensiveness within organisations (Dawson, 1996;
Heracleous, 2000; Kotter, 1996; Lucero & White, 1995).

As defined above, if strategy implementation is the process of transforming
strategic intentions into actions, the implementation of strategies should be the
end product of planning, for without it, the planning becomes a pointless and
empty activity (Hussey, 1998). This is not necessarily true at all times, because
formulation and implementation are interrelated where some aspects of
implementation may actually start before the decision had been finalised (Miller,
1997). However, the starting point of implementation does not underplay the
benefit of implementation where Hussey believes that "no company anywhere in
the world has ever added a single penny to its profits from making plans: the
rewards are only realised when plans are implemented" (Hussey, 1998, p. 527).

The ability to implement a strategy is as important as formulating it (Thompson
& Strickland, 1998; Vanconcellos, 1990), for one cannot exist without the other.
Hence, a study of barriers that affects the success of strategy implementation

initiatives can be of benefit to managers and add value to the field strategic management. Therefore it is questionable why there is a lack of literature or work done strategy implementation (Bourgeois, 1980; Hart, 1992; Okumus, 2001; Reed & Buckley, 1988). If an organisation cannot implement a decision successfully, the implications are enormous (Heracleous, 2000). Apart from monetary and time loss, failed implementation creates a negative precedence within the organisation, such as lower employee morale, loss of trust in management and creation of an even more inflexible organisation (Heracleous, 2000).

Hence, the ability of managers to implement strategy is very important to an organisation (Miller, 1998). Although strategy implementation is a topic which is gaining popularity (Reed & Buckley 1988), there is still a lack of implementation literature available. Hence, the following sections look at the different approaches to implementation that informs this thesis. This includes a section on change management, an area of research which has commonly been found to be linked to strategy implementation studies. This is then followed by a summary of how these frameworks are integrated into one research framework which this thesis uses. A brief explanation of the organisational elements which could potentially be barriers to implementation is provided. Finally, a conclusion is provided for this section.

2.4.1 Strategic Fit

The study of strategy implementation is a distinct area of study within the overall study of strategic management. Within the concept of strategic management, the implementation process is seen as one which is integral to ensuring achievement of organisational goals and objectives. The study of implementation was believed to have originated from the idea that the realisation of strategies is dependent on the match between strategy and organisational elements (Gupta & Govindarajan, 1984). This match is also known as the achievement of strategic fit. Strategic fit is defined by Scholz (1987, p. 78) as:

> *"…a situation in which all the internal and external elements relevant for a company are in line with each other and with the corporate strategy."*

The focus on achieving strategic fit had originally been a core concept in strategy formulation (Ginsberg & Venkatraman, 1985; Miles & Snow, 1984; Zajac, Kraatz & Bresser, 2000). It started with Chandler (1962) and Leavitt (1965) in their work on implementation with a focus on organisational performance based on achieving fit between the strategy and structure of the organisation. Since then, there have been a number of other empirical and conceptual studies done on the subject of strategy-structure fit (Gupta & Govindarajan, 1984; Hall & Saias, 1980). These studies either showed direct or indirect links from strategy to structure. The main intention of Hall and Saias' (1980) study is to show that the dependent relationship between strategy and structure can be made in both directions.

However, strategy implementation is more than the fit between strategy and structure (Hall & Saias, 1980; Scholz, 1987; Venkatraman & Camillus, 1984; Waterman, 1982). Effective strategy implementation requires successful interaction between all organisational elements and strategy (Galbraith & Nathanson, 1978; Reed & Buckley, 1988; Stonich, 1982; Venkatraman & Camillus, 1984; Waterman, Peters, & Phillips, 1980), which is also known as strategic fit.

Scholz (1987) believes that the idea of strategic fit was originally introduced by Waterman (1982) using the McKinsey 7-S Framework. The framework is shown in Figure 2.3. Waterman (1982) introduced the framework initially for the purpose of helping managers to organise more effectively. From there, it was realised that the framework can be used to ensure "doability of strategies" (p. 69) and achievement of strategic fit within an organisation.

Figure 2.3: McKinsey 7-S Framework
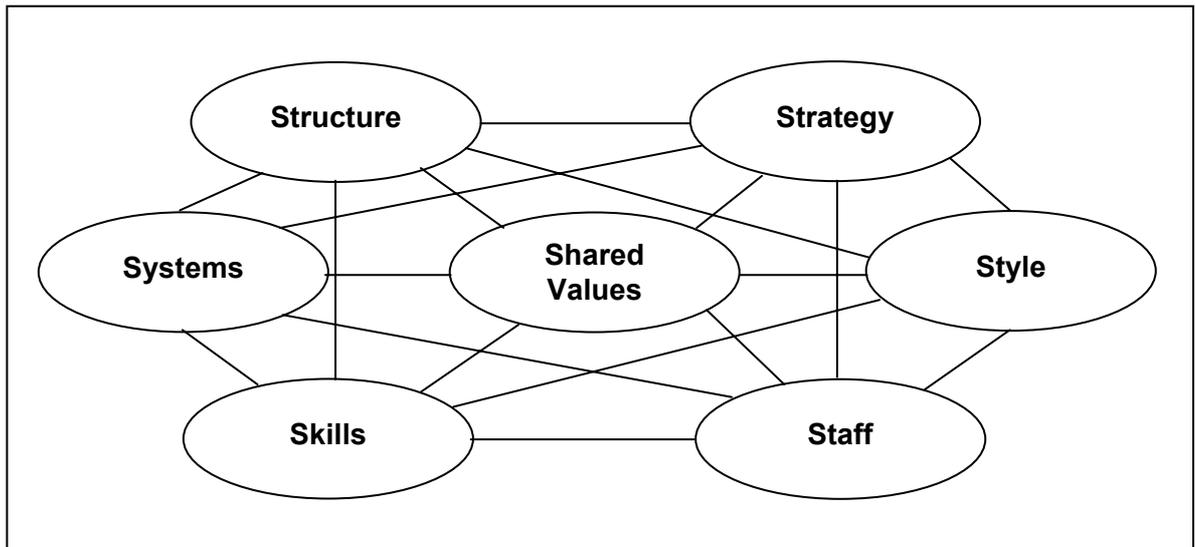
Source: Waterman, 1982

Based on the McKinsey 7-S Framework, Waterman (1982) proposes that the seven organisational variables: strategy, structure, style, systems, staff, skills and shared values need to fit with the overall strategy for the organisation to be successful. The popularity of this framework can be seen through its use in various projects funded by McKinsey within large corporations in the US by Peters and Waterman (1984). The framework is simple and contributed significantly to the study of strategic management.

Despite the enthusiasm about the McKinsey 7-S Framework expressed in popular press, the framework had only focused on the internal elements of the organisation. There was no discussion on the interaction of the organisation with its environment and changes to the organisation. Moreover, besides aligning these organisational variables to the strategy, how do managers ensure that the implementation of the strategy happens successfully?

Expanding on the study of strategic fit by Waterman (1982), Scholz (1987) recognises this and takes a different approach to explain strategic fit in terms of 'strategy', which represents the company's overall objectives and goals; and 'system', which represents internal and external elements important to the company. From there he developed three types of strategic fit: intra-strategy-fit, intra-system-fit and strategy-system-fit. These three types of strategic fit encompasses work done by Chandler (1962) on strategy-structure fit, Porter

(1980) on product strategy-environment fit, Leontiades (1982) on manager-strategy fit and Stobaugh and Telesio (1983) on policy-strategy fit.

Although strategic fit has been a concept which has a historical background and appeal in the study of strategic management, there has been not as much attention to this in the most recent strategy literature (Zajac, Kraatz & Bresser, 2000). They believe that this could be attributed to three main reasons which can be summarised to the fact that the concept of strategic fit is not presented in a manner which other researchers felt was able to cope with the vulnerabilities of change within organisations. Hence, Zajac, Kraatz and Bresser (2000) develop and test a dynamic perspective to strategic fit. The dynamic model of strategic fit (illustrated in Figure 2.2) is believed to provide organisations with the ability to adapt to foreseeable changes and improve their performance as a consequence.

The McKinsey 7-S Framework presented by Waterman (1982) is a good example of a prescriptive approach to implementation. The framework provides managers with an easy to follow guideline to implementation, and it should be seen by managers as a guideline, not as the only method to use. Even though there are discussions in his paper on external elements which may influence the strategic direction of an organisation, he fails to explain the relationships between the internal and external elements. Considerations on external factors such as economic viability, resources available, overall company strategy and practicality are equally important. Although a strategy may be in line with all its goals, there are possible barriers in implementation that managers could have overlooked – such as communication channels or availability of resources to implement the plan. As organisations do not function in isolation, attention should be given to how both these elements interact to help an organisation succeed.

This is achieved by Zajac, Kraatz and Bresser's (2000) dynamic model of strategic fit (illustrated in Figure 2.4) where they have explained how both external and internal elements of an organisation affects an organisation's strategic direction and eventually affect its overall performance. Even though the dynamic model of strategic fit incorporated possible changes to the

organisation, it seems to present the assumption that everyone within the organisation is in agreement with the overall strategy. There is no mention of culture, people or structure within organisations which may potentially affect an organisation's overall strategy.

Figure 2.4: Dynamic Model of Strategic Fit
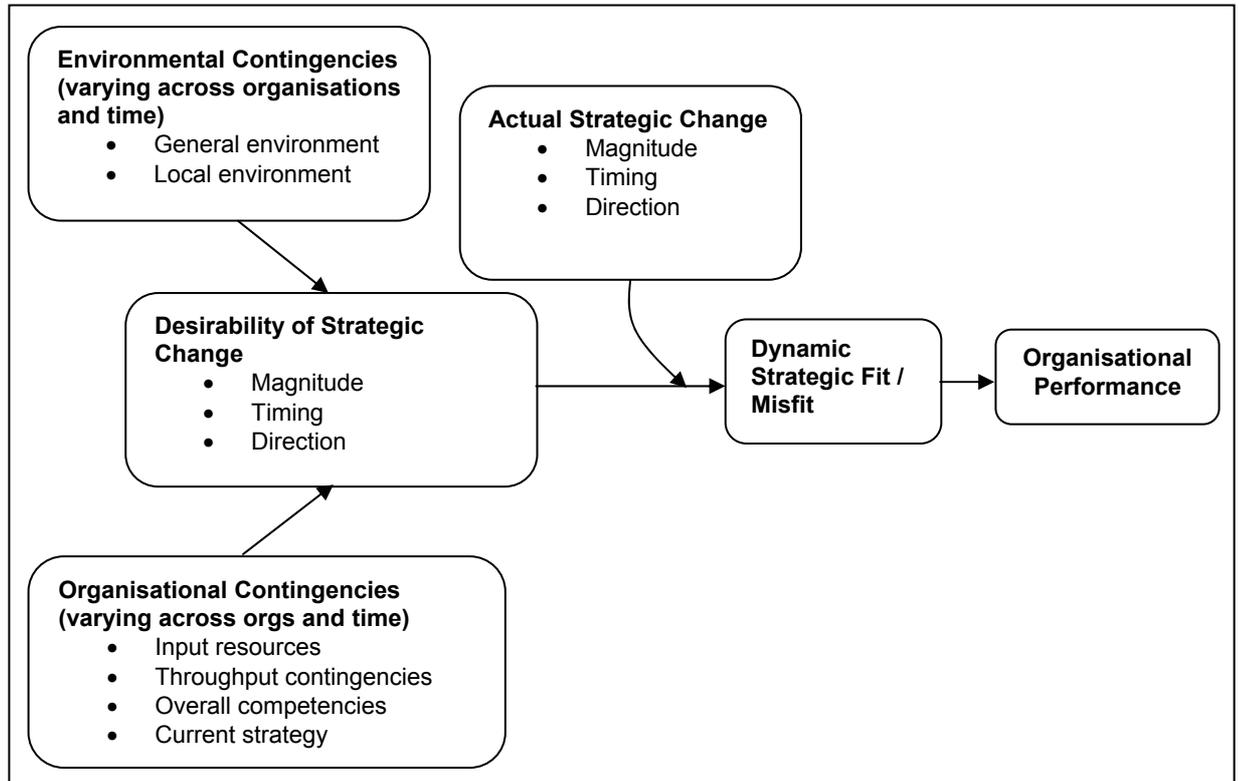
Source: Zajac, Kraatz, and Bresser, 2000.

The Dynamic Model of Strategic Fit attempts to capture the internal and external factors which affect the strategic direction of an organisation. Once these have been determined, the organisation decides the type of change it requires to achieve its goals. However, for the organisation to achieve its goals, it is important to ensure that the change or strategy decisions fits with other factors to ensure that there is a strategic fit.

Various authors have attempted to design models to include as many factors that explain the concept of 'fit' as possible to clarify a topic or issue. However, due to the nature of research being exploratory or explanatory, there will always be limitations or assumptions that need to be in place for a research to be conducted. Otherwise, there might be too many aspects to consider, which

may undermine the research. Therefore, models or frameworks which are developed should include explanations of its limitations and encourage its use as a guideline, not as a "prescribed method".

In summary, the developments in the study on strategic fit demonstrated the change in strategic management studies to incorporate dynamism and better response to changing business environments. Although some of these studies may not be completely applicable to today's business, they provide a good base of information for managers. These studies have also helped in shaping the framework that this thesis takes. A more detailed explanation of this framework is presented in Section 2.5.1.

2.4.2 Implementation Variables

One of the common tendencies of different implementation frameworks developed by key authors (e.g. Galbraith & Kazanjian, 1986; Hrebiniak & Joyce, 1984; Stonich, 1982) is the use of relationships between organisational variables. The most common applications of organisational variables in the study of implementation can be seen in the studies of strategic fit. For example, Chandler's (1962) framework on strategy-structure fit focuses on the relationship between the strategy and structure of an organisation. Following on from there, other authors on strategic fit stress the importance of interaction between different organisational variables to achieve an organisation's goals (Scholz, 1987; Waterman, 1982). There are also studies which emphasise the relationships of organisational variables, and including Salem (1998), who highlights the hurdles to implementation which results from unsuccessful interaction between organisational variables and Miller (1997) who presents four key variables which she believes affect the success of implementation.

Of all the different implementation frameworks developed by key authors in the field of strategic management, one of the frameworks which encourage this research is the study by Okumus (2001). In his article entitled 'Towards a Strategy Implementation Framework', Okumus (2001) presents a comprehensive list of implementation frameworks, highlighting key implementation variables identified by key authors. From these frameworks, ten

common variables are identified. These are strategy formulation, environmental uncertainty, organisational structure, culture, operational planning, communication, resource allocation, people, control and outcome.

These variables have originally been classified by researchers into categories such as "content", "context", "process" and "outcome" (Okumus, 2001). However, the classifications are not fixed on what is included in which categories. For example, the "process" variables identified in Okumus' (2001) work vary from those in Bryson and Bromiley's (1993) work. Therefore, instead of focussing on the classifications of these variables, this thesis will take the approach that these variables may potentially be barriers to the process of strategy implementation. This is because if the variables are important to the success of strategy implementation, if not managed well, they could become barriers to implementation.

Furthermore, the frameworks identified emphasise the continuous interactions among these variables and it is believed that it is these ongoing interactions which make implementation possible (Okumus, 2001). As an example, once a strategy has been decided and needs to be implemented, it does not only need to be communicated effectively throughout the organisation, but the strategy needs to be suitable to the overall culture and structure of the organisation. External factors such as changes in the marketplace will also affect the suitability of the strategy being implemented. The elements mentioned are only some of possibly more elements which affect implementation. However, Okumus (2001) feels that there was a lack of in depth discussion or evaluation on how these variables interact with other variables and how these interactions impact on and influence the whole implementation process and outcome. He recommends that further research should be done to explore the relationships and impacts of these variables.

The purpose of this thesis is to investigate the whether these variables could potentially be barriers to strategy implementation. Although organisational variables are vital to an organisation's success, it is believed that these variables could also become barriers to implementation. This is because if the variables which are important to implementation do not interact or behave as

intended, then the implementation of strategies may be affected. The explanations of the effects of each variable to implementation are provided in Section 2.5.2. The assumption that implementation variables can be barriers to implementation was supported by Beer and Eisentat's (2000) "Six Silent Killers of Strategy Implementation and Learning". They believe that the six barriers that they have identified are "silent killers" because they were "rarely acknowledged or explicitly addressed" (p. 31). Most of these six barriers are attributable to leaders of organisations. The six barriers they identified are: top-down or laissez-faire senior management style, unclear strategy and conflicting priorities, ineffective senior management team, poor vertical communication, poor coordination across functions, businesses or borders and inadequate down-the-line leadership skills and development.

The prominence of Beer and Eisentat's (2000) emphasis on top managers were understandable, as top managers are traditionally seen as the drivers of strategy. However, this research intends to move away from only concentrating on the top managers. This thesis proposes to investigate common barriers to implementation at different levels of an organisation. This is assumed to provide this thesis with a better overview to an organisation's behaviour, rather than only on the top management team.

To summarise, this thesis seeks to investigate whether implementation variables could potentially be barriers to implementation. Hence, this research seeks to discover whether any of the variables identified by Okumus (2001) are possible barriers to strategy implementation. If these variables are thought to be vital to the implementation process, it is believed that these variables can in turn be barriers which impede the implementation process. In addition to identifying whether these variables could be barriers to implementation, methods of overcoming these barriers will also be investigated.

2.4.3 Strategic Consensus

Strategic consensus represents the concept of managers from different levels of an organisation acting on a common set of objectives and achieving these based on shared understanding and commitment to the objectives (Floyd &

Wooldridge, 1992). There is often a tendency in the studies of strategic management to divide strategy formulation and strategy implementation into two different areas of study (Guth & MacMillan, 1986; Mintzberg & Waters, 1985). Most of these studies also imply that the top management are responsible for the formulation of strategy and has the ability to change the organisation to achieve these strategies (Chaffee, 1985; Guth & MacMillan, 1986; Mintzberg & Waters, 1985). Furthermore, these approaches tend to ignore or implicitly suggest that it is important to secure the organisation's commitment to the strategy chosen. Although it is undeniable that top management play a vital role in an organisation, the value of getting commitment and buy in from others within the organisation should not be taken too lightly (Floyd & Wooldridge, 1992; Guth & MacMillan, 1986).

Top managers often complain that their middle or operating managers lack the ability to implement strategies successfully (Floyd & Wooldridge, 1992). More often than not, it is not the abilities of the managers; it is more likely to be a problem of poor middle management understanding and commitment to the strategy (Floyd & Wooldridge, 1992). Guth and MacMillan (1986) suggest that if there are differences in the goals perceived by different levels of managers, the level of commitment to the goals will differ, hence potentially causing disagreements between these managers. This would then create an unnecessary barrier to the implementation process. The researcher is intrigued by this suggestion and would be interested to investigate if this is true in this research.

Moreover, differences in accessibility to information on specific strategies by middle managers in relation to top managers can lead to differences in opinions of the outcomes of strategies (Guth & MacMillan, 1986). For example, the traditional approach assumes that the top managers formulate and drive the strategy in the organisation. However, if the middle managers did not fully understand the original idea of the strategy, they take the strategy for granted or do not realise the full importance of the strategy. This can result in a lack of commitment from the middle management level. On the other hand, they may disagree with the strategy and react to this disagreement in different ways (Guth & MacMillan, 1986). The reaction could take the form of passive compliance or

intervention by middle managers, either during the formulation process or during the implementation stage of the strategy (Guth & MacMillan, 1986; Krüger, 1996).

Intervention can range from managers voicing their opinions on the strategy, to seeking other organisational members for support, to outright sabotage, which would not only cause serious implementation issues, but also deprivation of overall staff morale. On the contrary, although passive intervention seemed less "harmful" it can be as detrimental to the organisation's well being resulting in unnecessary delays to compromising the quality of implementation (Guth & MacMillan, 1986).

Floyd and Wooldridge (1992) believed that successful execution of strategies means that top, middle and operating level managers are acting on a common understanding and commitment. They call this phenomenon strategic consensus. Another term which is commonly used in the study of strategic management to describe this is 'participative management'.

Parnell et al. (2002) describe participative management as strategic diffusion. Their work is centred on involving middle to lower level managers in the strategy formulation stage, to increase involvement, understanding and commitment to strategy. It was believed that individuals who where involved in setting a goal tend to work harder to achieve a goal (Locke, Latham & Erez, 1988; Roberson, Moye & Locke, 1999).

Although the traditional concept of top managers being the drivers of strategy within an organisation is still important, the study encourages organisations to include middle and operating level managers in the strategic decision process, not to take over, but to be a part of the overall strategic process. This is seen as a way to increase understanding of the benefits, impact and success of the strategy to the organisation. Therefore, instead of acting against the strategy, the managers can be appropriate ambassadors and implementers of the strategy (Floyd & Wooldridge, 1992).

To conclude, studies on strategic consensus or participative management open up the way studies on strategy was traditionally done. It encourages focus on both the top managers and other organisational members, on the different roles they play to contribute to an organisation's success. This study will incorporate participants from different levels of the company to find out whether strategic consensus can influence implementation efforts.

2.4.4 <u>Change Management</u>

Strategy implementation implies change to the organisation. Organisations are complex social systems with deep-rooted ways of doing things; systems; behaviours and cultures (Atherton, 1993). Therefore, change to organisations implies persuading people to abandon their existing beliefs and values and the behaviours that stem from them and adopt new ones (Sadler, 1998). Hence, change presents a challenge for managers in all organisations, especially when it comes to "something as integral to the organisation as its culture is affected, those challenges may be intense" (Pratt, 1998, p. 57).

Studies of strategic change illustrate its complexity; the political battles, the cultural barriers, the inertia of organisation structures, and systems and the bounded rationality of managers (Johnson, 1987; Pettigrew, 1985). This complexity and several potential problems associated with the strategy itself, the way it was developed, or the management of the change process makes realising strategy an extremely difficult task (Atherton, 1993; Johnson, 1987; Pettigrew, 1985). The challenges presented in managing change are very similar to those of implementing strategy.

Furthermore, the study of strategic management is often concerned with environmental changes and organisational adaptation (Ansoff, 1979; Schendel & Hofer, 1979). Descriptions and definitions of strategy formulation and strategy implementation often imply change. The change could be both external, concerned with the environment or internally, within an organisation (Ginsberg, 1988). As mentioned previously, the interconnectivity between change and strategic management is in the "operationalisation of some (but not all) strategies may require significant change to the process, structures and

sometimes cultures of the organisation" (Forster & Browne, 1996, p.186). For example, Pettigrew's (1985, 1992) studies on change were used by various researchers (De Wit & Meyer, 2004; Okumus, 2001) to categorise implementation variables and other studies within the strategic management field.

Although change is often intended to create betterment for organisations, it presents a challenge for managers. Changing anything in an organisation is commonly perceived as a complex and problematic process, especially when there is not a clear direction for the organisation as to how they should change, or what "key variables are involved and how they interrelate" (Porras & Robertson, 1988, p. 91). Successful change requires the expertise of managing both the human elements and its connectivity with strategy, technology and other process related elements of the organisation (Schwartz & Davis, 1981). To add to the intricacy of change, people generally dislike change, because they are reluctant to move out of their comfort zone (Leonard, Scholl & Beauvais, 1997). However, change is an important process to avoid an organisation drifting too far away from the demands of the environment (Johnson, 1988).

Basically, any change involves an effort that is deliberate, organisation wide, better adaptation and to improve overall effectiveness of the organisation (Bennis, 1966; Beckhard, 1969; Burke, 1982; Leonard, Scholl & Beauvais, 1997; Margulies & Raia, 1978). Similarly, the purpose of managing change for most organisations is to assist them in achieving desired outcomes. Although there are a lot of other areas of interest within the study of change management, this section will only focus on introducing change as an area of study which relates to strategy implementation so that readers can see the relationships between these two fields of study.

In summary, the literature on change management is used to introduce the similarities and relationship between change and strategy implementation. Due to the lack of literature in strategy implementation, change management theory is useful in providing a theoretical base for this thesis. The next section details

the development of a framework based on the approaches to implementation presented.

2.5 Research Framework

Thus far, this chapter has examined existing literature relevant to the study of strategy implementation. Studies in the areas of strategic management and strategy formulation were used to provide the background to understanding strategy implementation. Three different approaches which were thought to be relevant to this study were presented. A section on change management was used to highlight the relevance of this area of study to implementation. Following on from there, this section will present a research framework called Organisational Minefield to illustrate the implementation process. Then it will explain implementation variables which could potentially be a barrier to implementation and methods of overcoming barriers to implementation. The section will conclude with a summary.

2.5.1 <u>Organisational Minefield Framework</u>

Having presented four different types of frameworks available in the study of strategy implementation, this section presents the way the framework for this research is developed. Each of the implementation approaches reviewed were insufficient to reflect the intention of this thesis, namely to identify barriers to the implementation process within organisations. However, there are some concepts in these approaches which are useful in the formation of the framework used for this research.

From all four approaches reviewed, the strategy implementation framework by Okumus (2001) was the one which provided the most comprehensive list of variables which affects implementation. This framework was chosen to form the basis of the Organisational Minefield framework. All the implementation variables identified by Okumus (2001) are grouped as barriers to implementation, instead of keeping them in three different groups – external context, internal context and strategic process. This is because it is believed

that all the implementation variables could potentially be barriers to the implementation process, and by grouping them together, it creates a more unified focus on them. The resulting list of barriers forms the core of the Organisational Minefield framework.

Strategic fit is another area of study which was found to be useful for this framework. This is because strategic fit is concerned with the achievement of fit between strategy and organisational elements, (Gupta & Govindarajan, 1984) a concept which is similar to this research. As mentioned in earlier sections, there are several models available on strategic fit. For example, the McKinsey 7-S framework by Waterman (1982) illustrates the importance of the interrelationship between all the variables to the success of an organisation. Taking a slightly different approach, Zajac, Kraatz and Bresser (2002) design a more comprehensive model which highlighted the methodologies behind the achievement of strategic fit. Their dynamic model of strategic fit also intends to reflect that an organisation needs to regularly review their strategies and environment to ensure adaptability to changing situations to improve their overall performance. Instead of ensuring fit between the strategy and organisational elements to achieve organisational goals, the Organisational Minefield framework intends to investigate the way these elements affect the implementation process. There is also a section in this framework called Overcoming Barriers as a checkpoint for the implementation process, similar to Zajac, Kraatz and Bresser's (2000) model where there is a checkpoint to assess whether there is strategic fit.

Furthermore, this research seeks to investigate whether participants from different levels of the organisation perceive the implementation process differently. Hence, literature on strategic consensus are important in providing this thesis with the themes to look out for throughout the research. For example, strategic consensus literature highlights several barriers which are listed. Studies by Floyd and Wooldridge (1992) and Guth and MacMillan (1986) suggest that the success of a strategy is highly dependent on the common understanding and commitment from stakeholders throughout an organisation. Their suggestion implies the importance of organisational structure, clear communication channels, and the organisational culture which supports the

strategy for the implementation process to be successful. Although the Organisational Minefield framework does not include perceptions of participants findings from this research is hoped to provide insights into ways this can be incorporated into the framework.

A lot of work on implementation has been concerned with change management (Pettigrew, 1985). These studies concentrate on the complexities within the management of change, which provides guidelines to this study which attempt to improve the understanding of the implementation process. Both areas of study draw on the importance of the interaction between an organisation and its environment (Ansoff, 1979; Ginsberg, 1988). Literature on change management often discuss managing complexities within organisations, (Schwartz & Davis, 2001) thus providing the inspiration to the Organisational Minefield framework, treating barriers to implementation as mines – things that can "explode" if stepped on - linking this back to the ways managers should treat these elements in the implementation process.

Finally, Mintzberg and Waters' (1985) model which explains the relationship between types of strategies were used to depict the strategy implementation process for the Organisational Minefield framework. The framework will start the implementation process with an intended strategy which will be turned into a realised strategy once the strategy has been implemented successfully. This framework is further refined by integrating the Mintzberg and Waters' (1985) model with the linear view of strategic management by Chaffee (1985), who suggests that implementation is the process of realising strategies which are intended and deliberate.

With the rationale provided above, the Organisational Minefield framework is developed, incorporating the key ideas from the literature review conducted. This is illustrated in Figure 2.5.

Figure 2.5: Organisational Minefield – Barriers to Strategy Implementation.
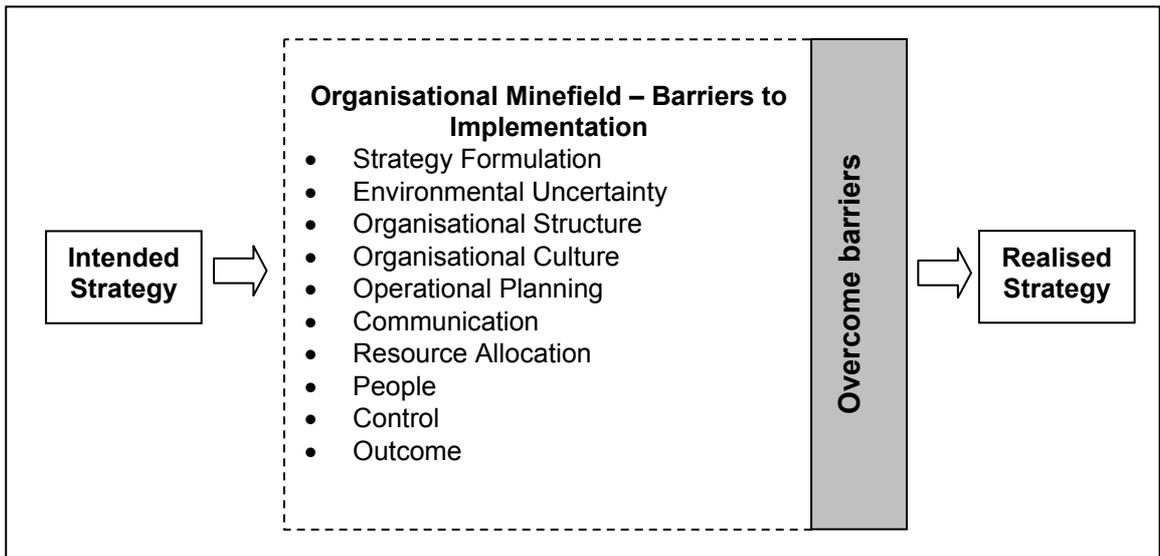
The framework is designed for the purpose of illustrating the approach taken for this thesis, rather than a practical model for managers. This framework presents the common barriers to strategy implementation as the Organisational Minefield. The use of this metaphor stresses the importance and/or potential danger of the implementation process for managers. The process of implementation is something which is integral to the success of organisations. Therefore, a manager's abilities to navigate and manage through this minefield are vital in preventing 'fatalities' to the organisation.

The main sections of the framework are, **Intended Strategy, Organisational Minefield, Overcoming Barriers** and **Realised Strategy**. At the centre of the framework, the **Organisational Minefield** area is consigned within a box with dotted lines to show that other influences within the implementation process which could potentially affect the mix within the organisational minefield. Hence, for the organisational to successfully realise its strategy, it needs to take into consideration other elements which may not be obvious to the organisations. More detailed explanations of the Intended Strategy and Realised Strategy components were explained in Section 2.3. Each of the "mines" within the organisational minefield will be explained in Section 2.5.2.

The framework is very simple and is built based on the assumption that the strategy implementation process is the process of realising intended strategies

which had been developed. The framework starts with the **Intended Strategy**. Once the intended strategy has been chosen, the process of implementation will start. The **Organisational Minefield** box represents the common barriers that managers might face in the implementation process. These common barriers are implementation variables which would either assist or deter the implementation process. These variables are the "mines" in this framework, which can cause "explosions" if managers were not careful. Having identified the "mines" within the implementation process, the managers will then find ways to **overcome the barriers**. Once this has been done, the strategy is then **implemented**.

As mentioned earlier, this model has adopted a similar methodology used in the concept of achieving strategic fit. Instead of ensuring all organisational elements fit the strategy of an organisation, this framework is more concerned with the interaction between these variables and the way it affects the overall implementation process. The framework then considers the possible barriers and finds ways to overcome these barriers. It also takes the assumption that the overall implementation process is the process of realising intended strategies.

This framework should only serve as a representation of a possibly more complex framework of managing the process of strategy implementation. The box which represents the Organisational Minefield can contain other elements which influences implementation or interrelated to other implementation frameworks previously studied. The findings from this research will be used to finalise the framework and make it a more realistic model for managers.

The following are explanations of each implementation variable as a potential barrier to implementation.

2.5.2 Implementation Variables as Barriers to Implementation

This section details the implementation variables identified by Okumus (2001) and its relation to strategy implementation. The possibility of these variables becoming a barrier to the implementation process is also explained.

a) Strategy Formulation

Strategy formulation is often seen as a process which involves decision to shape the path an organisation takes to meet its objectives (Eisenhardt & Zbaracki, 1992; Forster & Browne, 1996). With this in mind, the implementation stage is the realisation process of the strategy that had been developed in the formulation stage. Therefore, if the formulation stage is not done well, it will have a direct impact on the implementation stage, potentially becoming a barrier to implementation.

The impact of formulation is not only in the plan that has been developed, but also in the versatility of the plan according to the environment the business is in. Heracleous (2000) believes that organisations that plan usually perform better than those that do not, especially in environments which are constantly changing (Miller & Cardinal, 1994).

Furthermore, there is a tendency for the formulation and implementation process to be done separately by two different groups of people (Guth & MacMillan, 1986; Mintzberg & Waters, 1985). Hence, most of the people in the organisation who are crucial to successful strategy implementation probably had little, if anything, to do with development of the corporate strategy. Therefore, there is possibility that they are completely unaware of the effort and information that went into the formulation process (Hunger & Wheelen, 1996). According to Floyd and Wooldridge (1992), Guth and MacMillan (1986) and Heracleous (2000), communication of strategy or feeling of involvement of operational managers and staff would result in the implementation being achieved with much less difficulty.

b) Environment

The changes in the environment are often blamed for the need for change in organisations (Ansoff, 1979). Therefore organisations need to assess the suitability of its strategies for implementation when there had been a change in the environment. Organisations need to be aware of what is happening in its environment to understand the changes or strategies required to remain

competitive. This is even more important for Air New Zealand, being in an industry which is easily affected by events around the world.

The importance of the environment to an organisation is clearly illustrated in Heracleous' (2000) work where environment is illustrated in his learning models as a key element which affects actions organisations take, for both the development, or implementation of strategies. This is further verified in Bryson and Bromiley's (1993) research where it they find context variables – of which stability of the environment is a variable – significantly affects the planning and implementation processes.

Hence, if there are significant changes in the environment, an organisation needs to react to these changes or may find that the strategies that they want to implement may not longer be viable for the organisation. This in itself makes environment uncertainty a possible barrier to strategy implementation.

c) Organisational Structure

Organisational structure is often mentioned in strategic management studies as an important organisational variable (e.g. Bourgeois & Brodwin, 1984; Chandler, 1962; Heracleous, 2000; Waterman, 1982). More specifically, organisational structure is one variable which management can adapt to lead the organisation to its desired goals and objectives (Bourgeois & Brodwin, 1984; Heracleous, 2000). As an example, Chandler's (1962) studies on several large US corporations lead him to conclude that changes in strategy leads to changes in organisational structure. This lead to the study of strategy-structure fit by Chandler (1962) and Leavitt (1965) where they believed that organisational performance is based on ensuring a fit between strategy and structure. Similarly, Galbraith and Kazanjian's (1986) study of implementation suggest that the implementation of a new strategy within the organisation could possibly mean changes to the organisational structure for the strategy to be successful.

Although the intention of this study is not on achieving strategy-structure fit, these studies support the importance of organisational structure to the implementation process. The research agrees that an organisation's structure dictates the types of strategies it can support (Heracleous, 2000; Hunger &

Wheelen, 1996). For example, if an organisation has a hierarchical structure, implementing a strategy which empowers lower level managers with strategic decision making may not be appropriate for the organisation.

Following on from there, it is believed that different levels of management within an organisation apply different approaches to implementation (Nutt, 1998). If this is true, an organisation's structure can potentially affect the success of the implementation process if different levels of the organisation have different perspectives of the strategy. Thus, this research included participants from all levels of the organisation to analyse their perception of implementation to see if structure is a barrier to implementation.

d) Organisational Culture

There had been different approaches to the study of organisational culture in the past. For instance, Peters and Waterman (1982) perceived culture as shared goals in their McKinsey 7-S Framework, Schein (1985) explained culture in relation to leadership and other authors such as Sinclair (1993), Bartol and Martin (1994), Morris (1992) view culture as concepts of behaviour, individual values, norms and beliefs. Scholz (1987) and Schwartz and Davis (1981) present their studies on achieving fit between organisational culture and strategy. They believe that the matching of an organisation's culture with strategy ensures organisational success.

Despite all the different approaches to culture, one thing is common, and that is that organisational culture is not "hard" (Deal & Kennedy, 1982). Therefore, it is a challenge for organisations to guide the behaviour of employees and it helps them do their jobs a little better, by providing them with informal rules of behaviour or make them feel better in what they do (Deal & Kennedy, 1988). The management has to identify the effective culture of an organisation and use it as a component influencing an organisation's ability to compete and succeed in the long run (Morris, 1992). Organisations that are able to understand their culture to support their strategy usually perform more successfully than those whose strategy and culture is not aligned (Recardo & Jolly, 1997). Therefore, it is possible that organisational could be a barrier to the implementation process.

e) Operational Planning

Operational planning is also known as project planning or implementation planning. This form of planning is typically done in response to an annual budget (Carroll, 1993). It also refers to the planning of a set of actions necessary to realise a strategy (Kimbler, 1993). The set of actions is usually concerned with addressing sequence of activities, allocation of resources and scheduling of work required for the implementation process.

This also includes the monitoring of these activities to ensure successful implementation. If the operational planning contradicts with the overall goals of implementation, this can be an obstacle to implementation.

f) Communication

It has been argued that manager's effectiveness is closely related to the organisation's ability to develop and sustain quality strategies for internal communication (Beer & Eisentat, 2000; Phillips & Brown, 1993; Tourish, 1997). The organisation's ability to communicate is also a powerful tool to increasing levels of commitment to organisation wide strategies by all staff at all levels (Floyd & Wooldridge, 1992; Tourish, 1997). In addition, communication with employees encourages exchange of viewpoints and provides opportunities for feedback (Sadler, 1998). Communication is not only concerned with the manner which a manager communicates to his/her staff, it is also about the flow information to all areas of an organisation.

However, effective communication within organisations takes time and effort (Tourish, 1997). It is something that requires commitment from the managers for it to work successfully. Hence, if there is none or lack of communication, it can lead to misunderstandings or lack of information which will eventually affect the outcome of any implementation initiatives. For example, two out of six of the "silent killers to implementation" (unclear strategy and conflicting priorities; and poor vertical communication) identified by Beer and Eisentat (2000) relate to managers being effective communicators. This showed that communication can be a significant barrier to any change within the organisation (Tourish, 1997).

g) Resource Allocation

The availability of resources, in terms of staff, skills, knowledge, finance and time, is thought to be a crucial part of strategy implementation (Alexander, 1986; Miller, 1997). In essence, resources represent the strengths that firms can use to assist with the conception and implementation of strategies (Barney, 1991). Therefore, appropriate allocation of resources is important to the survival and success of an organisation.

Examples of resource allocations could be the budgeting process, training and development of staff to increase level of skills within the organisation and availability of physical resources such as assets for use in the organisation.

h) People

This variable represents people within the organisation, not the individual personalities but the demographics of the organisation (Waterman, 1982). Various authors (Cook & Ferris, 1986; Devanna, Fombrun & Tichy, 1984; Martell, Gupta & Carroll, 1996; Schuler & Jackson, 1987) believe that human resource management plays an important role in strategy implementation and sometimes strategy formulation. Human resource management is concerned with effectively managing staff within an organisation.

The importance of people in the study of strategic management is also evident in different implementation frameworks, (e.g. Candido & Morris, 2001; Peters & Waterman, 1984) which included people as a variable that is crucial to ensure successful implementation. For example, in their discussions on principles of achieving effective strategies, one of the principles recommended by Beer & Eisentat (1996) was that "the change process should develop a partnership with all relevant stakeholders" (p. 599). Therefore, if the people within an organisation are not managed effectively, they could potentially cause disruptions to the implementation process.

i) Control

Strategic control should be put in place to ensure that a strategic is being implemented as planned and that the results produced by the strategies are those intended (Schendel & Hofer, 1979). Although strategic control may be

important to analyse the successfulness of implementation, some authors (Camillus, 1972; Cantley, 1981; Gardener, 1985; Ishikawa & Smith, 1971; Newman, 1975; Sutherland, 1975) have explained its limitations. However, they have not analysed further how this would affect the strategic management process in a more innovative and changing business environment (Schreyögg & Steinmann, 1987).

Although feedback control may provide important feedback to the organisation regarding the outcome of a strategy, it was found that it presents drawbacks which could have serious consequences to the organisation (Schreyögg & Steinmann, 1987). Because feedback control usually happens after an implementation, it means that the organisation does not have the time or flexibility to respond to the feedback given on the strategy being implemented (Lorange, 1984). Thus, Schreyögg & Steinmann (1987) recommend that strategic implementation control is put in place, to assess the basic direction of the strategy, rather than whether the strategy implementation proceeded as planned.

j) Outcome

The outcome of an implementation initiative is often linked to the objective of the strategy being implemented. Therefore, if the objective of implementation is not linked to a strategic outcome, then there is not likely to be a clear strategic advantage resulting for the organisation (Heracleous, 2000). Nutt (1998) believes that good and bad practices of implementation can be evaluated against the outcome of an implementation attempt.

However, in the context of a changing environment, using outcome as an indicator for the success of implementation may not be suitable. This is because once the strategy has been implemented, it may be too late to assess whether the implementation had been successful or not. It is more useful to constantly evaluate the implementation during the implementation process, rather than after the process (Dess & Lumpkin, 2003).

2.5.3 <u>Overcoming Barriers</u>

Once the barriers to implementation have been identified, it is crucial for managers to consider methods of overcoming these barriers to ensure that strategies are successfully implemented. Although literature in the area of strategy implementation did not label their findings as ways to overcome barriers to implementation, the different implementation approaches used provided suggestions to ensure successful implementation can be used as a guideline for this thesis.

For example, the notion of achieving strategic fit focused on the successful realisation of strategies by ensuring that there is a fit between the strategy and organisation (Chandler, 1962; Gupta & Govindarajan, 1984; Miles & Snow, 1984; Waterman, 1982). On the other hand, studies by several other authors (e.g. Miller, 1997; Okumus, 2001; Salem, 1998; Scholz, 1987) put forward implementation variables which they believe would contribute to successful implementation of strategies if they were managed well. Effective change management were also thought to be a way of ensuring that organisations achieve their goals by overcoming issues which arose during implementation (Johnson, 1987; Pettigrew, 1985; Pratt, 1998; Sadler, 1998).

Therefore, although literature available do not provide direct input into ways to overcome barriers to implementation, they are useful providing the theoretical background to this aspect of the thesis.

2.6 *Summary of Chapter*

To summarise, this chapter presented the literature review for this thesis. An overview of strategic management was presented together with a brief definition of strategy. Then an introduction of strategy formulation and its relationship to strategy implementation was provided. After that, approaches to implementation which are relevant to this study were reviewed. The researcher then explained the relevance of all these frameworks and developed a new framework to set the path for this thesis. The Organisational Minefield framework and the implementation variables which were identified to be

possible barriers were clarified. Implementation variables were explained as potential barriers to the implementation. A section was also presented on ways to overcome barriers to the implementation process, drawing on the different implementation approaches available in this area of strategic management. The following chapter provides descriptions of the research methods employed for this research.

3 – Research Method

3.1 Introduction

"Qualitative research, as a set of interpretive practices, privileges no single methodology over any other."
(Denzin & Lincoln, 1994, p.3)

Based on the literature review conducted in the previous chapter, strategy formulation and strategy implementation seems to be both equally important to an organisation's success. However, there is a lack of study done in the area of strategy implementation. Most of the studies done on implementation focus on the management level and tend to be prescriptive in nature (Okumus, 2001). Therefore, it is proposed that a case study is conducted to investigate barriers that exist in strategy implementation initiatives.

This chapter explains the research process for this research. Due to the lack of literature available on strategy implementation, the researcher decided to conduct an exploratory case study by interviewing twenty eight participants from the Network and Revenue Management department within Air New Zealand. The reasoning behind the choice of participants is provided in Section 3.5.3.

The layout of this chapter is summarised in Table 3.1. The first column represents the stages of the research process. This is followed by the topics covered in each research process stage and by the decisions made by the researcher.

Table 3.1: Layout of Chapter Three – Stages of Research

Research Stages	Topics Covered	Decision
Research Question and Objectives	• What was discovered from the literature review? • Define the research question • Develop objectives for the research • What type of information was required to answer the research question?	• Research question: What are the barriers to strategy implementation? • Four research objectives developed • Design of questions to provide answers to the research question and objectives
Research Design	• Decide on the approach suitable for the research • Reason for approach chosen • Advantages and disadvantages of method chosen	• Exploratory, qualitative, case study
Data Collection	• What is the best way to collect data? • Ethical issues?	• Triangulation: Literature, interviews and secondary data • Ethical considerations and processes
Sampling Strategy	• Where is the sample from? • Accessibility • What is the sample?	• Air New Zealand's Network and Revenue Management Department • Access obtained from Vice President of the Department • 28 participants from different levels
Process of Analysis	• How is data kept? • How is data analysed? • What is used to assist data analysis? • How is data coded?	• Management of Data • Content Analysis • NUD*IST • Categorising and Coding of Data based on themes identified

3.2 Research Question and Objectives

"It is the research problem that shall dictate the approach and methods to be used in the research"
Olkkonen (1993, p.23)

The key purpose of this thesis is to pay more attention to the strategy implementation process because previous research in strategic management focussed mainly on the strategy formulation stage (Alexander, 1985; Harrington, et al., 2004; Noble, 1999; Okumus, 2001; Salem, 1998). As presented in Section 2.2, all three processes (analysis, formulation and implementation) are important to the success of strategic management (Chaffee, 1985; Mintzberg & Waters, 1985; Vasconcellos, 1990). Although this study focuses mainly on the implementation process, it takes the approach of creating a better understanding of implementation, rather than stressing the importance of either process.

Most of the implementation frameworks found place emphasis on the key organisational variables that make implementation possible (Beer & Eisentat, 2000; Bryson & Bromiley, 1993; Miller, 1997), encouraging managers to be more aware of these variables within their organisations. The frameworks highlight the importance of continuous interactions among these variables to make implementation successful (Okumus, 2001). Some authors in the area of strategic management have also drawn attention to barriers that exist in the process of implementation (e.g. Alexander, 1985; Beer & Eisentat, 2000; Bryson & Bromiley, 1993; Miller, 1997; Salem, 1998; Simkin, 2002). Barriers which exist in the implementation process, can jeopardise the success of strategies. Therefore, studying the existence of these barriers would add to the study of strategy implementation and help managers understand these barriers. Therefore, the research question for this thesis is:

"What are the barriers to strategy implementation within Air New Zealand?"

The research question seeks to identify barriers that exist in the strategy implementation process. To obtain answers for the research question, the thesis will focus only on implementation of key strategies which affect the overall direction of the organisation, rather than changes in the internal processes or structure of the organisation. The implementation of such strategies is assumed to have undergone formal stages of formulation and implementation which involved players from all levels of the organisation.

The process of implementation of these strategies is of particular interest because they are assumed to represent the traditional, rational approach to strategy. This approach assumes that the top managers are responsible for strategy formulation whereas the lower level managers and staff implement the strategies. Therefore, investigating the implementation of these strategies should provide useful data to this research.

Furthermore, because the implementation of these strategies involves staff from different levels of the organisation, the research intends to find out whether perception of formulation and implementation as well barriers to implementation are different from different levels of the organisation. Therefore, the objectives of the research are not only to ascertain barriers, but to investigate perceptions of participants on the implementation process and ways to overcome the barriers.

The following are the key objectives identified for this research:

1. **Investigate whether perceptions of implementation are different at different levels of the organisation;**

This objective intends to explore the difference in perceptions from participants at different levels of the organisation on the strategy implementation process. This information is useful for the researcher to compare findings from previous research done in this area. By examining the organisation's perceptions of implementation over formulation, the researcher will have a better understanding of the importance of the implementation process to the organisation.

2. Ascertain whether implementation variables are common barriers which exist in the strategy implementation process;

This is the objective that directly answers the research question. It would be interesting to see if the barriers identified by the participants are similar to those identified in previous literatures on strategy implementation. Reasons for their existence are also investigated.

3. Examine how these barriers could be overcome;

This objective investigates how the barriers identified in the second objective could be overcome.

4. Investigate whether the Organisational Minefield framework is relevant to this research.

Finally, the research intends to investigate whether the "Organisational Minefield" framework developed by the researcher is suitable as an illustration to represent the importance of understanding barriers to implementation initiatives.

After specifying the research questions and objectives of this research, the next stage explains the research design employed in this study. The next section illustrates the approach chosen to carry out this research in order to fulfil the objectives above. It is important that the right approach is chosen so that the right information can be collected.

3.3 Research Design

"A research design is the logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of a study"
Yin (1989, p. 27).

The success of a research project depends largely on the research design. As Scandura and Williams (2000, p. 1248) say, the success of "management studies depends upon the appropriateness and rigour of the research methods chosen". Therefore, the strategies or tactics chosen to carry out a research

project must be appropriate to the research question that needs to be answered (Manstead & Semin, 1988; Morse & Richards, 2002). After defining the research question of the study, the next step in the research process is to decide on the best research design to employ (Janesick, 1998; Marshall & Rossman, 1995; Yin, 1994).

Although there were research done in the area of strategy implementation, most of the above mentioned literature place emphasis on the strategy formulation stage, believing that implementation follows formulation naturally. However, this is not necessarily the case, even if a strategy had been carefully thought out, there are processes and elements involved in implementation that needed to be understood before these strategies could be implemented.

Hence, as this research focuses specifically on the barriers of strategy implementation, it is a justifiable reason for conducting an exploratory study (Yin, 1989). Exploratory research seeks to find out what is happening and get new insights into the area of study by utilising appropriate methods (Marshall & Rossman, 1989; Robson, 1993). The purpose of exploratory research is to ask questions and explore a certain phenomena in a new light (Robson, 1993). This type of research is particularly useful for a researcher to investigate an area of study where there is uncertainty (Page & Meyer, 2000).

The next stage after choosing the exploratory approach to this study is to decide whether the research should be qualitative or quantitative. Qualitative research is believed to be suitable for research in areas where there appear to be an inadequate understanding of the phenomena (Denzin & Lincoln, 1994; Mayan 2001; Morse & Richards, 2002). It is also an approach which allows for more in-depth research with the use of themes. Hence, as this research intends to explore the area of strategy implementation in more detail, the research needed to use a suitable approach for it to do this. The following section explains the selection of a suitable approach for this research.

3.3.1 Rationale for the Use of Qualitative Research

Differences between qualitative and quantitative methods have often been debated, however, there are some similarities between the two (Neuman, 2000). For example, researchers in both areas have to ensure that their data are collected and analysed systematically, and examined carefully to understand and explain their findings. Instead of using the differences between these two methods as the weakness for the other (Neuman, 2000), it is of more benefit to understand the strengths of each method to appreciate their relevance to different types of studies. These differences are clearly illustrated by Neuman (2000), as presented in Table 3.2.

Table 3.2: Differences between Qualitative and Quantitative Research

QUANTITATIVE	QUALITATIVE
• Test hypothesis that the researcher begins with.	• Capture and discover meaning once the researcher becomes immersed in the data.
• Concepts are in the form of distinct variables.	• Concepts are in the form of themes, motifs, generalisations, and taxonomies.
• Measures are systematically created before data collection and are standardised.	• Measures are created in an ad hoc manner and are often specific to the individual setting or researcher.
• Data are in the form of numbers from precise measurement.	• Data are in the form of words and images from documents, observations, and transcripts.
• Theory is largely causal and is deductive.	• Theory can be causal or noncausal and is often inductive.
• Procedures are standard, and replication is assumed.	• Research procedures are particular, and replication is rare.
• Analysis proceeds by using statistics, tables or charts and discussing how what they show relates to hypotheses.	• Analysis proceeds by extracting themes or generalisations from evidence and organising data to present a coherent, consistent picture.

Source: Neuman, 2000.

From the comparisons provided by Neuman (2000) in Table 3.1, there is a clear distinction between the two methods of research. The nature of the data analysed by the two methods is different. The quantitative method analyses hard data in the form of numbers whereas the qualitative method concentrates on the soft data which comes in the form of impressions, words, sentences or

symbols (Neuman, 2000). Analysis of quantitative data is often statistical whereas qualitative concentrates more on extraction of themes from the data collected.

Although qualitative research methods have been available as an alternative to researchers, it has been one that is less popular (Silverman, 1993). More recently, the popularity and importance of this research method have increased in strategic management research (Ely, Anzul, Downing, & Vinz, 1991; McCarthy, 2003; Miller, 1997, Okumus, 2001; Silverman, 1993). The qualitative approach is thought as a more appropriate method for this research because qualitative research allows for "deep, sense, detailed accounts" (Denzin, 1989, p. 83) in changing conditions (Cassell & Symon, 1994; Dane, 1990). This is relevant because implementation of strategies within Air New Zealand usually occur under a myriad of circumstances.

Furthermore, one of the unique characteristics of qualitative research is that it is usually conducted in the environment where the events occur (Lee, 1999; McCarthy, 2003). This provides the ideal opportunity to trace the process and sequence of events in the specific settings (Neuman, 2000). Therefore, the qualitative method is suitable for this research because this research will be conducted within the environment where the implementation initiatives occurred. The specific implementation initiatives which were used are mentioned in Section 3.3.3.

While some people believe qualitative data to be "fuzzy and elusive", this is not necessarily the case (Neuman, 2000, p. 145). Qualitative data can be derived from documentation of events, interview recordings, observations and analysis of organisational documents. These types of evidence are as valid as numerical data presented in quantitative research methods. As an alternative to using quantitative data, qualitative researchers obtain their data "from documenting real events, recording what people say, observing specific behaviours to studying written documents", which are valid and accurate sources (Neuman, 2000, p. 145). The use of different types of data, which is used by both quantitative and qualitative researchers, is called triangulation.

Triangulation was used for this research. Detailed definition and explanation of triangulation as a method of data collection is provided in Section 3.4.1.

The qualitative approach has been chosen for this study because it provides flexibility and gives the researcher the ability to conduct an in depth research. However, there are many ways which a researcher can choose to conduct qualitative research. For this research, a case study is the strategy that was chosen. The following section profiles the case study strategy adopted for this research.

3.3.2 Case study

Yin (1994, p. 13) defines a case study as an "empirical enquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used." A case study is also defined as a research project which takes into account the variety of elements which are present in the context of the study (Eisenhardt, 1989). It is not at all intended for data collection or design of research (Yin, 1994), but as a comprehensive research strategy that ties together several data gathering measures (Berg, 2001; Hamel, Dufour, & Fortin, 1993). A case study may concentrate on individuals, group or a community and at the same time employ other data collection methods such as participant observation, secondary data or in-depth interviews (Berg, 2001; Hagan, 1993; Yin, 1994).

From all the definitions available on case studies, Robson (1993, p. 147) summarises it as a "strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence". For this research, the 'phenomenon' investigated is the existence of barriers to strategy implementation within its real life context, which is Air New Zealand, using multiple sources of evidence such as interviews and organisational documents.

More specifically, this case study focuses on the Network and Revenue Management Department where the researcher has worked. A set of common

implementation initiatives was identified during the case study. The first of these initiatives was the implementation of Domestic Express – the introduction of a value based service for domestic destinations within New Zealand – in a traditionally full service airline. This initiative was one which was very new to Air New Zealand at a time where the airline industry underwent tremendous change and external pressures. This was one of the projects which were observed closely by the New Zealand Government, competitors, public and staff as it was a project which would affect the survival of Air New Zealand in a fiercely competitive industry. Other projects chosen for this thesis were the introduction of a new revenue management system within the organisation and projects to introduce more value based services to other Air New Zealand routes.

Furthermore, Yin (1994) believes that it is advantageous to use a case study for this type of research because the question asked is about an existing set of circumstances over which the researcher have little or no control. For example, although the researcher had her opinions and perceptions on various events which had occurred, she did not have any control over what the participants contributed to the case study. Participants contributed their opinions and feelings on implementation of strategies within the organisation. In addition, the researcher used another source of information which she had no control over. This was because these were internal organisational documents which were produced for purposes of communication within Air New Zealand.

Case studies have also been associated with process evaluations, often used to analyse implementation processes (Yin, 2003). It also allows for a holistic and meaningful view of real life events such as organisational behaviours, changes or culture (Yin, 1994). For these reasons, case study is a suitable strategy to use for this research on strategy implementation. The overall implementation process of two projects within the Network and Revenue Management department will be analysed and from there barriers will be identified.

While a case study is chosen for this research, there are also weaknesses to this method. This research method requires the cooperation from the organisation involved for easy access to the information required (Dane, 1990).

The process of research can also be time consuming and at the same time frustrating (Hussey & Hussey, 1997) because the researcher may be inexperienced and bias can influence the direction of findings and conclusions of the research (Rosenthal, 1966; Yin, 1989). This is likely to happen in this case where the researcher conducted the research within the organisation which she had worked in. The researcher may find it difficult to decide on the "boundaries" of the research or influence the data obtained for the research. For example, when the researcher interviewed the participants, she found that she did not agree with some of the feedback given on a particular event. However, instead of letting the information affect the intention for the research, information gathered were used as a contribution to the research.

Another disadvantage of case study is that single case studies do not provide enough bases for scientific generalisation (Guba & Lincoln, 1981; Yin, 1989). It was questioned whether it is appropriate for a researcher to generalise findings from a single case study. To prevent this, Yin (1989) suggests that single case studies should be used to compare findings with existing theory, rather than presenting new findings on a subject matter. For example, this case study is used to expand on current studies available on strategy implementation, rather than presenting a new subject matter.

A further disadvantage of case study is the time it takes (Yin, 1994). Case studies conducted in the past had been lengthy and written in the narrative, making case studies massive, unreadable documents (Yin, 1994). However, this is not necessarily the way all case studies had to be done. With the assistance from her supervisors, the researcher was able to refine and define the case study research to overcome this. From the start of the case study, the research question was analysed and refined to provide a clear direction for this research. After that, a research protocol was developed to ensure that the case study had a framework to adhere to, preventing unnecessary time being wasted. A copy of the research protocol is attached is Appendix 1, with the explanation presented in Section 3.3.2.

Using the case study method presented another drawback to this research. Due to the lack of other case studies on the barriers to strategy implementation,

other related areas of studies were used to provide this case study with a stronger theoretical foundation. They ranged from studies on strategy formulation, organisational change and organisational culture. To strengthen the findings of this research, more than one approach are used in an attempt to identify the appropriate information without discounting other types of data which might strengthen the findings from this case study. For example, the use of organisational documents such as email, internal publications and meeting minutes in addition to interview information. The use of a variety of approaches in this case study should allow for a broader range of historical, attitudinal, and observational issues to be addressed (Yin, 1989).

While there may be doubts to using case study as a research tool, "case study research is now accepted as a valid research strategy" (Yin, 1994, p. 68). The challenges that this method presents can be overcome (Yin 1989). Nonetheless for any method chosen for research, careful thought is needed to ensure that the research would provide the research with the answers it seeks to find. The following sections focuses on the research process used in this case study.

3.3.3 Summary

To summarise, this section discussed the research design employed for this research. Due to the lack of study done in the area of strategy implementation, an exploratory approach was chosen to undertake this research. Then, an explanation was provided to explain reasons the qualitative approach was used for this research. Finally, the section concluded with reasons why a case study was a suitable strategy for this research. The following section explains data collection methods used in this case study.

3.4 Data Collection

"The central, totally indispensable part of an inquiry is the collection of data. No data – no project."
Robson (1993, p. 303)

Having decided on the research design to employ, this section explains the data collection methods used for this case study. There are different methods available to gather data for a research project. The method chosen is largely depending on the type of research conducted. Furthermore, the appropriate data collection strategies will assist in the organising and analysis of data after all the data had been collected (Robson, 1993; Yin, 1989). To start, the section introduces triangulation as a data collection strategy by highlighting its benefits to this case study and limitations that may occur from using this strategy. This is then followed by the explanation of the ways data was collected throughout the study through interviews and secondary data. The section then concludes with a section on ethical issues that may arise from conducting this research and ways to minimise these issues from occurring.

3.4.1 Triangulation

The suitability of the methods chosen is vital to ensure the success of a research project. McGrath (1982) states that it is impossible to do an unflawed study, there will be limitations within each method that will affect the results obtained (Scandura & Williams, 2000). Hence, it is more beneficial for a study to acquire corroborating data from a variety of methods, a method also known as triangulation. Singleton, Straits and Straits (1993) define triangulation as a method to describe use of multiple approaches to assist the researcher to 'zero in' on the information sought. Blaikie (1991) points out that "the common theme in discussions of triangulation has been the desire to overcome problems of bias and validity. It has been argued that the deficiencies of any one method can be overcome by combining methods and thus capitalising on their individual strength" (p. 115).

There are several different approaches to triangulation. Denzin (1978) discusses four main approaches, methodological, data, investigator and multiple triangulation. Similarly, McGrath (1982) highlights a similar list, focussing on strategies, settings for data collection and sources of data. For the purpose of this case study, data triangulation is used. This is because data from different sources can be used to corroborate, elaborate or illuminate the research in question (Rossman & Wilson, 1985). In addition to the literature review done during the earlier stages of the case study; focussed interviews and secondary data were used.

One of the most important advantages of using "multiple sources of evidence are the development of converging lines of enquiry, the process of triangulation" (Yin, 1989, p.97). There are limitations to using only one method (Oppermann, 2000). For example, if interview was the only source of data for this research, the data are limited to the responses given by the participants. Furthermore, the participants may not want to disclose information which they felt were sensitive or politically incorrect (Oppermann, 2000). One participant in this study actually withdrew after the interview because he thought that his comments were "inappropriate" and could jeopardise his employment. For this reason, social researchers have begun to address the need for "integrative typologies and paradigms that can provide a coherent platform for diverse research efforts" (Thomas & Mueller, 2000, p. 289).

The following sections explain the sources of data used for this research.

3.4.2 Focussed Interview

The first source of data used in this case study is focussed interviews. This form of interviewing engages participants who had been involved in a particular experience (Frankfort-Nachmias & Nachmias, 1996) and allows people's view and feelings to emerge, but gives the interviewer some control (Merton, Fiske & Kendall, 1956; Robson, 1993). While questions in focussed interviews are structured, participants are "given considerable liberty in expressing their definition of a situation that is presented to them" (Frankfort-Nachmias &

Nachmias, 1996, p. 235). However, in order to preserve consistency across all the interviews, a research protocol was developed.

Before the protocol was developed, a plan detailing the types of information required was drawn up. The purpose of this plan is to provide a guideline to developing a research protocol which would be suitable for the research. This plan is presented in Appendix 2.

The plan had three main sections, according to the first three research objectives identified in Section 3.2. It starts by listing the three objectives of the research. Initial questions that were relevant to the objectives were developed. Consequently, final interview questions were developed to gather information to meet the objectives identified. The anticipated outcomes from these questions are also presented in the table to remind the researcher of the types of information the questions are aimed to obtain. A brief explanation for not including questions for the fourth objective is provided below.

The following explains the ways questions were developed for the interview:

1. Investigate whether perceptions of implementation are different at different levels of the organisation;

Questions for this section were intended to investigate participants' perceptions of the implementation process within Air New Zealand. Most literature and previous studies on implementation were based on responses from managers and decision makers of organisations. This research included participants from different levels of the organisation, to find out whether their perception of barriers to implementation vary, which in itself could potentially be a barrier to implementation. They were also asked for their opinions on the importance of strategy formulation versus strategy implementation. They were asked to give reasons why they felt one was more important than the other or why they thought both processes were equally important.

2. Ascertain whether implementation variables are common barriers which exist in the strategy implementation process;

Questions in this section were designed to highlight participant's perception of the implementation process: its meaning, process and importance. In this section, the participants were also asked questions relating to what they thought were barriers to implementation, to ascertain whether the barriers that they identified are similar to the implementation variables listed in the Organisational Minefield framework. Questions were also asked to identify reasons these barriers exist in the implementation progress. They were also asked for issues that the researcher might encounter during the research process, the willingness of participants in the research, concerns or preconceptions that participants may have and other issues that may be identified from this research.

3. Examine how these barriers could be overcome;

Questions here were designed to evaluate the methods which could be used to overcome barriers that had been identified by the participants. These could be methods that had already been employed or suggestions from participants as to how these barriers could be overcome.

4. Investigate whether the Organisational Minefield framework is relevant to this research.

The Organisational Minefield framework was developed by the researcher to illustrate the importance of understanding barriers to implementation. Hence, instead of developing questions regarding this framework, the researcher decided to use the findings from the three objectives above to assess the relevance of this framework to this research. Therefore, there were no questions developed for this objective.

Once the objectives were completed, the research protocol was developed, incorporating the questions which were developed. The research protocol was laid out in a way which helps the researcher conduct the interview in a conversational manner.

The research protocol started with an introduction to this thesis and proceeded to ask participants for their permission for the interview to be tape recorded. Then, background information on the participants was obtained to understand the participants' involvement in different types of implementation initiatives within Air New Zealand. Following on from there, participants were asked to identify common barriers which existed in the implementation initiatives they were involved in. They were also asked for their perception of these barriers existed. After that, participants were asked questions to ascertain their impression on the importance of implementation versus formulation and their reasons for preference. At the end of the interview, participants were asked questions to identify ways to overcome the barriers they identified.

One of the benefits of focussed interview is that it takes on a more open ended approach and is more conversational, whilst following the set of questions as a guide (Yin, 1989). The relaxed, but controlled way of this type of interviews allowed the researcher to communicate to the participants without them feeling that they were interrogated. There also needed to be a balance between obtaining information and being intrusive (Yin, 1989). It was found that because there was good rapport between the researcher and the participants, they were willing to engage in the conversation. During the interviews, it was important to ensure that the participants were not led to answer questions in a predetermined manner. They should be comfortable sharing their thoughts and feelings with the researcher to ensure that the quality of the information collected were suitable to the research.

The success of this type of interview strongly relies on the cooperation of the participants of the study (Yin, 1989). The participants' cooperation in the interviews was also reliant on the length of the interview and the time they had to spare. Interviews can be time consuming, if it is too short, it is unlikely to be of any value to the research, but if it is too long, this makes unreasonable demands on busy interviewees (Robson, 1993). It was ensured that all participants were aware of the length of each interview by including this information in the invitation. An hour is a long time for someone to be taken out of the workplace for a non-work related exercise. Appointments were made to suit each participant and care was taken to keep the interviews as close as

possible to the hour. Often, the participants were quite willing to give additional information after each interview, encouraging the research to contact them if further assistance were required.

The questions from these four parts were closely related in their objectives, namely to eventually provide the answer to the research question.   As participants were from all levels in the organisation, information gathered would show whether there are differences between perceptions of participants from various levels of the organisation. Although the findings of this research largely depended on the responses of these participants, it should be noted that interviews should ideally be one of several sources of data (Yin, 1989). Responses are easily subject to "problem of bias, poor recall and poor inaccurate articulation" (Yin, 1989, p. 90) because the answers of interviewees are often their own interpretation and perception of events. For example, one of the participants did not believe that he had given me comments on specific events that happened within the organisations, although the transcript was typed based on the recorded interviews. For that reason, it is advisable to incorporate interviews with other sources of information to validate information gathered from the interviews. The following sections explain the other methods of data collection for this research.

3.4.3 Secondary Data

In addition to interviews, secondary data are another source of data used for this research. There are two different sources of secondary data - internal and proprietary data which are internal to the organisation; and external data which are external to the organisation (Zikmund, 1997).   In this section, these two sources are briefly explained to show its relevance to this research project.

a) Internal Data

"Most organisations routinely gather, record and store internal data" (Zikmund, 1997, p. 149) for a variety of purposes. These data could be used for the purposes of assisting the organisations in their future decision making or in larger organisations, used for the purpose of internal communication (Robson, 1993; Zikmund, 1997). Throughout this research, various documents such as

internal publications, press releases, internal reports, weekly email from the CEO and other types of documents which were thought to be relevant to this research was collected. Documents or materials which contain information on projects or implementation initiatives within the organisation were considered relevant. Other information which related to the manner which these are communicated to the overall organisation are also used. These documents can be useful to "corroborate and augment evidence from other sources", especially for case studies (Yin, 1989, p. 81).

Although these documents are useful sources of data for the research, it should be noted that these documents were originally created for the purpose of communicating within the organisation, not specifically for this research. Therefore, it is important to only use data which are relevant to this research (Frankfort-Nachmias & Nachmias, 1996; Hakim, 1982; Harris, 2001). The use of secondary also forces the researcher to "think more closely about the theoretical aims and substantive issues of the study" (Hakim, 1982, p. 16) so that it is less likely to be misled or wrongly analyse the documents collected (Yin, 1989).

It was thought for the purpose of research that useful information would come from "Us", an internal publication circulated fortnightly to all Air New Zealand staff every fortnight. This is because "Us" is considered as the Air New Zealand newspaper, where staff gets updates and news on the airline. However, it was found that internal email that was sent by the CEO every week contained more relevant information. He tended to give staff an update on the different strategies being implemented in different areas of the business or explain the reasons new strategies were introduced. To avoid being bombarded by irrelevant detail, it is vital for the researcher to have clear objectives of the type of information that would be useful for the research (Silverman, 2000; Yin, 1989). For example, although some issues of "Us" were found to be useful to this research, not all issues covered topics which are relevant to this thesis. Hence, when the researcher decided to use this source of data, she needed to ensure that she has a clear objective in mind to obtain the most relevant information for this thesis. The CEO's email often reinforces the contents within

"Us", adding his own personal touch to the message he wanted to put across to the whole organisation.

b) External Data

"External data are created, recorded or generated by an entity other than the researcher's organisation" (Zikmund, 1997, p. 150). Zikmund (1997) classified these external sources into books and periodicals, government sources, trade association sources, media courses and commercial sources.

For the purpose of this research, a literature review was conducted on books and periodicals obtained from the library and the electronic databases on the internet. Books on the topics of strategic management, strategy formulation, strategy implementation and change management were used. This also included journals and articles which were thought to relate to the topic of strategy implementation. Keywords used to search for these were strategy, strategic management, strategy formulation, planning, strategy implementation, change and others which may relate to the topic studied. The literature review gave the case study a strong base. It presented different approaches that other authors had on the study of strategy implementation and highlighted the need for more research to be undertaken in this area of study.

The benefit of using secondary data is that it is a quick and inexpensive way to answer some of the questions that may arise from the research to complement the case study (Stewart, 1984). Secondary data also provide evidence of what was done at the time, whereas interviews after the event "would have provided only a recollection of intention" (Harris, 2001, p. 193). Hence, the problem of recall could be overcome. Secondary data can also be used to provide "triangulation", increasing the credibility of research findings using primary data (Cowton, 1998; Harris, 2001; Insch, Moore & Murphy, 1997).

3.4.4 Ethical Considerations

Zikmund (1997) states that most research situations involve three parties, "the researcher, the sponsoring client (user) and the respondent (subject)." (p. 64). The method or type of interactions between any of the parties requires

consideration into ethical issues that may arise. The term ethical stands for rules of behaviour or conformity to a code or set of principles (Frankena, 1973; Kimmel, 1988; Reynolds, 1979). For this research this means effectively managing the expectations of all parties (Robson, 1993; Zikmund, 1997) and ensuring that the research strategy chosen does not violate the participant's privacy or disrupt their day to day actions at work (Marshall & Rossman, 1989).

To ensure that this study was done in accordance with ethical guidelines set by Auckland University of Technology (AUT), an application was submitted to the University's Ethical Committee (AUTEC). This research was approved by AUTEC and the approval number is 03/98, see Appendix 3.

Prior to obtaining approval from AUTEC, a letter of approval was obtained from the Vice President of Network and Revenue Management. This letter detailed his agreement for the research to take place on the proviso that the information presented in the final report was not commercially sensitive. Confidentiality and anonymity of participants will also be preserved as no reference to the actual name of positions or people were used in the research. Throughout the research report, fictitious names were used to prevent participants being identified (Berg, 1998), a list of these fictitious names provided in Appendix 7. Once the research was approved, the researcher had another meeting with the Vice President to discuss in more detail the purpose of the research and the ways it would be conducted within the organisation.

The Vice President then met with this Senior Managers to inform them of the research. When the Vice President confirmed his agreement for the department's participation in the study, e-mails were sent out to prospective participants with a copy of the research information sheet (attached in Appendix 4a – 4e) and consent form (Appendix 5). The research information sheet provided participants with information on the research and all the contact information of the researcher and her supervisors. On the other hand, the consent form contained a written statement which explained that participation in the study is to be voluntary (Marshall & Rossman, 1989) and without duress, undue influence, or disproportionate financial inducements. The consent form also notifies the participants that the interviews will be tape recorded.

Participants were free to withdraw their participation at any time. Prior to the interviews, participants were required to sign the consent form. However, these signed consent forms itself presented a slight ethical dilemma (Berg, 1998). These consent forms contain a written record of participants' names. To preserve the confidentiality and anonymity of participants, these forms were kept in a secure area by the researcher and researcher's supervisors (Berg, 1998; Marshall & Rossman, 1989).

In conclusion, ethical considerations are helpful to ensure that researchers are aware of consequences of their actions in their research. Particular attention should be paid to ensure that all parties involved in the research are clear of what is expected of them. This is appropriately summarised by Jerrell and Jerrell (1985, p. 73) that "keeping a good road map handy and watching for the road signs" throughout a research would ensure that a researcher's journey is a lot safer (Kimmell, 1988).

3.4.5 Summary

In summary, this section presented triangulation as a data collection strategy for this case study. Methods chosen were focussed interviews, use of secondary data and literature review on the subject matter. The section then presents ethical issues that needed to be considered to ensure that the methods used do not misrepresent participants or the research in any way. All the above created a better understanding of how the research was conducted. The next section details the rationale behind the choice and methods of selecting participants for this case study.

3.5 Sampling Strategy for Interviews

"… when you have eliminated the impossible, whatever remains, however improbable, must be the truth."
Doyle (1859-1930)

One of the most important parts of the research process is the decision on the people or places to study and ways to gain access to good data (Cresswell, 1998; Marshall & Rossman, 1989; Zikmund, 1997). Miles and Huberman's (1994) purposeful sampling provides researchers with suggestions on ways to firstly identify the specific strategies which suits their research, define these strategies for them and present rationales for each strategy (Cresswell, 1998; Marshall & Rossman, 1989).

The following sections present the stages the researcher went through to identify the sample chosen for this case study, access to this sample and the ways the sample was selected.

3.5.1 <u>Research Sample</u>

The participants in this case study included managers and staff within the Network and Revenue Management Department of Air New Zealand. This department was chosen for the research because this department is one of the departments within Air New Zealand which develops and implements organisation wide strategies. These strategies range from deciding on the route to fly, to the number and types of planes dedicated to each route, down to the number of seats available. In fact, these strategies directly affect the organisation's well being. Therefore, it was thought that because this research intends to investigate barriers of implementation within Air New Zealand, this department's experience would present useful insights to Air New Zealand's implementation processes.

There was 65 staff within the Network and Revenue Management department when the research was conducted. Instead of interviewing everyone within the Network and Revenue Management department, a total of twenty eight

participants were selected for this case study. Details on the ways these participants were selected are provided in Section 3.5.3. Due to the limited timeframe available, it was felt that the decision to interview twenty eight participants which comprised of representatives from all the levels of the department was achievable.

After the researcher had interviewed 12 participants, it was found that information gathered from participants after that did not present any new information. Therefore, the interview was stopped after 28 participants that were initially invited to participate were interviewed. As this case study is exploratory, it does to intent to seek statistical generalisability (Robson, 1993). Data in this case study is further verified with the use of other sources of data as mentioned in Section 3.4.

3.5.2 <u>Access</u>

Access to participants and information from this department was obtained from the Vice President of Network and Revenue Management, now the General Manager of Network and Revenue Management / Alliances. The researcher has worked within the department, hence, she was able to approach the Vice President directly. It is important for this case study to establish access and rapport with the gatekeeper (Hammerley & Atkinson, 1995). His support for this research was essential because he was the one who approved access to other participants within the department. Within Air New Zealand, all departmental decisions or strategies needed to be approved by the department's Vice President first before it can be done. Therefore, for the researcher to conduct this research within the department, she would need his permission to do this. Furthermore, as information gathered for this research could potentially be commercially sensitive, the Vice President had to agree to provide information required for this research.

To gain the gatekeeper's approval for the study, Bogdan and Biklen (1992) suggested that the gatekeeper requires information about the study which includes explanation of why the department was chosen, time and resources required, whether the researcher's presence will be disruptive, how the results

are reported, and benefits to the department (Cresswell, 1998). Before the researcher met with the Vice President, the research information sheet was emailed to him to initiate a meeting. Thereafter, the researcher met with the Vice President to discuss the benefits and implications of this research to Air New Zealand as a whole. The Vice President felt that the findings from the research could benefit future implementation initiatives within Air New Zealand. Verbal and written permission was obtained from the Vice President before the case study began. A copy of the written approval from the Vice President is attached in Appendix 6.

Although the Vice President provided access to the participants within the department, it should be noted that participation in this research is voluntary. Participants were emailed an invitation containing a research information sheet and consent form. Once the expressions of interest from participants were received, interview times were arranged to suit each participant. Participants have the right to withdraw from the study at any time. The participants were also told of the procedures and methods used in this case study. It was also important to include information on how the participants' confidentially was protected. All these information were detailed in the consent form which participants had to sign before they were interviewed for the case study.

3.5.3 <u>Sample Selection</u>

A majority of studies done on strategy or implementation had been primarily focussed on top management level because strategy is seen as a responsibility of top management (Daft & Weick, 1984). Therefore, to provide a more balanced view for this research, it was decided to include participants from various levels, from staff to senior management levels. Doing this meant that the research had a good representation of the organisation, and the perceptions and feelings felt beyond the top management level could be observed.

Traditionally, the strategy making process was seen as a responsibility of the executive management (Bourgeois, 1980; Fredrickson & Mitchell, 1984; Hart, 1992). However, more and more authors have now started to include the involvement organisational members (Floyd, 1992; Hart, 1992; Parnell, et al.,

2002). For example, Hart's (1992) study on the strategy making process highlighted a comprehensive framework which emphasises on the importance of integrating strategy making as an organisation wide phenomenon. Similarly, Floyd (1992) examined the level of commitment from managers at different levels of an organisation and its effect on the implementation. Therefore, part of this research is to observe participants' perception on strategy formulation and implementation in the organisation.

One of the examples of research which included several levels of an organisation is Wright's (1996) study of the effectiveness mission statements within organisations. He included top and middle management to obtain answers to specific questions for his research. Another example is the research conducted by Nutt (1998), where he found that although top and middle managers used similar approaches to implementation, they were used in different proportions and produced different results. Similarly, Okumus (2001) conducted several case studies by analysing responses from various levels of participants to get an overall view on implementation within the organisations he analysed. The following are the breakdown of the participants chosen and criteria used this research:

1. Senior Managers within the Network and Revenue Management Department

There are five divisions within this department. Each of these divisions is managed by a Senior Manager. These Senior Managers report directly to the Vice President. For the purpose of this research, the Vice President, together with all the Senior Managers were included in this research, categorised as Senior Managers.

2. Managers within the Network and Revenue Management Department

Reporting to these Senior Managers are Managers who would be responsible for day to day operations of the divisions. Again, because there was only one manager in each division, all of them were invited to participate in this case study.

3. Staff within the Network and Revenue Management Department

Previous implementation studies had often only included managers in their research. To provide a balanced view of implementation, this research included participants at the staff level. Because there was a total of 65 staff within this department, two staff representative were randomly selected from each division. The representatives were selected by drawing their names out of a hat.

4. Key personnel within Air New Zealand who are involved in special projects

Air New Zealand often had special project groups within the organisation. These special groups have the responsibility of either designing or implementing special projects within Air New Zealand. Hence it was thought that choosing some of these Key Personnel would present useful insights into their knowledge and experience in strategy implementation within Air New Zealand.

For the purpose of reporting findings and anonymity, fictitious names were created for all participants. These are presented in Appendix 7.

In summary, the sampling strategy chosen for this study intends to provide the researcher with the data required to answer the research question – barriers to strategy implementation initiatives. The selection and choice of sample are one of the most critical decisions that researchers need to make for a study to achieve its goals. With careful thought and plan, the appropriate sampling strategy will increase the viability of the whole study. As the case study focuses on Air New Zealand, participants from all levels of the Network and Revenue Management department was included in this case study. Having decided on the sampling strategy for this research, the next section focuses on analysing the data obtained from the study.

3.6 Process of Data Analysis

Data analysis is not off-the-shelf; rather, it is custom-built, revised, and "choreographed".
(Huberman & Miles, 1994)

Traditionally, the data analysis stage will occur after all the data have been gathered (Robson, 1993). However, in qualitative studies, analysis and interpretation of data could start during the data collection process (Marshall & Rossman, 1989). It is advisable to analyse data and write up as one proceeds because the final analysis stage could be a formidable task (Gillham, 2000). This is because "qualitative data are exceedingly complex, and not readily convertible into standard measurable units of objects seen and heard" (Schatzman & Strauss, 1973, p. 108). Due to the qualitative nature of data obtained, it is impossible to establish a step by step data analysis process for this research (Berg, 1998). Therefore, qualitative data analysis should be done based on the nature of the project and dependent on the type of data available.

Berg (1998) advises that although qualitative data analysis cannot be done quickly, neatly or lightly, this should not be viewed as a limitation. Instead, when qualitative analysis is done, "certain priorities must be established, assumptions made during the design and data collection phases must be clarified, and a particular research course must be set" (Berg, 1998, p. 91). Cresswell (1998) believes this unique characteristic of analysing qualitative data conforms to a general contour and calls this the data analysis spiral.

The following sections explain the process undertaken in this research to ensure that data is analysed appropriately to present findings for the research. It starts with a description of how data gathered are organised so that they can be analysed systematically. This is followed by a section on content analysis, the method chosen to organise and code data. Then, the software programme called NUD*IST (N6) is introduced and an explanation is provided on how N6 is used to assist in the analysis of data. Following on from there, more information is provided on how data for this research is categorised and coded for presentation in the findings chapter.

3.6.1 Management of Data

Prior to data analysis, it is important for researchers to start the analysis process by organising their data (Berg, 1998; Cresswell, 1998; Marshall & Rossman, 1989). Data management is important to ensure "(a) high quality, accessible data; (b) documentation of just what analysis have been carried out; and (c) retention of data and associated analysis" after the study is complete" (Huberman & Miles, 1994, p. 428). As Patton (1980) explains, data obtained from a qualitative research are "voluminous" (p. 297). Therefore, it is very important to establish a system to sort the data obtained from the research into appropriate categories and sections, and then converting these into the themes or codes identified in the research (Berg, 1998; Cresswell, 1998; Lofland & Lofland, 1984).

The ability to retain and record information from interviews are as important as collecting them. If information were not captured properly, the quality of the data would be lost. Hence, all of the 28 interviews conducted for this case study were recorded with an audio recorder. The recorded interviews were useful recollections of the information gathered during the interviews. During the interviews, notes were made relating to each interview to record observations and thoughts on each of the interviews. This was useful because each participant had different approaches to the questions asked. Some had some strong feelings to express whereas some seemed to participate out of obligation. For those participants, questions were worded in a way that they would not lead the participants on, but to get them to describe their true feelings to the questions asked.

After each interview, a transcript of the interview was typed and e-mailed to each participant to confirm that it was a true record of the interview that took place. To do this, participants were asked to put their signature to the end of the transcripts. Specific dates were set for the transcripts to be collected to ensure that all transcripts were verified and returned. If there were any mistakes or discrepancies, changes were made and the transcripts would be sent back to the participants for verification. These transcripts were then

converted into text files so that they could be processed by a computer program N6. A detailed explanation of N6 and its features are provided in Section 3.6.2.

After organising and converting the data, the next stage of the process is for the researcher to familiarise themselves with the data. This phase of the data analysis is "one of the most difficult, complex, ambiguous, creative and fun" (Marshall & Rossman, 1989). The researcher has to get a sense of all the interviews and secondary data obtained before breaking these into specific themes or codes (Agar, 1980). The next stage explains this process, called content analysis.

3.6.2 <u>Content Analysis</u>

Data obtained from interviews and various types of unobstrusive data are often "not amenable to analysis until the information have been condensed and made systematically comparable" (Berg, 1998). These data have to be organised using an objective coding scheme. This process is also known as content analysis (Berg, 1998)

A simple explanation of content analysis is the examination of written documents and from there, provide an objective analysis using specific themes that had been set (Berg, 1998; Harris 2001; Holsti, 1968). The themes set are used to assist in classifying themes identified from the interviews or any other communication into relevant categories (Janis, 1965). This means that information is grouped appropriately to make the data analysis stage easier.

Content analysis is an unobtrusive technique which is "well-developed but underused" (Neuman, 1994, p. 260). Although this technique is believed to be highly suitable for the study of beliefs, attitudes and human relations (Woodrum, 1984), due to unfamiliarity and lack of popularity with the method, content analysis has not been used as much by researchers (Harris, 2001; Woodrum, 1984).

While authors such as Silverman (1993) and Neuman (1994) view content analysis as quantitative, others believe that this method has elements of both

qualitative and quantitative approaches (Berg, 1998; Insch et al., 1997; Sarantakos, 1993). This is because content analysis counts of textual elements that emerge from the first stage of analysis and "merely provide a means of organising, indexing and retrieving data" (Berg, 1998, p. 225). It also provides researchers with a unique way of understanding data from the written materials analysed (Harris, 2001).

It is helpful to note that content analysis is usually used to examine contents of communications such as transcripts of interviews and written documents (Berg, 1998; Marshall & Rossman, 1989). According to Marshall and Rossman (1989), an important step in planning a content analysis is to identify the objectives to be achieved for the research. For this case study, the objectives have been set out in Section 3.2. To ensure that content analysis is an effective tool for analysing data for this study, the criteria set for identification of themes or codes were developed so that it is sufficient to obtain comparable and reliable results (Berg, 1998). It is also important to remember that content analysis of data should reflect all relevant aspects of the messages and retain as much as possible the exact wording used in the statements.

In this case study, transcripts from the interviews conducted and secondary data were used. Firstly, all the interviews were recorded with an audio recorder to accurately capture the comments and information given by the participants. Notes were made during each interview, to take account of observations and assumptions about each participant. This is because there were times when participants did not describe their thoughts specifically. Some of them prefer to illustrate their thoughts with stories or examples of events that happened. Therefore, it was useful for the notes to be kept so that the researcher can present the data appropriately. After each interview, a transcript was typed and presented to the participants to ensure that the information captured by the tape was an accurate account of the interview. All these transcripts were then converted into text files for them to be analysed using N6.

Secondly, various types of documents which would be relevant to the case study were collected. These were fortnightly newsletters, emails, presentations and organisation wide reports. Themes or topics which were relevant to the

research were used. Although these documents were prepared for other purposes, there were data which was relevant to the topic researched. These data were considered reliable and increases the validity of this study. Then, these were all converted to text files and imported into N6 to be analysed.

After all the raw data were imported into N6, the data were divided into four categories, representing the objectives identified in Section 3.2. These objectives were participant's perception of strategy formulation and strategy implementation; barriers that exist in the strategy implementation process; why these barriers exist; and finally, examine how these barriers could be overcome. Other information such as the demographics of the participants was also included. The next section explains how the data were categorised and coded for the purpose of analysis.

3.6.3 NUD*IST (N6)

To assist in the analysis of these sources of data, a software package called Numerical Unstructured Data Indexing Searching and Theorising, more commonly known as N6 was used. This is a formal approach to qualitative data analysis, which will systematically convert text to numerical variables for quantitative data analysis (Hussey & Hussey, 1997; Mustyn, 1985). The analysed data is usually classified into various coding units constructed by the researcher (Hussey & Hussey, 1997; Silverman, 1993). The use of computer aided content analysis tool such as N6 meant that the rules for coding the text have to be determined clearly to enable N6 to analyse the data accurately (Robson, 1993). Although one of the challenges of analysing qualitative data is that there is no 'clear and accepted set of conventions' compared to analysis of quantitative data (Hussey, 1997), N6 helps the researcher define the guidelines and methods of analysing qualitative data.

Another benefit of a computer program such as N6 is that it provides invaluable assistance to studies which employ a large amount of data. In this case study for example, transcripts from 28 interviews conducted plus secondary data collected had to be analysed. Without the aid of N6, it is much harder for the researcher to be able to easily locate or organise these data. N6, or other

computer aided programmes provide an organised storage system for researchers (Berg, 1998). Furthermore, N6 has a feature which allows a researcher to locate data easily, whether it is a participant, their statements, phrase or a word. This means that the researcher does not have to do this manually or maintain laborious systems for tracking research material.

Using N6 had also "forced" the researcher to think carefully about the meaning of each sentence and idea, whereas without a program, researchers tended to read through files without paying particular attention to sentences (Berg, 1998). This is because as the researcher analyses data with N6, she would have to determine the categories according to the themes which the data fall into. These categories are called nodes in N6. For example, assume that all participants in this case study talked about their length of service within Air New Zealand. A node called "Length of Service" is then created. Then while transcripts were processed using N6, relevant text from the transcript are selected and added to the "Length of Service" node. After analysing all the transcripts, a report which lists participant's length of service within Air New Zealand can be printed.

After the initial analysis, the researcher can then go further with the nodes created. Nodes that relate to each other can be linked together as key and sub-nodes. For example, another node called "Level" can be created to represent participant's level within the organisation. N6 can link this node with the "Length of Service" node to see if participants who had been with the organisation longer may have higher positions compared to those who had not been there long.

Once the information had been categorised, N6 has the ability to develop these into a tree diagram, which is a hierarchical tree of categories based on "root" node at the top and parents and siblings in the tree – representing major categories, minor categories, sub categories and so on (Berg, 1998). This is found to be a useful method of presenting data analysis information for this thesis. To illustrate how this works, a tree diagram has been developed for the initial analysis of data from this thesis and it is presented in Section 3.6.4, in Figure 3.1.

The next section explains in more detail how the data for this thesis are categorised and coded with N6.

3.6.4 Categorising and Coding of Data

Due to the exploratory nature of this study, there are no known or set criteria for analysing data. Therefore, prior to the data collection stage, a thorough literature review was carried out to assist in determining themes which were useful to "set the scene" for a case study research (Yin, 2003, p. 3). These themes were not only useful for the data collection stage, but it gave the researcher an idea of the themes to look out for during the data analysis stage. As Yin (2003) adds, "without guidance from the preliminary theoretical concepts, all these choices may be extremely difficult and hamper the development of a rigorous case study" (p. 3).

Before starting the data analysis process, Berg (1998) suggests that a researcher uses open coding to open the inquiry as widely as possible so that the most appropriate themes or codes can be identified. He believes that the best analysis can only be accomplished after all material has been coded. Open coding means that researchers investigate the data obtained closely, until a pattern emerges.

In this case study, the transcripts of interviews and notes on secondary data had to be analysed. The initial stage of analysis was to process the data with N6 using the open coding method. By doing so, the researcher can add themes or codes as she proceeds with the data and continually revise this as the researcher explores the data (Berg, 1998). However, to start, the researcher classified the information into three main categories for each level of participant. These three categories are based on the first three key objectives identified in Section 3.2. Figure 3.1 presents a tree diagram which illustrates these three categories of data coded to each level of participant.

Figure 3.1: Tree Diagram of Data for each Level of Participant
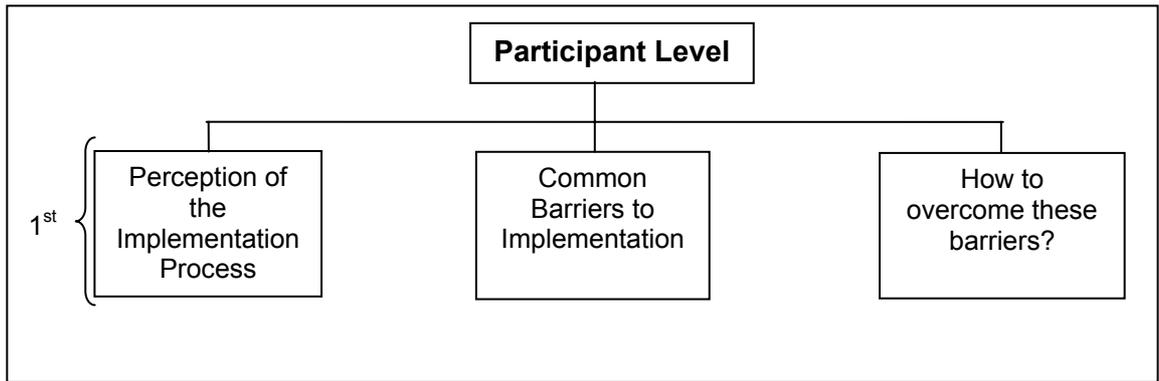
Secondly, after the data had been classified into the three key categories, the researcher continued to code the data further into sub categories within each key node. As an example, within the data coded to the "Perception of the Implementation Process" node, all participants presented their view on whether formulation or implementation was more important, or that both processes were equally important. So, new nodes called "Formulation" was created to represent comments which favoured the strategy formulation stage; "Implementation" to denote a preference for the strategy implementation stage; and "Both" to represent comments which suggested both processes were equally important. These three nodes are then linked to the key node of "Perception of the Implementation Process". Figure 3.2 illustrates the second level of analysis done on the data.

Subsequently, after all the data had been analysed and categorised with N6, the data were summarised into various tables to be presented in Chapter 4. The data will be presented in three sections, each representing the objectives set in Section 3.2.

Figure 3.2: Tree Diagram with Key Nodes and example of Sub Categories
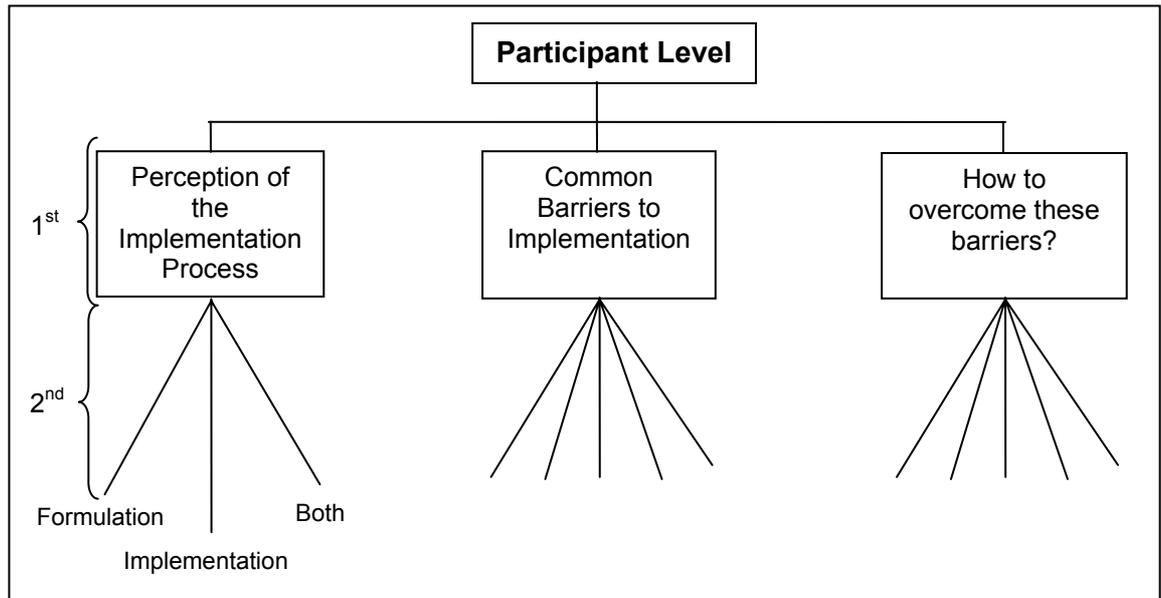
3.7 Summary of Chapter

This chapter presented the research method options available for the researcher to conduct this research. The chapter started with the explanation of the research question and objectives employed for this research. This was followed by a section with the information on the research design chosen for this research. Reasons for choosing the qualitative approach were provided together with the support that a case study method provides. The chapter continued with the introduction of triangulation as the preferred data collection strategy. After that, the sampling strategy for conducting interviews was presented along with the process used for analysing data obtained from the research.

Although there are numerous methods available for this research, it is believed that the methods chosen were believed to be the most suitable to achieve the results required for this research.

4 – Findings

4.1 Introduction

"Irrationally held truths may be more harmful than reasoned errors."
Huxley (1825-1895)

This chapter presents findings obtained from the data collected in this research. Findings from this case study will be divided into four main sections, according to the four objectives identified in Section 3.2. The first section starts with participant's perception of strategy formulation and strategy implementation. The second section details a set of common barriers identified by participants in the case study and investigates the reasons these barriers exists. The final section presents some recommendations made by the participants on ways to overcome these barriers.

4.2 Perceptions of Strategy Implementation

As mentioned in the previous chapter, participants from different levels of the organisation were included in this case study. The reason for including participants from various levels was to investigate whether employees at various levels of an organisation had the same perception of strategy formulation and strategy implementation. Their perceptions of these two stages of the strategic management process provide a comparison to the perception of these two processes in previous literature. Furthermore, the difference in their perception could potentially affect implementation of strategies within the organisation.

The overall response from the participants showed strong support for the importance of strategy formulation stage. A similar number of participants had the perception that both strategy formulation and strategy implementation are equally important. Table 4.1 provides a representative selection of comments obtained from each level of participants on their perception of strategy formulation and strategy implementation.

Table 4.1: Sample comments on Perceptions of Strategy Implementation

Level	Participant's Comments	Themes
Senior Manager	"I'd say planning is more important." (*Keith*)	Formulation
Manager	"For me personally, probably the implementation because I have the view that if the best plans were not implemented correctly, it's not going to work. But then again, you need to plan so that you know what to do." (*James*)	Formulation & Implementation
Staff	"I think the planning side is actually more important. The better you plan, the smoother the implementation will be. The implementation is almost the by product of how well you plan in the first place." (*Desmond*)	Formulation
Key Personnel	"It's the planning piece that I enjoy because I like the visioning exercise. … We have to be realistic about this. Whereas the implementation bit is the focus, someone has to implement it. " (*Jonathan*)	Formulation & Implementation

From the interview conducted, it was surprising to find that more than half of the participants from the *Staff* level perceived **strategy formulation** to be more important whereas half the participants from the *Manager* level found **strategy implementation** to be more important.   Jackie's comments represented the feelings from a majority of the participants from the Staff level:

> *If you've got really good planning, the implementation should come by itself, because if it's well thought out, and well planned, they would have considered all aspects of trying to implement it and where it would go wrong so probably getting the planning right to me, is most important.*

Interestingly, an even spread of participants from various levels perceived both strategy formulation and strategy implementation to be processes that are as important as the other.   The interviewees commented that in all the projects they had been involved in, neither the formulation or implementation could be successful without the other.   For example, as Hamish, one of the *Staff* participants said:

> *I would not give a preference to either, you've got to have a good plan that is practical and if you have got a bad implementation team,*

> *it does not matter, or if you have a bad planning team, it does not matter, they need each other!*

However, it should be noted that a lot of the participants stated that no matter what the case might be, planning should be the key driver of any implementation initiatives. The formulation stage was perceived as visionary and should be done carefully ensure a strategy's viability for the organisation. For example, one of the *Staff* participants, Gavin added:

> *Planning (is more important) – because it's an idea. … I think to come up with something like that (Tasman Express) to come to a stage where we say "we can do that" would be harder than doing it.*

Several other participants from the *Senior Manager*, *Manager* and *Key Personnel* levels agreed that getting the strategy formulation stage right was very important, because otherwise, Keith, one of the *Senior Managers* said:

> *You have nothing to implement … with the plan you know what the goal is.*

Keith's perception of planning seemed to support *Senior Manager*'s responses and behaviour towards implementation. The roll out of strategies was often thought by the *Senior Managers* as an easy process. For example, during the SARS outbreak at the beginning of 2003, "Us" publications, newspapers and internal emails detailed flights that were cancelled due to a large drop in the number of passengers. However, when the decision was made to cancel these flights, there was no analysis done on the financial impact of these decisions. Some of the flights, which were cancelled, cost the organisation more because alternative transportation had to be organised and compensation paid to passengers who were booked. It was only after the first few initial cancellations that they realised an analysis of all the appropriate information should have been made before any flights were cancelled.

On the other hand, most of the *Managers* interviewed perceived implementation to be more important because they were those who had been directly been involved or affected by results of implementation. In addition to the interviews, secondary data obtained showed that participants at the *Manager* level were

usually the ones responsible for carrying out the strategies which had been formulated by *Senior Managers*. For example, the "Us" publications, often profiled middle managers or project teams during or after the implementation of projects. Weekly emails from the CEO also contained messages to encourage or congratulate those who had been involved in the roll out of projects, such as the Domestic Express and Tasman Express launches.

Several participants from the *Manager* level stated that they preferred implementation because it is a problem solving role, where their operational knowledge would be beneficial to implementation initiatives. James, one of the *Managers*, believed that *Senior Managers* often took implementation for granted because:

> *… you (Senior Managers) are not necessarily faced with everyday reality and operational constraints that you see once you get down to the implementation operational level.*

Therefore, *Managers* who operate closer to the day to day operations believed they could make informed decisions and understand the impact of the decisions on the operational team. Neville believed that this is because problems were often discovered in the implementation stage. Therefore, more emphasis should be placed on implementation, to ensure that problems were not discovered too late, resulting in the failure of the strategy. The *Managers* may have felt this way because they believed that when projects were implemented, operational challenges which arose required someone with a good understanding of the day to day issues. As Jim aptly puts it:

> *When you get into the implementation side of things, you are getting into the real life, and be involved in the actual day to day happening.*

It was observed that *Managers* interviewed felt that their key responsibility was to carry out the implementation of key decisions made by *Senior Managers*. This is clearly illustrated in the response of one of the *Managers*, James:

> *For implementation, I think that senior management should allow people below that to have more flexibility and incorporate their ideas of how fast it could be done. The strategy should not be set in stone*

but should allow flexibility for things that they may have not considered.

To summarise, a majority of the participants from the *Staff* level found planning to be more important than implementation. On the contrary, *Managers* had a more balanced view of the two, with more of them believing that implementation or both implementation and planning was important. Most of the *Senior Managers* and *Key Personnel* believed both processes to be equally important. The next section features the barriers to strategy implementation initiatives that were identified in the case study and reasons they exist.

4.3 Barriers to Strategy Implementation

This section presents the findings for the second objective, which is to ascertain barriers that exist in the strategy implementation process and reasons these barriers exist. Participants were asked to give examples of barriers they experienced within implementation initiatives they were involved in. They were also asked if these barriers were common in different implementation initiatives and why they exist. The answers provided to these questions were diverse. To make it easier to organise the findings, the researcher organised the responses into headings which represented common barriers identified by the participants. The following common barriers were identified: strategy formulation, environment, organisational structure, organisational culture, communication and resource allocation.

It should be noted that although participants listed barriers they believed were found in the implementation initiatives they had been involved in, most of these projects were implemented but might have not produced results required by the organisation. For example, there were instances where the cost of the project exceeded the budget allocated. There were also instances where the projects took too long to implement or have caused frustrations to those involved. Example quotations for each common barrier from all levels of participants are presented in Appendix 8.

The following subsections present findings on barriers to strategy implementation that were mentioned by participants in more detail. Each of these subsections starts with an explanation of the barrier identified. Then a table is used to present sample comments from each level of participants for each of the barriers identified. After the table, explanations are provided in areas where it is relevant, with actual comments from participants.

4.3.1 Strategy Formulation

One of the first barriers identified from the case study was strategy formulation. From the interviews conducted in this study, a lot of the participants believed that the success of implementation would largely depend on the soundness of the planning stage. If a strategy had been thought out carefully with the right set of assumptions, the implementation stage would easier to carry out. Table 4.2 presents some comments from participants on how Strategy Formulation can be a barrier to implementation.

Table 4.2:   Sample comments on Strategy Formulation as a Barrier to Implementation

Level	Participant's Comments	Themes
Senior Manager	"Lack of understanding from senior level decision makers. Because of the lack of understanding or lack of depth of understanding, it impacts on the quality of strategies developed." (*Bob*)	• Lack of knowledge or understanding
Manager	"Planning is a very complex process (in Air New Zealand." (*Neville*)	• Too complex
Staff	"They (Senior Management) took a long time to plan what they wanted to do, and then at the end of it, only give the implementation team 3 weeks to implement! I think that's really bad." (*Sheryl*)	• Unrealistic expectations on implementation team
Key Personnel	"... the problem is, if you don't allow your implementers to have some exposure to the planning, ultimately they become disillusioned with their ability to influence." (*Ryan*)	• Buy in • Involvement

From participants' comments on Strategy Formulation as a barrier to implementation, the first theme identified is the **lack of knowledge or**

understanding of those involved in the strategy formulation stage. Most of the participants believed that if those who formulate strategy do not have the knowledge or understanding of the subject matter, then no matter how good the idea is, it may not be suitable or practical to be implemented. As an example, Air New Zealand set up work teams to work on coming up with specific strategies and implementing these strategies. From several of the "Us" publications, these work teams were mentioned a few times, working on some key strategies for Air New Zealand.

Most of the participants had the impression that those who were involved in these work teams do not have the knowledge or in depth understanding of the strategies that they were developing or implementing. In addition, the participants felt that these work teams tended to work in isolation. Thus, some of the participants commented that because of this, strategies that these teams come up with can sometimes be "too radical" or impractical. As Keith, one of the *Senior Managers* said:

> *There was a big difference in the way that it (a strategy) was originally thought of at the initial planning stage. ….. if people who are involved take the strategy at the right level of detail, you only find out the actual things when you start working on it. And when you take it to the level of detail you would like it to be, it might not be feasible. So it needs to be somewhere in the middle.*

On the other hand, there were participants who praised the idea of having these work teams. They saw these work teams as an excellent initiative to increase **involvement** from staff of all levels. Although there were participants who supported the idea of these work teams, they were also mindful that if not managed properly, the work teams could create a separation between the "planners" and "implementers". This is another reason why participants believed strategy formulation could be a barrier to implementation. People who were involved in the planning stage tended to be different from those who are involved in the implementation stage. *Senior Managers* tended to be those who planned whilst *Managers* and *Staff* would be involved in the implementation.

The benefit of staff involvement in strategy formulation was something which could be positive or negative to implementation. Some of the participants

believed that if people from different areas were involved in the strategy formulation process, knowledge and experience from relevant areas of the business would be useful in formulating the strategy. However, Joseph, a participant from the *Staff* level, explained that sometimes, the group which was involved in formulating a strategy were most likely get all the credit if the strategy was implemented successfully. However, if it was not successful, then the implementation team had to put it right. He believed that the two processes should be integrated and credits for the output shared more around the organisation. This would create better **buy in** from staff and willingness to get involved. However, if there is a lack of integration of the whole process, Neville, one of the *Managers* said:

> *We may have a fine strategy that we may want to put in place. We may have thought it through at market levels and need to involve say operational people in the decision, but may have not gone through far down enough into the operational team, understanding that there may be further obstacle to the strategy.*

One of the participants in the *Staff* level, Gavin, believed that planners themselves needed to create buy in from others in the organisation to ensure that formulation is not a barrier to implementation. He said that they often:

> *…don't sell the idea to the people who need to implement it*

Gavin believed that strategies can be developed all the time, however, if there were no buy in from staff, results achieved would be questionable. Often the sign of disagreement from staff may not be obvious to the organisation; they could be subtle signs or behaviours that indirectly lead to the creation of additional barriers to the organisation. As an example, one participant explained that because a lot of the staff members had witnessed several strategies fail, they became *'laissez faire'* towards new strategies, waiting for the strategy to fail. Therefore, for those who were enthusiastic to get the new strategy implemented, they were faced with the difficulty of getting other team members involved. This was experienced by Jackie, one of the *Staff* members:

> *Most [of my team members] were reluctant to contribute more than they had to in the implementation, as they do not want to be associated with something which failed.*

During the strategy formulation stage, people need to understand that even if the plan is not perfect they should adapt and change it as they go along. A comment from George, one of the *Managers* who were interviewed summarises this nicely:

> *As long as you get people helping you make that decision. I mean the key thing for me, with the team implementing the domestic express, it's getting everybody on board and included in being involved in the planning. Not right at the very beginning. Once we have a good idea of the way forward, the whole team on board, get them excited and enthused, incentivised it if you like, doing it. Chances are, the implementation gets a lot easier.*

Another reason strategy formulation was thought to be a barrier to implementation was because the planning process appeared to be **too complex**. Participants explained that Air New Zealand have various planning units across the airline. There needs to be something to "gel" all of these units together to ensure that they are all working towards the same direction that the organisation is heading. Otherwise, it is easy to have **duplication of efforts** or one strategy undermining another.

Although most of the participants believed strategy formulation is an important process for the organisation, they also believed that strategy formulation could pose a threat to the implementation process if not managed properly. Most of the participants from all the different levels interviewed believed that within Air New Zealand, the strategy formulation stage had often been a barrier to implementation initiatives they had been involved in.

4.3.2 Environmental Uncertainty

Being in such a competitive industry, Air New Zealand is often affected by things that happen around them. Hence, the environment in which an organisation operates is another barrier that had been identified as a barrier to implementation. Examples of environmental uncertainty as a barrier given were the September 11 terrorist attack and SARS outbreak which had greatly affected Air New Zealand. In addition, actions by competitors and the airline industry had also affected decisions made by Air New Zealand. Table 4.3

presents sample comments from participants on Environmental Uncertainty as a barrier to implementation.

Table 4.3: Sample comments on Environmental Uncertainty as a Barrier to Implementation

Level	Participant's Comments	Themes
Senior Manager	"When the world changes before you implement it, the strategy might not be applicable. … There were times when we have implemented the strategy, it was questionable if it's still the right." (*Bob*)	• Changes in the industry • Speed of change
Manager	"So that (government decision) is a block which we are trying to remove." (*Jim*)	• Regulated industry
Staff	"What are the sensitivities to gulf war, affected by SARS, do we have gates, can we connect to what we want, do we have bilateral rights, a whole raft of issues that needs to be considered." (*Hamish*)	• World events / issues • Legal restrictions
Key Personnel	"Likewise, one of the barriers of implementing strategies is the time or speed of change going on in the industry (*Jonathan*)	• Speed of change

When explaining environmental uncertainty as a barrier to implementation, one of the most common initiatives mentioned was the launch of Domestic Express. With the introduction of Value Based Airlines (VBAs), airlines which provide low cost services without meals, in the New Zealand domestic market, Air New Zealand was forced to rethink a strategy to compete with other value-based airlines which offer cheap flights without meals. Despite the successes of Domestic Express, most of the participants believed that Air New Zealand had taken a huge leap of faith and implemented this strategy out of sheer desperation to remain competitive in their own country. Fortunately, the domestic market accepted this new product and it went from strength to strength, making it one of the most successful strategies for Air New Zealand. This strategy was then adapted and used for other Air New Zealand destinations.

However, not all responses to **market changes** obtained results like the Domestic Express. Often, **changes can be unpredictable** and volatile. As of the *Key Personnels*, Jonathan commented:

> *The **speed of change** and events in the industry makes some strategy that was probably sound during its conception, a pointless activity when a major change happens.*

This was supported by Bob, one of the *Senior Managers*, who said that there were times when:

> *We have implemented the strategy when it is questionable if it's still the right thing to do.*

Furthermore, **world events** could easily affect the airline industry. For example, when the industry was hit by the effects of the Iraq War and SARS, newspapers around the world report on the collapse of major airlines and cancellations of flights around the world. Air New Zealand was also affected by this. Several New Zealand newspapers, "Us" publications and internal emails within Air New Zealand bore news of flight cancellations and reductions in traveller numbers into and out of New Zealand. One of the participants from the *Staff* level, Sheryl, felt that Air New Zealand had not reacted fast enough to this:

> *I think we are not really aware of what is happening in the market. We are not responding fast enough to the environment. For example with the IRAQ war and SARS situation, we were a bit slow in responding to what others are doing. Some airlines started promoting themselves very much to attract people. For example, SQ (Singapore Airlines) have a lot of cheap fares and had a lot of promotions to attract visitors from the US and UK. Because we are not doing anything, they tend to be attracted to go to Asia instead of coming down here to NZ. When we start to promote ourselves, it's too late, they have already decided to go to Asia, and most of these travellers are those who travel once a year.*

Adding to the volatility of the airline industry, one of the *Managers* said that implementing strategies is made even more complicated because the airline industry was one which was very **highly regulated**. In the past, there were bodies which governed the actions of all airlines around the world. Airlines were obligated to abide by the fare levels and conditions that they have agreed to. All these were monitored and those who broke their agreement would be fined. However, today these agreements act as guidelines to the airlines, rather than the defining rules. If something did change in the market, airlines around the world would get together to agree on new strategies to go forward. This

meant that although the industry is not as regulated now, airlines are still very dependent on the changes in the market and what other airlines do.

The airline industry is also one where different airlines have agreements with each other to provide better services to their passengers. This gives airlines the ability to offer more destinations to their passengers without actually flying to the destination or incurring as much operational costs. However, the downside of that is that when the airlines could not agree to a specific decision or changes to flights, then there might be issues of strategies being stalled or completely ignored.

Hence, to summarise, all participants described the airline industry as one which is easily affected by environmental changes. Therefore, environmental uncertainty is one of the most common barriers that were found to affect implementation initiatives within Air New Zealand.

4.3.3 <u>Organisational Structure</u>

Organisational structure was one of the barriers which were most frequently mentioned by participants. Although structure was intended to define responsibilities for different groups of people within an organisation, most participants felt that the structure of Air New Zealand could be one of the greatest barriers to implementation of new strategies. Sample comments on organisational structure as a barrier to implementation are presented in Table 4.4.

Table 4.4: Sample comments on Organisational Structure as a Barrier to Implementation

Level	Participant's Comments	Themes
Senior Manager	"Most of the barriers that I have described are structural barriers. … In many ways, the lower the level, the clearer the barriers." (*Brian*)	• Structure • Hierarchy
Manager	"I think that senior management will think there's less barriers, and the lower you go, there will be more recognition of barriers." (*Sally*)	• Management perception
Staff	"I think our structure is definitely wrong, and the cross pollination of departments within other departments when there is a functional department with that name. Probably not right for the company and creates duplication of efforts." (*Joseph*)	• Structure • Duplication / Cross pollination
Key Personnel	"I think that it (new structure within Air New Zealand) is an improvement. Again, everything will have its own life span, it (the structure) will need to be changed after some time" (*Jonathan*)	• Structure

Participants from all levels of the organisation commented in their own ways, their frustrations with the existing **structure**. Although structure is very important to an organisation of this size, the participants believed changes were needed to improve Air New Zealand's current structure. As shown in the table above, Joseph, strongly felt that:

> There are **cross pollination** of departments within other departments when there is a functional department with that name. Probably not right for the company and creates **duplication** of efforts.

In fact, participants from all levels highlighted that duplication of efforts in different departments had created frustrations and encouraged a culture of negative competitiveness amongst staff. Different departments became reluctant to share their knowledge and information with each other. One of the participants used an example where there were several versions of a schedule available for staff to calculate the estimated revenue per kilometre for a flight. However, no one really knew which one was the most updated or accurate, and no one knew who to go to for the table to be changed. These types of issues

were further compounded with staff from different departments acting in isolation. Brian, one of the *Senior Managers* explained:

> *People tend sort out their own problems, but do not understand the problem they are causing on the wider front. …. And sometimes, things (or procedures) are there because they have been there, and some will continue to be there as part of the furniture and no one will notice!*

Most of the participants interviewed believed these sorts of behaviour encouraged silo mentality, and instead of working together, they felt like they were always in competition with each other, needing to justify themselves to be "recognised".

Furthermore, some participants also remarked that people from different levels of the organisation would perceive organisational structure in different ways. They commented that people at the *Senior Manager* level are less likely to include structure as a barrier to implementation compared to those at the *Staff* level. This assumption was supported by this case study because most of the *Senior Managers* and some *Managers* believed structure to be a "tool" for managing staff to ensure clear boundaries between each department to ensure that the different business functions were carried out. They believed that the structure created the opportunity for ideas and suggestions to be discussed amongst staff of the same level or carefully thought out before being brought forward to the senior management level. For example, one of the participants from the *Key Personnel* group, Jonathan, believed that there are benefits to having a **hierarchy** in the organisation:

> *It is in some ways like the military, you need your discipline, you need some hierarchies and it can't be a rambling free flow of ideas and people need to know when they need to speak up and when to shut up*

When an organisation is as big as Air New Zealand, there are a lot of levels, departments and divisions. Decision making policies are put in place to ensure that there are uniformity and consistency in decisions being approved or carried out. However, there also need to be a balance between the types of decisions that managers are empowered to make. One of the key things discovered

during the interviews was the inability for managers to make decisions in their area. Policies that were set by the organisation may apply to some departments but not to others. In addition to frustration, it also created a long lead time between a strategy being formulated and implemented.

In summary, structure was brought up as a barrier by all participants in different ways. Although structure of the organisation may help the process of implementation, the management team would need to ensure that the structure set would support the requirements of the organisation to improve efficiency and effectiveness of the overall business. Alternatively, strategies should be formulated based on the existing structure so that it can be implemented with fewer complications.

4.3.4 <u>Organisational Culture</u>

Organisational culture relates to the norms and behaviours of people within an organisation (Hatch, 1993; Schein, 1996; Zammuto & O'Connor, 1992). Although the participants used different terms to describe organisational culture, all of them have included organisational culture as one of the barriers to implementation initiatives within Air New Zealand. Sample comments from the interviews on their views of organisational culture as a barrier to implementation are presented in Table 4.5.

Table 4.5: Sample comments on Organisational Culture as a Barrier to Implementation

Level	Participant's Comments	Themes
Senior Manager	"Perhaps they did this because they think we are too stuck in our ways." (*Bob*)	• Behavioural • Historical
Manager	"I understand that people put barriers in their own mind." (*George*)	• Reluctance to change • Fear
Staff	"It can be quite difficult to integrate this type of thinking into people's minds because they have their set ways of doing things. …People would tend to say "we've always done it this way". (*Les*)	• Reluctance to change • Historical • Compliance
Key Personnel	"Most of the barriers that we experienced are cultural or behavioural. … culturally we have battles with risk takers and those who are risk averse in the organisation" (*Ryan*)	• Culture • Behavioural

In addition to common themes on organisational culture as shown above, one of the issues highlighted by participants was the tendency for people within the organisation to comply with decisions made by the top management. Although this meant that strategies could be implemented more easily, it could also mean there is not as much effort put into implementing the strategies. This became obvious in the manner some staff reacted to some implementation initiatives within the organisation. For example, Joseph, one of the participants from the *Staff* level, explained that:

> *There's probably a certain degree of feeling of **compliance** in this company. …..I think they have the feeling of compliance, or 'laissez faire' attitude, which is not good for an organisation that is trying to be more edgy.*

Although compliance is good to a certain degree, this type of compliance may not represent staffs' true feelings of the strategy, therefore, could result in lack of buy in of the strategy. The compliance can in turn become a non-compliance issue, as described by Jonathan:

> *They don't influence the failure in a malicious way, but it is just a non conformist in the culture of the company. People say, "I don't accept the strategy so I will sit here and wait till it fails", so you don't get the buy in. For reasons that it is idiosyncratic to the company, in contrary to how the company operates.*

The statement above described the ways some participants felt about some of the initiatives implemented. For example, Gavin, actually admitted that he would not have thought of some of the strategies that had been implemented because he "is set in his own ways". These types of **behaviours** made it difficult for others who are on the bandwagon of implementation. They said that they were often faced with **resistance** from their colleagues or other departments when they needed their assistance to implement a project. One *Manager* felt that this behaviour was a problem because these people often "put barriers in their own mind". Les, one of the participants from the *Staff* level believed that it this made it difficult to do anything:

It can be quite difficult to integrate this type of thinking into people's minds because they have their set ways of doing things. … People would tend to say "we've always done it this way"

Organisational culture can be a barrier to implementation initiatives in many ways. **Reluctance to change** or **fear of change** is a reason why some initiatives could not be implemented as smoothly as possible. Some participants mentioned that some staff members perceived changes as threats to their job security. Brian, a *Senior Manager* who had been through some of the major changes within the organisation was a witness to some of these behaviours. He believed that:

A lot of the times, they (staff) prefer to keep it within themselves because of the fear of losing that power or knowledge.

The issue of insecurity seemed prevalent as a barrier, but were explained in different ways. For example, a participant from the *Staff* level commented that when they implemented Domestic Express, most of her team members took a stand back approach. She said it was almost as if they were waiting for the strategy to fail. A lot of the times, the general response was "we don't have time". She also believed that:

A lot of people did not want to be associated with a new strategy or project, because they saw it as having a 50/50 chance of flopping.

However, when they see that things worked well, instead of helping, they started to be critical of those who had been involved in the implementation. Tom, one of the *Managers* interviewed said that some of the staff seemed to prefer being ignorant and do not want to understand the need for change. On the contrary, Jonathan believed that it can also be a problem when people are not willing to say "I don't know".

All the negative feelings or reactions towards implementation of change could just be part of getting people to change their original mindset. As Neville, one of the *Managers* explained:

There is emotional attachment, because it's their likelihood or lives may be affected by this (changes). So obviously they will put up cases or arguments that will support their need to remain status quo.

Ryan believed that the negativity which arose from culture could be due to the **history** of the organisation. People tended to associate themselves to "how things used to be". Hence, when something came along to change this, they started to feel uncomfortable. This opinion was supported by Mandy who said that this behaviour seemed to be more obvious with people who had been with the organisation for a long time. Jonathan put it down to:

They (staff) have a history of seeing CEOs, Chief Strategists fail, and those jobs turnover very quickly. So these people are waiting for the next failure to happen. They don't intend to influence the failure in a malicious way.

Often, because staff like the way things have been, James said that some staff that he had worked with had the attitude of "it's not broken why fix it?" He felt that this was a very frustrating barrier for managers, because they often had to have this battle with the staff before anything could be started. Ryan believed that organisational culture could be a barrier to implementation because historically, there was a lack of an effective team based culture in the organisation. Jason agreed, saying that at times, staff that had been there for longer periods of time can get a bit dismissive about others who they thought do not understand what they did. He added:

There's a bit of an issue there. But at the same time, justifiably, we have a far greater in dept knowledge of how the business works I don't know much about engineering side of things, but in terms of the commercial side of things, we do actually understand.

Therefore, although it was not the organisation wide culture which is the ultimate barrier to implementation, there are aspects of organisational culture which were identified by participants as barriers to implementation of projects.

4.3.5 Communication

The next barrier identified by participants is communication. All the participants believed that communication played a big part in any implementation initiatives.

Without communication, nothing can be implemented successfully. Table 4.6 presents some of the comments from participants on communication as a barrier to implementation.

Table 4.6: **Sample comments on Communication as a Barrier to Implementation**

Level	Participant's Comments	Themes
Senior Manager	"In many ways, we need a working environment where people aren't isolated in their little cubicles where they do interact with other people." (*Brian*)	• Lack of interaction • Isolation / silo mentality
Manager	"On communication, we have had too many problems with the projects that I have been involved in." (*Sally*)	• Communication issues
Staff	"The issues would arise from one assuming things or missing out on information. Communication is the key thing." (*Larry*)	• Lack of information
Key Personnel	"Predominantly, the biggest issues that we have had to deal with is communication issues" (*Taine*)	• Communication issues

Participants interviewed for this case study believed communication is the key to implementation. They felt that communication was the medium for dissipating information to others in the organisation, especially within an organisation the size of Air New Zealand. Therefore, communication (or the lack of communication) was a major concern in any implementation projects. There were some concerns shown by participants the current working environment had to be one where people were not **isolated** in their cubicles and actually encouraged to interact with others. Brian, one of the *Senior Managers* believed that in the current setting people found it easy to isolate themselves. He also felt that there were some groups of people who had not shared information with others who needed to know, especially during a project where different departments had to work together.

In addition to cross departmental communication, there also need to be communication in different directions. George, one of the Managers said:

> *Communication directions, is not just up, sideways or down, it's to all directions! If you communicate like that effectively and regularly, you don't let people feel left out.*

Some participants explained that a lot of the problems they had in their previous experience stemmed from **communication**. There were too many times when people tended to assume something rather than gathering the right information. Also, they found that some departments or staff members were **reluctant to share information** with others, for fear that the role would be taken away from them. On some occasions, situations like these made implementation a lot longer and costly for the organisation. Furthermore, Jonathan believed that:

> *You need to be able to communicate the barriers when strategies become overly complex. That's why simplicity and communication is important. If you don't focus on that, it will start to stray away and you lose the deal.*

Also, if a manager could not communicate his/her intentions clearly to others who needed to implement the project, then others would not be able to implement the project as well as they could be if they actually understood the intentions of the project. Therefore, some managers had, in the projects that they had been involved in, kept the communications open to everyone who is involved, down to a suitable level. Wally, another *Manager* who participated in the case study believed that:

> *Communication is really really important because communication helps solve political and emotional side of things.*

All the participants felt that although communication was important in implementation initiatives, if not used to its advantage, can be the downfall of the strategy itself. This is nicely summarised by Ryan, one of the Key Personnels:

> *It [communication] is a challenge, but when you are talking about strategies or any dimensions of a business it reinforces the importance of effective communication to achieving business outcomes – be they strategic, operational, giving people a context to what you are asking them to do.*

Hence, although communication could be as challenging as one makes it to be, clear, accurate and simple communication can go a long way in establishing

understanding of a strategy, and hopefully lessen the impact of communication as a barrier to implementation.

4.3.6 Resource Allocation

Another barrier that had been identified from the interviews was resource allocation. Resource allocation in this case study represents the way different types of resources within the organisation were allocated for the purposes of making things happen. Resources in this case study represents things such as money, equipment, staff or systems that had been allocated for each implementation initiatives.   Sample comments from participants on resource allocation are presented in Table 4.7 below.

Table 4.7:   Sample comments on Resource Allocation as a Barrier to Implementation

Level	Participant's Comments	Themes
Senior Manager	"I don't think they would care if it did not materially change, especially the financial impact." (*Keith*)	• Financial
Manager	"The issues around the implementation of the project were due to the difficulties between two reservations systems, and lack of resources to get it resolved – financial and time." (*George*)	• Lack of resource • System constraints
Staff	"I think often there's a lack of resource attached to projects." (*Desmond*)	• Lack of resource
Key Personnel	"The web went down and crashed and couldn't handle the volume." (*Taine*)	• System constraints

The general feeling amongst participants in the case study was that there was always a **lack of resource** in some form or another in the projects that they had been involved in. For example, Desmond, a participant from the Staff level commented:

I think often there's a lack of resource attached to projects.

As mentioned in earlier chapters of this case study, Air New Zealand had been through some very difficult times. This made resources, whether **financial** or material, scarce. To add to this, the sheer size of the organisation meant that they needed to be very careful in distributing their funds and resources. The

constraints impacted some recent projects within Air New Zealand. For example in one of the interviews, the participant explained that when the implementation team worked on introducing Domestic Express to the market, they faced a few glitches. One of the biggest benefits of Domestic Express was that customers could purchase their tickets on the Internet. However, the process of getting Domestic Express on the Internet was a stressful one. When they submitted their requirements to the Internet team, there were 90 other projects waiting to be finalised and worked on by the Internet team.

Another example given was when Air New Zealand wanted to implement a new **system** to facilitate their group booking procedures. Due to restraints in terms of budget and time, they had to work out alternative budgets and models to get the best possible features from the system with what they had available. In spite of the stress felt by everyone involved, one of the managers took a positive approach and as an "educational experience".

Furthermore, the airline industry is one where it is very capital intensive. One of the most obvious resource, planes are very expensive and decisions to expand a fleet can be very costly to the organisation. Hence, limited funds meant that Air New Zealand often had to make their decisions based on their current fleet, which most participants felt was inadequate for some of the strategies that they wanted to implement. Instead of buying new planes to facilitate their growth strategies, they would have to find ways to deploy their existing planes in the most efficient way possible.

Finally, another resource constraint felt by the participants was the lack of industry knowledge within the organisation. Some of them believed that some projects had failed because of the lack of knowledge of those involved in implementing or formulating the strategy. For example, Bob, one of the *Senior Managers* commented:

> *The people who come up with the strategies have a fairly substantial lack of understanding of the details that we work. … These issues are really important, and not really understood by other people. The biggest problem I saw was that they left out subject matter experts.*

It seemed that the lack of knowledge by the senior management team was the barrier that was brought up most of the time. And they believed if the senior management team did not have the knowledge to come up with strategies that would work for the organisation, then no one would really know what they are doing. As described by Larry:

> *To some extent, there was not enough people with the business experience from Air NZ involved in the project. So it gets quite hard, and things easily get out of control.*

The findings from the interviews proved one of the hypothesis of this research, that organisations, of any size or industry, can be affected by resources they have available. Too much or not enough resource (of any form) could affect the success of any implementation initiatives.

4.4 How to overcome these barriers

Finally, once the barriers and the reasons for their existence had been identified, participants were asked for their opinions on how these barriers could be overcome. Although the ideas given by participants were varied, there were some common themes found. These key themes and comments are presented in Table 4.8.

Table 4.8: Sample comments on Ways to Overcome Barriers

Level	Participant's Comments	Themes
Senior Manager	"Understanding that not all new ideas are good ideas. There's absolutely nothing wrong with investigating something and concluding that it is not good." (*Brian*)	• Investigate • Understand
Manager	"I guess if you are aware of the problem, you know what you have to deal with. It does not necessarily mean you'll change, but you need to focus where you should put forward your effort, where you should do things better." (*James*)	• Attitude • Focus
Staff	"You just have to be open to suggestions that come out." (*Gavin*)	• Open to suggestions
Key Personnel	"The only way that I have seen that does get achieved is by bringing in new talent and different experience in the decision making team." (*Ryan*)	• Leadership • New talent • Change

As per the table above, the first theme that was identified was the ability for managers or implementers to investigate and understand the ideas or strategies presented. Several participants believed that barriers to implementation could be overcome if people **understand** that not all ideas or strategies presented are good ideas. As Brian, one of the *Senior Managers* said:

> *Understanding that not all new ideas are good ideas. There's absolutely nothing wrong with investigating something and concluding that it is not good.*

Although the idea may seem good in the first instance, once it is thought through, the idea may not be suitable to the organisation. Managers need to have the ability to withdraw or exit from a strategy or an idea if it was not suitable, instead of pushing on with it just because they have spent a lot of time or money on it. It is more important understanding the impact of a decision than only getting things completed. This is because the impact of the decision may bring along more barriers to the initiative than overcoming them. Brian gave an example:

> *For example in IT, they spend so much money on something and then when they find something wrong, they are very reluctant to let it go. So you've (a leader) got the ability to say "I have got to take this exit from the project".*

Some participants also believed that the best way to overcome the barriers to implementation is to have people with the **right attitude**, very promptly put forward by Bob, one of the *Senior Managers* who was interviewed:

> *It all comes down to having the right people with the right attitude.*

When people have the right attitude, they take on projects with a positive outlook. They take the time to think things through and weigh out the consequences of their actions, rather than launching into a project just because it had been given to them to implement. Similarly, when they come across barriers when implementing projects, they will find ways to overcome this because they have the right attitude to deal with issues. This brings us to the comment of the importance of good project managers who have the ability to focus efforts on getting issues resolved before they get out of hand. In addition

to being able to problem solve, these project managers need to have a good understanding of the subject matter. A participant from the *Staff* level, Joseph, said:

> *I think having project managers for only being project managers and a whole lot of them is not the right way to do it. … the project managers, they don't have to the most senior managers, they just have to be the ones with the* **knowledge** *and understanding of their area.*

Furthermore, when implementing projects, a few of the participants believed that it does not only come down to the manager who deals with the barriers faced. They believed that being **open to suggestions** from others can be useful in overcoming barriers that arise. This is because they believe that the manager who manages the project could be too entrenched with the project, hence, suggestions from others can help provide fresh ideas to help overcome the barriers identified. As Ryan, one of the participants from the *Key Personnel* level said:

> *No one individual can deliver everything all by themselves. We need to work effectively as a team.*

A majority of the participants believed that quality of **leadership** is the key ingredient of overcoming barriers in the implementation process. Leadership is also equally important in formulation as these two processes need to coexist successfully for the organisation to be successful. For example, again, Ryan, brought up that this was the reason the CEO of Air New Zealand looked at restructuring the business, bringing in new talent to make the organisation even more successful, creating a more team oriented culture to the organisation. And it all comes down to the ability of the leader to create this opportunity for the organisation.

To summarise, a number of the participants interviewed believed that the attitude of someone with strong leadership abilities is one of the ways barriers can be overcome within Air New Zealand. It is thought that if the leader has the foresight to plan appropriately, understand the business, open to suggestions,

has a positive attitude and the drive to achieve a goal, the organisation can be more successful in its implementation initiatives.

4.5 Relevance of the Organisational Minefield Framework

Participants in this research were not shown the Organisational Minefield framework. The reason for this is because the researcher would like to investigate whether the framework was suitable as an illustration to represent the approach of this research. Therefore, instead of asking the participants whether the framework was relevant, the researcher would like to use the findings from this research to answer this question.

Overall, the findings from the research were positive. There were indications that the organisational framework was a suitable framework to describe represent the approach this research took and the importance of implementation to the organisation. For example, a quote from one of the *Key Personnel* interviewed suggested a similar approach to describing implementation issues:

> *… predominantly biggest issues that we would have had to deal with is … When they needed another division to assist with issues, these issues would end up like grenades, tossed over barricade*

Furthermore, the suggestions provided by participants on ways to overcome barriers to implementation implied that the participants do know that these barriers exist, and that they can impede the implementation process if managers do not deal with these appropriately. Discussions on the findings which related to the framework are provided in the next chapter.

4.6 Summary of Chapter

To summarise, this chapter presented the findings from the analysis of data obtained from the case study. The findings for each of the objectives of research identified in Section 3.2 were presented in different sections. Six

common barriers to the implementation process within Air New Zealand were identified. Each of these barriers and reasons for their existence were provided. In each of the sections, a table which represented common themes and comments provided by the participants of this case study was provided. This is followed by explanations of each section to highlight data which are relevant to this research. As this chapter only provides findings for this research, the following chapter will discuss these findings in more detail.

5 – Discussion

5.1 Introduction

"Discussion is an exchange of knowledge; argument an exchange of ignorance."
Quillen (2004)

Air New Zealand's ability to implement strategies successfully is important to its success. In fact it is important to any organisation in an industry which is constantly facing tremendous competition and change. The study at Air New Zealand revealed a number of common barriers to its implementation initiatives. These findings are discussed in more detail in the following sections. It is worth noting that all of the common barriers identified were some of the implementation variables identified by Okumus (2001). In his research which included a review of implementation frameworks, ten key implementation variables were identified; strategy formulation, environmental uncertainty, organisational structure, organisational culture, operational planning, communication, resource allocation, people, control and outcome.

Okumus (2001) found that although these frameworks concentrated on the variables that made implementation successful, there was a lack of attention paid to the relationship between these variables and its effects on implementation. Other literature reviewed showed that there was a lack of scrutiny on this subject matter. Hence, there are high possibilities that organisations may implement strategies without a clear understanding of the elements which influence the implementation process. These findings in the academic arena encouraged the researcher to analyse the implementation process within the airline industry, where identification of common barriers to implementation would improve further improve the appreciation of the implementation process.

Thus, the objective of this thesis is to investigate whether: (a) perceptions of implementation are different at different levels of the organisation; (b)

implementation variables can be barriers to the implementation process (c) barriers to implementation can be overcome and (d) the Organisational Minefield framework can be used to illustrate the importance of understanding barriers to implementation.

The following sections present a discussion of the findings presented in the previous chapter. There are five sections; the first three sections are in accordance to the sections presented in the previous chapter. This is followed by a discussion of the relevance of the Organisational Minefield framework introduced in Chapter two and a revised framework.

5.2 Perception of Strategy Implementation

The first objective of this research is to explore whether perceptions of implementation from different levels are different. Findings from the interviews confirmed that perceptions of implementation from different levels of the organisations are different. This was demonstrated by the manner which the participants described the importance of both the formulation and implementation process. A sample of the results presented in Table 4.1 showed the different opinions from participants at different levels.

More than half of the *Senior Managers* interviewed believed that both formulation and implementation were important whereas most of the *Managers* interviewed believed implementation to be more important. Although the participants from the *Staff* level were more involved in the implementation process, most of them perceived planning is more important than implementation. The differences in the opinions found from this research is consistent with the findings from Floyd's (1992) and Nutt's (1998) studies where they found that stakeholders from different levels of the organisation do not necessarily share a common perspective or commitment to achieving a common goal. This could inevitably lead to problems in implementing strategic decisions. This finding is significant as previous studies in the area of strategic management are limited to the opinions of top management levels, (e.g. Beyer & Trice, 1982; Dean & Sharfman, 1996; Harrison, 1992; Nutt, 1987; Skivington

& Daft, 1991) eliminating the opinions of the majority of an organisation – all staff below the top management level.

Literature review also revealed that strategy formulation is often viewed as the "province of top management", hence most research include this group only (Miller, 1997, p. 580; Nutt, 1989). On the other hand, middle managers and staff are most likely to be involved in the implementation process (Bourgeois & Brodwin, 1984; Kingsley & Reed, 1991; Schilit, 1987). The results from the research confirmed that this is the case within Air New Zealand, where middle managers and staff implement and top management formulate strategies. The participants at the *Manager* level believed that they were the most suitable implementers of strategies because they have intimate knowledge of day to day operational matters. This is backed by their comments that implementation is the core to any organisation, for without implementation, a plan remains as a plan. Hence it is important to these two processes as interdependent – one cannot exist without the other.

Senior Managers interviewed also perceived both the formulation and implementation stages to be equally important. This perception is important to Air New Zealand as it showed that its Senior Managers understand the significance of both processes to the success of their strategies, an idea supported by Thompson and Strickland (1998) and Vasconcellos (1990). The *Senior Managers'* perception on the importance of formulation and implementation could also be affected by the urgency or speed they had to put strategies in place to react to the volatility of the environment at the time of this research. Once the strategy is formulated, they had to ensure that the implementation stage happens before their competitors do so. Therefore, the situation had forced the *Senior Managers* to be more aware of the implementation stage than they probably had to in the past.

Consequently, although previous studies on strategic management had primarily stressed on the strategic decisions made and seldom on the implementation, (Hickson, Butler, Cray, Mallory & Wilson, 1986; Skivington & Daft, 1991) this was not the case at Air New Zealand. Both the formulation and

implementation processes were perceived to be of similar importance, dependent on the situation that the organisation is in.

In his work in 1992, Floyd writes that one of the problems senior executives had was that they frequently found that their middle managers fail to take actions necessary to implement strategy. The *Senior Managers* in this study did not see this as an issue and suggested that it was more important to educate their *Managers* so that they understand the strategies for them to be able to take the necessary actions to implement strategies successfully. The *Managers* agreed that this is important and implied that involvement in the planning stage would assist in the elimination of barriers to implementation at an early stage. There were some *Managers* who said that involvement from other levels of the organisation in the formulation process may help refine the operational aspects of strategies developed.

The mixed findings obtained from this research may be caused by the situation that the organisation was in. At the time of the research, Air New Zealand underwent major changes. Firstly, there were changes to its core strategies – from being a full service airline to the provision of value based services to its domestic market. Secondly, the airline industry was hit by the events of SARS which resulted in the downturn of international travel, thus affecting normal flight operations within Air New Zealand. Thirdly, the organisation also went through stages of restructuring. With these changes happening at the same time, strategies which were formulated had to be implemented promptly. Otherwise, the strategies might lose its viability or impact that is required for the organisation to react to environmental changes.

In summary, the findings of the research suggest that perceptions of participants from different levels of Air New Zealand on strategy formulation and implementation processes are different. The reason for the difference could be due to either the situation the organisation was in, or the responsibilities or involvements of the staff member in the formulation or implementation stage. However, the general consensus was that both of these stages are equally important to the organisation.

5.3 Barriers to Implementation

As mentioned in Section 2.3.2, the researcher felt that implementation variables identified in previous strategic management studies could potentially be barriers to the implementation process. Due to the enormous cost associated with most implementation efforts (Heracleous, 2000), it is important to understand the barriers that obstructs the success of implementation initiatives. This will help add to the study of implementation, an area which have often overlooked compared to the study of strategy formulation (Alexander, 1991; Noble, 1999; Okumus, 2001). Therefore, this research was commissioned to investigate whether implementation variables which are believed to be important to the success of implementation are also barriers to implementation. This will also draw attention to analysing an organisation's understanding of these elements to ensure that the process of implementation happens successfully.

Six out of the ten implementation variables presented in the Organisational Minefield framework were found to be common barriers to implementation within Air New Zealand. The six common barriers are; **strategy formulation, environmental uncertainty, organisational structure, organisational culture, communication and resource allocation** (refer to Appendix 8). The other four which were not cited are; **operational planning, people, control and outcome**. The reasons that these four were not identified as common barriers are explained as follows.

Operational planning was not considered a barrier to strategy implementation because the participants believed operational planning to be a significant process within the formulation process itself. Furthermore, it is also considered essential for operational planning to be constantly reviewed and undertaken before any strategies are approved for implementation.

Secondly, the **people** variable which seemed like one of the most obvious implementation variable which could contribute to the outcome of implementation was not listed as a barrier. This is because the study found that this variable was the underlying cause of five of the common barriers identified;

strategy formulation, organisational structure, organisational culture, communication, resource allocation. This will be further explained in the following sections when each of the barrier are discussed.

The third variable which was thought to be a potential barrier to the implementation process is **control**. The reason for this could be due to the rapidly changing environment the airline industry is in. Implementation of strategies needs to happen quickly and control mechanism need to happen almost simultaneously. Often, there was not enough time to fully implement a strategy and then analyse the feedback control before moving on to the next implementation initiative.

This is a similar reason why **outcome** was not highlighted as a common barrier to implementation initiatives within Air New Zealand. As the organisation reacts and plans for strategies, outcomes of the strategies may change depending on the situation that the organisation is in. The outcome required at the start of the implementation process may change as the implementation happens. So, this is not seen as a deterrent to the implementation process, but rather, as a normal occurrence in the implementation process.

In conclusion, although implementation variables are seen as important variables to the success of implementation, these can also be barriers to the implementation process, (e.g. Waterman, 1982; Zajac, Kraatz & Bresser, 2000). However, there were some variables which were not seen as threats for the implementation process within Air New Zealand. The explanations of why some of these variables were not seen as barriers demonstrate that barriers which exist within implementation initiatives are dependent on the state of affairs within the organisation at the time of implementation. The following sections discuss each of the barriers identified in more detail.

5.3.1 Strategy Formulation

The first common barrier identified by participants is **strategy formulation**. As discussed in Chapter two, strategy formulation is an integral part of the overall strategic management process. Hence, if the strategy formulation process were

not conducted successfully, it can potentially be a barrier to implementation. Five key themes were identified. These can be seen in Table 4.2.

One of the most common reasons that were given to explain strategy formulation as a barrier is **poor understanding of the strategy**. A majority of the participants interviewed said that if those who had to implement the strategy understood the strategy better, the implementation process would happen more smoothly. Interviews also indicated that the implementation team were often not given enough information on the strategy. Hence, most of the time strategies were implemented without a clear understanding of the strategy. As a consequence, this caused unnecessary delays and errors being made causing inadequacies to the outcome of the strategy. These roadblocks could have been eliminated with a better understanding of the strategies. This relates back to the study by Floyd and Wooldridge (1992) where they believe that the problem of implementation within an organisation is often not due to the abilities of middle managers, but more likely to be a problem of poor understanding and commitment to a strategy. Other authors such as Mintzberg and Waters (1985) and Dess and Lumpkin (2003) also stressed the importance of ensuring organisation-wide understanding of strategy.

Furthermore, the lack of understanding of strategies may be caused by strategies which are **too complex**. This would cause unnecessary issues during implementation. If the strategies are too complex and those who implement do not understand its objectives, then the effectiveness of the strategy could be lost. Although there are some managers or staff who were more tolerant to ambiguity, it was found that those who are able to tolerate the ambiguity to tolerate complexity of strategies are more successful during the implementation stage (Gupta & Govindarajan, 1984). Otherwise, if they felt that the implementation was not as successful as it could be, the flow on effect of this could start a form of passive compliance (Guth & MacMillan, 1986). Examples of passive compliance were noticeable from the interviews.

Some participants from the *Manager* and *Staff* level either felt that a lot of their colleagues, or that they themselves treated implementation of initiatives as something that just happens within the organisation. They believed that some

of these feelings might have arisen due to **unrealistic expectations** placed on the implementation team. The difference in the expectations or goals can lead to differences in perceptions, which in turn lead to the desirability of the strategy being implemented (Guth & MacMillan, 1986). There were participants who commented that they often felt they had to work through obstacles unnecessarily to make things happen during the implementation stage. These comments also implied connotations of active intervention or acts of sabotage. The act of passive compliance and active intervention can cause significant problems to the organisation.

The lack of commitment or **buy in** to a strategy could essentially be the biggest barrier to any implementation initiatives if not managed properly (Guth & MacMillan, 1986). This is in agreement with Parnell et al.'s (2002) opinion that greater participation in strategy formulation by different levels of managers increases the success of implementation. Although there were several approaches to the study of implementation in the past (e.g. Ansoff, 1965; Learned, Andrews, Christensen and Guth, 1969; Hofer & Schendel, 1978; Lorange & Vancil, 1977), these approaches ignore or only mention in passing the problem of securing commitment to a particular strategy (Guth & MacMillan, 1986). The lack of buy in can be due to several reasons. Some of the reasons for lack of buy in given by Beer and Eisentat (1996) are that; the organisation could be undergoing change which changes behaviours and expectations within the organisation, management's reluctance to relinquish control, or suitability of the strategy to the organisation as a whole. Out of these reasons given, the most relevant was that Air New Zealand had undergone change at the time of research, and participants who were interviewed felt that because of this, they do not know what to expect. Some of them have complete faith in the management whereas others tend to have a "wait and see" attitude.

5.3.2 Environmental Uncertainty

The second common barrier identified by participants in this case study is **environmental uncertainty**. The study of strategic management is concerned with the relationship between an organisation and its environment (De Wit & Meyer, 2004). Therefore, if an organisation do not understand the effects of the

environment on the organisation, strategies which are developed or implemented may not be suitable. Key themes which were identified from participants' responses are presented in Table 4.3.

The findings obtained from the interviews suggested that the biggest frustration for the participants when implementing strategies is the lack of control over the **speed and frequency of change in the industry**. This is often blamed for the need for change in organisations (Ansoff, 1979). Participants shared examples of times when they had to stop a project due to major changes in the industry which meant that the project was no longer viable. There were also instances where world events crushed some of the best strategies which were intended for the organisation. Not only do organisations have to learn to adapt to these changes, the success of an organisation depends on the abilities of its managers to develop strategies which are dynamic and evolve with time (Hamel & Prahalad, 1994; Porter, 1980). Bryson and Bromiley (1989) confirm that the stability of the environment is a variable which significantly affects the implementation process.

The **regulations** and legal obligations which exist in the airline industry is another reason which could prevent successful implementation within Air New Zealand. The industry was traditionally a very highly regulated industry, where prices, markets and products offered were strictly controlled. Although it is less regulated than it used to be, it is still an industry which is very dependent on meeting legal obligations (Anonymous, 2003d). For example, there are time restrictions for flights flying into certain countries, limitations to the destinations an airline can offer and bilateral agreements that airlines have with each other.

Furthermore, **world events** such as the Iraq war, event of September 11th and SARS have significantly increased the requirement for additional security measures for airlines around the world (Fiorino, 2004; Flottau & Matthews, 2004). This inevitably lead to increases in costs, time and resources for airlines. This was not an exception to Air New Zealand, where staff were put through additional training to ensure that they can deal with these situations. Other events such as the surge in oil prices made running the airline even more difficult (Anonymous, 2004a).

5.3.3 Organisational Structure

The third common barrier identified from the findings is **organisational structure**. An organisation's structure is one of the organisational variables identified by Waterman (1982) to be essential in achieving strategic fit. The findings presented in Table 4.4 showed the key themes which confirmed organisational structure as an element which is a barrier to the implementation process. The findings corresponds with the study of strategy-structure fit where an organisation's performance is dependent on achieving fit between the organisational structure and strategy (Chandler, 1962; Leavitt, 1965).

Most of the participants interviewed believed that structure is the variables which will make or break the implementation process. The structure of an organisation dictates whether a strategy can be supported (Heracleous, 2000; Hunger & Wheelen, 1996). Further to that, the structure can also be adapted to assist the organisation towards achieving its goals and objectives (Bourgeois & Brodwin, 1984; Heracleous, 2000). This is linked very closely to the way an organisation

This research highlighted that the **hierarchy** within the organisation is also important to the success of any implementation initiatives, especially in the way the information is dissipated to different levels of the organisation. The reason for this could be because Air New Zealand is a large organisation where it is important for hierarchy and levels of authority to be clear. At the time of research, the management of Air New Zealand was in the process of changing the organisational structure to a flatter structure which encourages more flexibility and visibility compared to its previous structure (Anonymous, 2003f; Anonymous, 2003h).

Although the new structure is hoped to bring about positive changes to the organisation, one of the issues identified was that barriers to implementation are often **less obvious to higher level managers**. Most of these comments came from participants from the *Manager* and *Staff* levels. They perceived that because the higher management team were often not involved in the

implementation process, they are less aware of the difficulties and challenges of those who were involved. Literature review suggested that some authors have briefly touched on this issue, indicating that because the top management are less likely to b e involved in the implementation process (Guth & MacMillan, 1996; Hunger & Wheelen, 1996; Mintzberg & Waters, 1985), they might not as aware of issues which occurs during implementation (Parnell et al., 2002).

Unfortunately, the previous structure was felt to have caused a few issues. They commented that the structure created **multiplication of efforts** between different departments. In addition to causing confusion, the structure increased silo mentality within each of the departments of the organisation. This was often the case for some of the participants interviewed. In the implementation initiatives which they were involved in, they often found that another department often had the impression that they were "more responsible" for the initiative, and hence, have taken over the project as a result. This showed a number of things: one, the different departments had different perceptions of the process; two, they do not fully understand their responsibilities; and three, their perceptions of the outcome of the strategy are different. For an implementation to be successful, the differences in perception from all parties needed to be overcome (Engdahl, Keating & Aupperle, 2000).

5.3.4 Organisational Culture

Organisational culture is the fourth barrier which was identified from the findings. The literature review presented in Chapter two explained that implementation often implies change to the organisation. Organisations have their own culture which represents the norm and behaviours of the organisation, it can be a challenge to persuade them to change (Atherton, 1993; De Wit & Meyer, 2004; Sadler, 1998; Schein, 1985). The key themes identified for this barrier are presented in Table 4.5.

One of the most frequent themes implied from the organisational culture barrier is **resistance to change**. Several participants commented that resistance to change is something that is always prevalent in the implementation initiatives they had been in. Excuses such as "if it's not broken why fix it" and "we have

always done it like this" were often used to avoid being involved in implementation initiatives. Change is usually perceived as a complex process (Porras & Robertson, 1988). People tend to dislike change because they are reluctant to move out of their comfort zone (Leonard, Scholl & Beauvais, 1997), either because they are worried they might lose control of their responsibilities or having to adjust to new environments. The exclusivity of the airline industry may also encourage the feeling of being comfortable with 'status quo'.

Another example of how **history** presented a barrier to the implementation is during the implementation process of Domestic Express. When the idea of introducing a value based service to the domestic market, some participants commented that they were met with a lot of criticism and reservations that the strategy would not work. This is because Air New Zealand is traditionally a full service airline, offering a value based service without meals were perceived to be a backward step for Air New Zealand. This decision was even debated upon by the New Zealand public in local newspapers, stating their disagreement with Air New Zealand's proposed Domestic Express. A number of the participants said that they had difficulties getting people to change their **behaviours** and participated in the implementation of the strategy. However, after the successful implementation and acceptance of Domestic Express in the market, they found that it was easier to implement Tasman Express, although there were still resistance from some staff. As Bartol and Martin (1994) and Deal and Kennedy (1988) prove in their work on organisational culture, it is difficult to change "the way things are done around here".

Although the comments from participants on organisational culture as a barrier were based around resistance, history and fear of change; there were also implied messages of strong **loyalty and compliance** to the organisation. There were instances where participants may initially display feelings of disagreement or unhappiness with a particular decision made by the top management team. However, their comments suggested that they would give the decision an opportunity to evolve, because they believe that there must be a reason behind the strategy being suggested. To summarise, the information gathered from the research is consistent with literature on achieving strategy culture fit which

reduces the complication of achieving successful strategies (Scholz, 1987; Schwartz & Davis, 2001).

5.3.5 Communication

The fifth barrier identified from the findings is **communication**. Examples of the findings are presented in Table 4.6 with the key themes identified. All of the participants who were interviewed believed that communication is a common barrier to implementation initiatives they had been involved in. Their responses have in some ways or another implied that communication forms the basis of any organisational activities, especially so for something as important as implementation.

A frequent complaint from participants was the **lack of communication** between different levels and departments. It was felt that those who formulated strategies often do not communicate enough to those who had to implement the strategies. There were suggestions that instead of talking to others in different departments to gather more information, it seemed that most people tended to prefer basing their decisions on their own assumptions. This often lead to misinformed decisions being made, which can be a barrier to the implementation process (Floyd & Wooldridge, 1992).

Some of the participants also commented on the **difficulty of gaining access to information** although they were involved in the implementation of the strategy. Often, they were only given minimal explanation and asked to implement strategies with without really understanding the reason or implications of the implementation. This relates to the suggestions by Parnell et al. (2002) and Floyd & Wooldridge (1992) to involve managers of different levels to increase their involvement, understanding and commitment to the strategy, which in turn increases the likelihood of successful implementation.

Furthermore, there were also other **communication issues** brought up by the participants. One of the Key Personnel interviewed summarised comments from all the other participants by explaining the reluctance of people to just ask for help or discuss with someone else in another department. Issues which

required further assistance were treated like "grenades", being tossed over to other departments hoping they would go away, rather than communicating with these different departments. This is often a concern in most organisations where silo mentality increases the complexity of the implementation process (Floyd & Wooldridge, 1992; Tourish, 1997). As Tourish (1997) explains, effective communication within organisation takes time and effort, and the commitment from the managers for it to work. For an organisation the size of Air New Zealand basic communication issues or behaviours can lead to more serious implications to the organisation.

5.3.6 Resource Allocation

The final barrier which was identified as a barrier to implementation initiatives within Air New Zealand is **resource allocation**. Sample comments and themes identified for this barrier are presented in Table 4.7.

It is hardly surprising when most of the participants included the **lack of resources** as a common barrier to implementation initiatives. Air New Zealand has been through some of the toughest times in the last few years, from the terrorist attack in New York on September 11th, 2001 which almost paralysed the airline industry, to surviving the failure of its takeover of Ansett Australia, to being close to bankruptcy. Although the New Zealand Government provided a significant capital of $300 million to help bring the country's airline back, Air New Zealand had to carefully manage this and all its other resources to maintain and improve its viability (Laxon, 2001).

For any organisation, one of the most important resources to the organisation is the skills and experience of staff (Alexander, 1986; Miller, 1997). This was also the case at Air New Zealand where **knowledge and experience** of the industry and specifics of the airline industry are very valuable in the industry for operational strategic decisions to be realised successfully. For example, before Air New Zealand could add new aircrafts to its fleet, considerations on the suitability of airports, distance of destinations, airport turnaround time, staffing requirements, training required and lots of other details had to be made. If any

of these details were missed out, it could have very costly consequences to the overall operation.

Furthermore, there is often **competition for resources** within the organisation. For example, before the Domestic Express was implemented, several changes needed to be made to its revenue management system. For example, one of the participants said that at the time of implementation, the IT team's priority was to resolve system issues which would affect the launch of Domestic Express before any other types of requests were resolved. This meant that implementation of other initiatives at that time would have been stalled.

5.3.7 Other Barriers Identified

In addition to the six barriers identified from the empirical research, two new barriers were identified from the research findings. It was found that leadership and power played a significant role in implementation initiatives within Air New Zealand. All the participants interviewed implied either implicitly or explicitly in their responses that leadership and power play a large part in the strategy implementation process within Air New Zealand.

Leadership can be viewed as one's influence in the internal and external elements and processes to an organisation to ensure the organisation's efficiency, consistency and receptivity to its environment (Yukl, 1989). Therefore, for the implementation process to happen smoothly, it is necessary for the leader to have a clear understanding of this process, how his or her leadership can affect the outcome of implementation. Most of the participants believed that a manager's understanding of the implementation process does not only help with providing the implementation team with the direction they require, but also to act as the champion of the implementation process, to ensure that the process is as effective and efficient as possible.

According to Yukl (1989), a leader is traditionally seen in a formal leader, who may involve others in undertaking his or her leadership functions. This seemed to be the case for Air New Zealand, where the participants saw the CEO as the leader of Air New Zealand. In a special issue of "Us", the CEO communicated

his intentions to restructure the organisation to change the direction of the organisation (Anonymous, 2003f). The restructure proposed a new management structure and a new management team. The plan for restructure was viewed by participants as a statement from their CEO, that he is leading change within the organisation. Comments from the participants showed that they were supportive of the CEO's actions, believing that his leadership would help Air New Zealand overcome its challenges.

In addition to the leadership role mentioned, participants from this research spoke of the importance of a leader's ability to communicate the strategy clearly. When staff involved in the implementation process have a clear understanding of the strategy, they will be able to implement the strategy better (Guth & MacMillan, 1986). The inclusion of different levels of stakeholders in strategy formulation was also believed to be vital to the success of implementation, something which is strongly advocated by Floyd & Wooldridge (1992). This was also apparent in the discussion provided in Section 5.3.5.

Another important issue which was deemed as important by the participants is a leader's political skills, his or her abilities to gain resources, support and approval from others (Yukl, 1989). This is also known as **power** (Mumby, 1988; Yukl, 1989). Power is defined as an element which determines the way decisions are made within an organisation, from the distribution of resources to the types of decisions being approved (Salancik & Pfeffer, 1974). The study of power has previously been more concerned with budget decision making within organisations, (Wildavsky, 1961). Managers however, do believe that other types of decisions within organisations are determined by considerations of power rather than the optimal action for the overall organisation (Stagner, 1969).

From the findings in the previous chapter, participants often commented on the lack of resources available during implementation of different initiatives they were involved in. Although some resources were genuinely restricted, some of the participants felt that the ability of a manager in gaining approval to additional resources were vital. They felt that there were times when resources were approved not based on the need of the resource, but more due to the benefit

perceived from the project or decision. Most of the times, participants involved in these instances can be more emotional or perceive benefits of decisions differently. Hence, power is used as an objective mechanism to resolve issues of preferences and believes, (Wildavsky, 1961) and there are times when the decisions may not be attributable to any performance at all, it all depends on the power they hold to influence decision makers (Salancik & Pfeffer, 1974).

Perrow (1970) and Thompson (1967) believe that power is often held by certain groups within an organisation which have the capabilities to cope with critical organisational contingencies. For example, a particular participant at the senior management level felt that because his department was critical to the operational viability of Air New Zealand, it was often easier for him to convince the top management to approve his projects. He did not mean that this power was taken for granted, but he wanted to highlight the importance of power in the implementation process within an organisation which was very dependent on its ability to adapt to the volatility of its environment.

5.4 How to Overcome These Barriers

The findings in Section 4.3 show that the participants are optimistic that the barriers to strategy implementation can be overcome. Most of the participants commented that if the barriers are managed well, the implementation process would become less stressful. The key themes identified to overcome the barriers identified are presented in Table 4.8.

Firstly, as mentioned in the previous two sections, the understanding of a strategy plays a very important role in overcoming barriers to its implementation. Some of the participants felt that if their managers took the time to understand the objectives of the strategy they implement, they would be able to foresee possible barriers and overcome these. For example, if they are met with issues which might mean that the strategy is no longer suitable, they need to understand how they can adapt or change the strategy for the situation at hand. There is no point continuing with a strategy if it is no longer viable. However, if a manager did not understand the strategy to start with, they would

not see that the strategy was no longer viable for the organisation, let alone figure out a solution or change to the strategy (Floyd & Wooldridge, 1992; Guth & MacMillan, 1986; Parnell et al., 2002)

At the time this research project was undertaken, several communication initiatives set up to open the communication channels between staff and management, as well as staff from different offices around the world. The "Us" publication is an internal publication designed to highlight various events within Air New Zealand around the world. This is a publication which was distributed fortnightly. In addition to that, the CEO sends all staff members a weekly email to give staff an update on the projects that he had been involved in or recent events that he had been to. Often, staff promotions, announcements or celebrations were also mentioned in these emails. The use of "Us" and the weekly email from the CEO are intended to give all staff a better understanding of what is happening around Air New Zealand. This was seen a as a way of eliminating silo mentality within the organisation whilst at the same time encourage the sharing of information within the overall Air New Zealand Group. These initiatives reflected the organisation's commitment to improving the effectiveness of its communication, which is very important for these initiatives to work successfully (Tourish, 1997).

At the same time, sessions called "Choosing our Future" (COF) were organised to bring together 500 staff members from different departments around the whole Air New Zealand Group into one venue to brainstorm for ideas and suggestions on ways forward for the organisation. A lot of the participants interviewed commented that these sessions was a good initiative to encourage a sense of belonging amongst staff and encourage everyone to think as an organisation, rather than as individual departments. They believed that these exercises were beneficial, increasing staff morale, loyalty and enjoyment in their jobs. However, there were a minority who believed that these sessions were a waste of time.

Based on all the findings of the research, more than half of the participants interviewed implied that leadership play a big part in the overall implementation process. A leader is seen as a driver to ensure that the implementation stage is

successful by checking that strategies were formulated accordingly, analysis of the environment completed, considerations made to accommodate the existing structure and culture of the organisation, appropriate communication channels were set, and appropriate resources were allocated. Also, some of the participants feel that the vision or purpose of the organisation needs to come from the top. As beneficial as it is to consult others on their thoughts on a particular strategy or decisions, the vision needs to come from the leader to set a target for all the organisational members to head towards. In summary, leadership is viewed as an instrument of goal achievement, which uses power to effect change in others (Fleishman, Mumford, Zaccaro, Levin, Korotkin & Hein, 1991; Northouse, 2001). This view of leadership is not new and it includes the transformation of followers through setting of mission, setting an example and paying attention to detail and individuals within the organisation (Northouse, 2001).

As bureaucratic as that sounds, it was implied from the interviews conducted that there is a need for this type of focus to drive things through. Some of the Key Personnel who were involved in several implementation initiatives believed that nothing can be achieved if the purpose is not clear. And for this to be clear to the rest of the organisation, there need to be one person driving it. Although there were some participants at the lower levels who believed that the management had been "harsh", most of the others felt that it is necessary to drive the organisation towards its goals. The participants were not saying that Air New Zealand needed to be a completely bureaucratic organisation to be successful. Instead, they believe that there need to be a leader at the top of the organisation to provide set the direction and oversee how the organisation gets there (Gupta & Govindarajan, 1984; Northouse, 2001). For example, some of the *Managers* interviewed agreed that this is something that needed to change for a long time, and it was time for a fresh approach to things for Air NZ to be successful. However, there were cautious remarks from some participants that for anything to be successful, there need to be a balance between the aggressiveness of the leaders through to the involvement of staff in the formulation and implementation processes.

5.5 Relevance of Organisational Minefield Framework

The impression obtained from the results in the previous chapter suggests that the Organisational Minefield framework is applicable to this research. The use of the minefield metaphor highlights the unpredictability of organisations, and if left unattended, could create issues in the future. However, the list of barriers presented in the framework should not be the only elements that managers should be aware of. There are a lot of other variables within an organisation which would affect the implementation process which was not listed in the framework. Also, list of barriers may change depending on the organisation or the situation an organisation is in. Each organisation has their own unique characteristics which represent its identity and opportunity for success, therefore, the framework to help these organisations with their implementation process cannot be "fixed". The organisational minefield framework can be used in conjunction with other frameworks or models to present a more complete approach to strategy implementation.

The research also showed that common barriers identified are interrelated. For example, when communication was identified as a barrier, explanations on the reasons communication is a barrier could be due to the existing structure as well as the organisational culture of the organisation. Some participants commented that there were times when their colleagues were very reluctant to share the information they have for fear of losing control of their responsibilities. This could be due to a precedence set in the past where they did not have to share their information with others. Therefore, they do not see the need to share the information with anyone. Or it could be that because things are happening and changing too fast, they were not comfortable and concerned that these might negatively affect them in the future. All of these elements interrelate to create different scenarios which needed to be considered during implementation.

In addition to highlighting common barriers to implementation, the study highlighted continuous change within Air New Zealand to remain competitive in the airline industry. Most of the participants had in some ways highlighted the positive effects of these changes and in some ways shown their support to these strategies as a necessity to Air New Zealand's success. The support

shown were not only from participants from the *Senior Manager's* level, but also all other levels interviewed. This is a very encouraging finding which signifies a strong level of loyalty and respect to the management team.

Based on the discussions above, it is clear that there is a need for the Organisational Minefield framework to be revised to incorporate new findings from the case study. The following section presents a revised Organisational Minefield framework that is constructed based on the literature review and case study.

5.6 The Revised Organisational Minefield Framework

As mentioned in the previous section, the Organisational Minefield framework is applicable to this research. However, discovery of new findings from the case study prompted a revision to the framework to include these findings. It is suggested that instead of listing all the ten barriers in the original framework in Chapter two, the new framework should only include the six barriers identified from the case study. These barriers were: strategy formulation, environmental uncertainty, organisational structure, organisational culture, communication and resource allocation. This list should also include the two new barriers identified, leadership and power.

Another important discovery from this research is the variation in the perception of participants from different levels of the organisation. This discovery is important to ensure that participants throughout an organisation fully understand the organisation's goals and commitments to success (Floyd & Wooldridge, 1992). Therefore, instead of only listing the barriers in the Organisational Minefield section, this section will be divided into three key sections, depicting the three different levels of participants, and their generalised perception of each barrier identified.

Figure 5.1 illustrates the revised Organisational Minefield framework. As this framework incorporates both the findings from the literature review and the case

study, it is a framework which is more robust than the original framework proposed in Chapter two.

Figure 5.1: Revised Organisational Minefield Framework

Intended Strategy ⟹

Organisational Minefield – Barriers to Implementation			
Barriers	**Top Managers**	**Middle Managers**	**Staff**
Strategy formulation	Formulators of strategies	Intermediary between Top Managers and Staff	Implementers of strategies
Environmental uncertainty	Oversee the management of external influencers	Operational planning and setting of guidelines and processes	Day to day operation based on guidelines provided
Organisational structure	Design and manage a structure which is adaptable to change	Implement and ensure the effectiveness of the structure	Division of functions and responsibilities
Organisational culture	Creation of sense of belonging and commitment to the organisation	Communicating and modelling commitment	The way we do things around here
Communication	Champion for communicating and dissipating information	Motivation and representative for staff to communicate upwards	Sharing and use of information between different departments and levels
Resources allocation	Ensure appropriate allocation of resources	Gain resources required	Use resources provided
Leadership	Essential skill to influence and drive	Motivate and encourage team	Ensure a job well done
Power	Influence and drive the organisation	Gain resources to empower team	Create awareness amongst departments

Overcoming Barriers

⟹ Realised Strategy

5.7 Summary of Chapter

This chapter discussed the findings from the research. The research achieved its key intentions which were specified in Section 3.2.

Firstly, the research intends to find out whether perceptions of the implementation process are different at different levels. With the inclusion of participants from all levels of the organisation, the research found that perceptions of the strategy implementation process do differ at different levels. Their perceptions were different due to the changing situation within the organisation during the research and their responsibilities within the strategic management process. More importantly, all the participants believed that the success of Air New Zealand is dependent on the vigour of both the strategy formulation and strategy implementation processes.

Secondly, the research intends to find out whether the implementation variables identified by Okumus (2001) could potentially be the common barriers to implementation within Air New Zealand. This research showed that these implementation variables could indeed be potential barriers to implementation, with the identification of six out of the ten variables identified. The reasons that these barriers existed were discussed. Although there were only six barriers being identified in this research, it was discovered that other variables which were not mentioned to be barriers were underlying factors to the barriers which were identified. It is worth noting that the barriers that were identified in this research were an indication that implementation variables can be potential barriers to implementation. It would be wrong to assume that the six variables identified were the only variables which exist in the implementation process. In fact, two new barriers were identified from the case study. The identification of these barriers is intended to increase managers' understanding of how these variables can affect the implementation process.

Thirdly, this research undertakes to find ways to overcome the common barriers identified. Responses from participants provided good suggestions to ways Air New Zealand could overcome barriers in their implementation process. This

also implied that managers and staff within Air New Zealand have the ability to figure out how they can overcome barriers, what they need is a leader who can help them get there.

Finally, the research aims to investigate the relevance of a new framework developed by the researcher called Organisational Minefield. The main purpose of the framework is to describe the approach taken by this study. At the same time, it is hoped that this framework provides managers and researchers with a new perspective to understanding the implementation process within their organisation. It was found that this framework was relevant to this research. Changes were made to the original framework to incorporate findings from the case study. The revised framework can be used in conjunction with other frameworks to create a better understanding of the strategy implementation process for both managers and researchers.

6 – Limitations and Recommendations

6.1 Introduction

"The outcome of any serious research can only be to make two questions grow where only one grew before."
Veblen (1857-1929)

In consideration of the discussions presented in the previous chapter, this chapter will acknowledge the limitations of this research. This is followed by some comments on the limitations of the Organisational Minefield framework which was presented. The chapter will then proceed to present recommendations for future research.

6.2 Limitations of Research

A major limitation of this research is that the constructs of the common barriers to implementation were based on the study of implementation variables identified from various implementation frameworks. Although there were studies undertaken on barriers to the strategy implementation process, (e.g. Beer & Eisentat, 2000; Bryson & Bromiley, 1993; Miller, 1997) these studies focussed on the outcome of the implementation, instead of the process of implementation. Hence, each of the barriers identified in this research was examined separately, based on their relationship to the implementation process. It would have been valuable to have studied these barriers as well as their relationship to each other within the implementation process. While the identification of common barriers to implementation within Air New Zealand provided valuable insights, it would have been more interesting to also study these barriers' relationships with one another in the implementation process.

Although the qualitative research method employed is one which is more suitable for this research, there are limitations to this research method. As this research sought to investigate participants' perceptions of implementation and

their perception of common barriers to implementation, the researcher was dependent on the genuineness and honesty of the participants with their responses. If the participants felt that they were obliged to answer the questions in specific ways or felt uncomfortable sharing their feelings, the validity and reliability of the results of this could be compromised. However, this was overcome by using the method of triangulation to compare data obtained from the interviews with secondary data.

Furthermore, the context in which the research was conducted may limit its generalisability. This is because the case study was only conducted within one department within Air New Zealand. Therefore, its immediate application may only be appropriate to another department within Air New Zealand or possibly in another organisation with similar structures, operating in similar environments. However, it should be noted that Air New Zealand is one of the largest organisations in New Zealand, operating with offices in different continents around the world. The department which participated in this case study is one which interacts regularly with its international counterparts. Therefore, although this case study might be restricted to a single industry, the international presence and involvement of this department might broaden the relevance of the findings compared to if the research had been conducted within an organisation operating within New Zealand only.

Lastly, although the purpose of this thesis is to identify the common barriers to implementation initiatives within Air New Zealand, other related issues have also been uncovered. In addition to the identification of common barriers to implementation initiatives, it was found that leadership ability and power played a big part within Air New Zealand. Some of the participants in this research have implied that some of their managers are not leaders. It is important to note that not all managers are leaders and vice versa (Yukl, 1989). A leader is more oriented towards innovation and making decisions on the things to be done whereas a manager prefers stability and achieving organisational efficiency (Yukl, 1989). Leadership responsibilities often lie with the formal leader, although he or she may involve others in executing leadership functions (Yukl, 1989). Unfortunately, as the intention of this research is on the identification of barriers to implementation, further research into these three

areas was not application. It would also present several other topic areas which are of interest and make the scope of this research unmanageable.

6.3 Limitation of the Organisational Minefield Framework

As mentioned in the previous chapter, the Organisational Minefield framework presented is a mere representation of reality. It was developed to represent the assumptions taken in this research to identify common barriers to implementation and ways to overcome them to ensure successful implementation. The framework is by no means a complete framework. It should only be used as a guide for organisations to create an awareness for their managers during their implementation process, to prevent accidentally "stepping on" one of the "mines" in the Organisational Minefield while implementing strategies.

The concept used to develop the Organisational Minefield framework can also be expanded further to include other strategic management processes, for example, strategy formulation, or strategy-making. The use of metaphor in academic frameworks may assist in creating better understanding of complex issues that researchers and managers face in their study of strategic management.

Ultimately, even the Organisational Minefield framework may be applicable to this study and seems useful, this framework has not been tested empirically. To assess the suitability of this framework in helping organisations identify and overcome barriers to implementation, this framework has to be tested in an organisation.

6.4 Recommendations for Future Research

The results of this research have shown that implementation variables identified in previous implementation literatures can be a barrier to the implementation process. In doing so, this research has stressed on the importance of further

research into the topic of strategy implementation. Recommendations for future research are presented in the following sections to indicate further studies into areas which will benefit both researchers and practising managers.

Firstly, it is important to repeat this research with several organisations or with a larger group of people to form patterns and themes which can be analysed to present more generalisable results. Although this research has succeeded in its intentions to identify common barriers to implementation, opening this research up to a larger sample would help reemphasise its effectiveness. Furthermore, this might mean that the study can include the analysis of relationships between the variables in the implementation process.

Secondly, it would be interesting to adapt this research to analyse the leadership, power and politics components within the implementation process. Despite the discovery of these components in this research, there was inconclusive evidence that these components can improve or deter the overall implementation process within the organisation. Hence, it would be advantageous to analyse the importance of these components to the implementation process.

Thirdly, the Organisational Minefield framework can be used by managers or researchers to test its usefulness within their organisations or research. This framework can then be further developed to be used as a tool for managers and academics to explain the complexities of implementation. Other implementation frameworks can also be integrated with this framework to become a more comprehensive framework.

Finally, as some of the participants have commented, a research of this nature should be conducted by organisations themselves to investigate their existing processes to come up with improvements and opportunities to reflect on ways to do things better. They believed that these types of research if conducted by people from different levels in the organisations can increase staff morale, productivity and sense of loyalty to the organisation.

7 – Conclusion

The main finding from this research is that implementation variables can indeed become barriers to implementation initiatives. The barriers do not comprise only of internal elements within an organisation, but also external factors which affects the organisation. The barriers themselves represent the volatility of an organisation, like mines in a minefield – when they are not triggered, nothing will happen, but if they were, the outcome could be disastrous. Taking this as a lesson learned, organisations can take the view of managing these barriers or variables to turn them into "inactive mines". However, they should also be mindful not to take these barriers for granted because they can bring significant consequences to the organisation.

The identification of barriers to the implementation process has also brought about another important contribution which would help in realising an organisation's strategies. Leadership qualities were implied as one of the most important calibre to seeing strategies through to implementation. Along with the leadership skills, factors such as power and politics contribute considerably to being an effective leader. The concept of power refers to the capacity or potential to influence another (Northouse, 2001; Mumby, 1988). Although there are factors which affect the effectiveness of an organisation are out of a leader's control, this research revealed that a leader can manage these and increase an organisation's effectiveness. There is agreement about the importance of understanding leadership and power to result in creating a positive change to Air New Zealand. In fact, several participants have inferred that the current CEO of the organisation is a leader that Air New Zealand needs to move forward.

Following on from there, the research discovered that there is a strong sense of loyalty and commitment from staff to the organisation and industry. In their comments on ways to overcome barriers to implementation, all of the participants have in some ways implied their enjoyment of the industry and the challenges it presents. Although they were dubious initially, they have stood by their new management team and some even commented that they were proud

of their new management team. As accentuated by Floyd and Wooldridge (1992), Guth and MacMillan (1986), and Parnell et al. (2002) one of the hardest things in implementation is getting the rest of the organisation to understand and commit to the strategy at hand. Therefore, this finding brought some clarity to this issue for Air New Zealand. Despite the tremendous change and pressure of the airline industry on Air New Zealand, it was felt that the participants have the confidence that Air New Zealand will come out of these successfully. This is perhaps most obvious in the recent events which Air New Zealand are experiencing. An epilogue detailing these events will be provided in the following chapter.

It is important to realise that underlying the main purpose of this research is recognising that participants from different levels of the organisation perceive the strategy implementation process differently. Taking this into consideration, their perceptions of barriers are different and this is highlighted in the revised Organisational Minefield framework. Other findings from this research confirm that there is value in employee participation within organisations, as suggested by Floyd and Wooldridge (1992), Guth and MacMillan (1986), and Parnell et al. (2002). Participation can be in any form for any purpose, whether within an actual setting or part of a research. Their contributions to either will provide valuable insights into the practice and study of strategic management.

In conclusion, this thesis has built on previous work in the area of implementation, providing support to some views and not to others. Without discounting the importance of the strategy formulation process, this study merely intends to increase understanding of an equally important process, strategy implementation. By identifying the common barriers to the implementation process within Air New Zealand, this research can contribute to increasing managers and researchers understanding of this complex process. More in depth analysis and test of these findings are required to present a more comprehensive result – either across the whole of Air New Zealand or representative of a group of organisations.

8 – Epilogue

Shortly after the data collection stage of this research, Air New Zealand underwent a major restructure. A new organisational structure saw changes in reporting structures and titles (Norris, 2003). Instead of Vice Presidents and Assistant Vice Presidents, these roles are now called Group General Managers and General Managers. Some departments were merged based on their key functionalities and relevance. In addition to that, other value based services to cater for the Tasman and Pacific Islands, Tasman Express (Street, 2003) and Pacific Express respectively, were launched (Anonymous, 2003a; Anonymous, 2003b). More plans were in place to launch more value based services to other Air New Zealand destinations.

When the global health alert of SARS was announced in the beginning of 2003, most of the world's airlines were affected economically (Anonymous, 2003d; Anonymous, 2003e). Frequencies of flights were reduced and some flights had to be cancelled. In June 2003, the Chief Operating Officer, Ralph Norris announced that Air New Zealand will put plans in place to contend with strong competition in the market. Together with his management team, Mr Norris outlined areas that needed to be adjusted and changed to sustain the business (Anonymous, 2003e). These plans seemed to have worked based on its recent announcement of improved financial status with a profit of $243 million before unusuals and tax for the year ended June 30, 2004, a ten percent increase on the previous financial year (Anonymous, 2004b).

There were also announcements of positive progress of its transformations of its short haul and long haul programmes. Fortunately, the increase of jet fuel prices were offset by the rise in value of the New Zealand dollar and the ongoing success of Air New Zealand was believed to be attributable to the special spirit that New Zealanders share (Anonymous, 2004b). Mr Norris said:

> *The loyalty and belief of our people and our customers has enabled us to make difficult changes as we have improved our efficiency, effectiveness and sharpened our focus on customers.*

On the other hand, in their attempt to improve its position in the market, Air New Zealand and Qantas submitted a plan to form a strategic alliance to increase their stronghold of the Tasman market (Anonymous, 2003c). Despite the persistence shown by both Air New Zealand and Qantas on the benefits of the alliance, with numerous appeals submitted to various parties, the New Zealand High Court rejected their appeal in September 2004 (Anonymous, 2004d).

To summarise, Air New Zealand's financial position and performance have improved significantly over the last 18 months. The improvements and successes seemed to be attributable to the combination of the ability of its management to plan and the commitment of its managers and staff to implement robust strategies. It is worth noting that when the research was conducted, participants who were involved truly believed that Air New Zealand would get to a position that it is in now, demonstrating their confidence and loyalty to the organisation.

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Appendix 1 – Research Protocol

Thank you for agreeing to participate in this research. The reason that you have been selected is because you are:

1. The Vice President of the Network and Revenue Management Department
2. One of the senior managers of the Network and Revenue Management Department
3. A staff member in the Network and Revenue Management Department
4. A key personnel who have been involved in implementation projects in Air New Zealand

As per the information sheet given you to you prior to this interview, I am conducting this research for my thesis which is a fulfilment of my Master of Business degree at Auckland University.

Before we start this interview, do I have your permission to record this interview with a tape recorder?

If their answer is yes, switch on the tape recorder and ask:

Can you please repeat your agreement to have this interview recorded with a tape recorder?

Thank you.

Participant's Background Information:
1. What are your main responsibilities of your job?
2. How long have you been in the Network and Revenue Management Department within Air New Zealand?
3. What was the previous division/department that you were in before this role?

Participant's Involvement in Implementation Initiatives
1. Have you been involved (directly or indirectly) with implementation initiatives within Network and Revenue Management Department?
2. Can you please describe your involvement in the project(s)?
3. Were you involved in the planning stages of the project(s)?

4. What was the outcome of the project(s)?

5. Why did you think it was successful/unsuccessful?

Barriers to the Strategy Implementation Process

1. What were the common barriers that you/your team face in the implementation process of the project(s)?

(Expected answers: Strategy formulation, environmental uncertainty, organisational structure, organisational culture, operational planning, communication, resource allocation, people, control, and outcome)

2. Do these barriers exist in other areas of the organisation?

3. Why do you think these barriers exist?

Management versus Employee

1. For the barriers that you have listed earlier, do you think staff from different levels of the organisation, who might have been involved in the project(s) identify similar barriers? Why?

2. Could this potentially be one of the main barriers to implementation?

Implementation versus Formulation

1. Within Air New Zealand, who would usually identify the need for a "new" strategy?

2. Who would be involved in the formulation of the strategies within the organisation, department/division?

3. What roles do various levels of staff usually play in these instances (formulation to implementation)?

4. What are the advantages to this?

5. What would you regard as the disadvantage to this method?

6. Is there anything else that I should know with regards to the formulation and implementation stages within Network and Revenue Management Department?

7. Do you think that the planning or implementation stage is more challenging? Why?

8. Would you say that the implementation stage is more important than planning? Why?

Issues for the Research

1. In your opinion, what issues will I encounter when conducting this research? Ie reluctance from participants to contribute information, etc.
2. How could I prevent these issues from affecting my research?

Overcoming Barriers to Implementation

1. How would these barriers affect future implementation initiatives in Air New Zealand?
2. Could these barriers have been taken into consideration before the implementation stage to prevent it from becoming a barrier?
3. How do you think the organisation could be overcome the barriers that you have identified?
4. Do you have anything else to add?

Appendix 2 – Plan for Research Protocol

Research Objectives	Research Questions	Interview Questions	Expected Outcomes
1. Participant's perceptions of strategy formulation and strategy implementation	a) Is strategy formulation or implementation more important? b) Why is it more important? c) Who should be the ones formulating or implementing strategy?	In your opinion, which do you think is more important, strategy formulation or implementation? Why? Who do you think should be the ones who formulate strategy? Who should be involved in implementing strategy?	Formulation has been traditionally perceived as more important by both academics and practising managers.
2. Identify barriers to strategy implementation.	a) What constitutes successful implementation processes?	What do you think are characteristics of a successful implementation initiative?	Strategy being implemented without any problems.
	b) Is the implementation process important?	In your opinion, how important is implementation to the organisation?	Very important, because it means things get actioned.
	c) What are the barriers to strategy implementation?	Based on your current and previous experiences, what are the most common barriers to the process of implementation?	Strategy formulation, environmental uncertainty, organisational structure, culture, operational planning, communication, resource allocation, people, control and outcome.
	d) Why do these barriers exist? e) What types of issues may arise when conducting this research?	Why do you think these barriers exist? What are the common issues that may arise that may deter/discourage the identification of barriers to strategy implementation?	Explanation on why the barriers exist. Cooperation from people involved, misunderstanding of the aim of the research, negativity that this research may cause to different areas of the business.
	f) How could these issues be separated from the initial research objective?	How can I prevent the issues from affecting my research?	

3. Overcoming barriers to implementation initiatives	a) How do these barriers affect the organisation	From the barriers that you have identified earlier, how do you think this will impact the organisation as a whole?	Mention performance issues, staff morale, culture, etc.
	b) How to overcome these barriers	What do you think the organisation should do to overcome these barriers?	Plan from all levels, clear communication to all affected, conduct thorough research, build confidence in staff, encourage staff buy in, leadership, training, etc.

Appendix 3 – Ethics Approval Letter

MEMORANDUM

Student Services Group - Academic Services

To: **Martie-Louise Verreynne**
From: **Madeline Banda**
Date: **16 September 2003**
Subject: 03/98 Strategic management: Barriers to strategy implementation
Dear Martie-Louise

Your application for ethics approval was considered by AUTEC at their meeting on 08/09/03.

Your application was approved for a period of two years until 8/09/05.

You are required to submit the following to AUTEC:

- A brief annual progress report indicating compliance with the ethical approval given.
- A brief statement on the status of the project at the end of the period of approval or on completion of the project, whichever comes sooner.
- A request for renewal of approval if the project has not been completed by the end of the period of approval.

Please note that the Committee grants ethical approval only. If management approval from an institution/organisation is required, it is your responsibility to obtain this.

The Committee wishes you well with your research.

Please include the application number and study title in <u>all</u> correspondence and telephone queries.

Yours sincerely

Madeline Banda

Executive Secretary

AUTEC

Cc: Yii Teang Tan

From the desk of …	Private Bag 92006, Auckland 1020	Tel: 64 9 917 9999
Madeline Banda	New Zealand	ext 8044
Academic Services	E–mail: madeline.banda@aut.ac.nz	Fax: 64 9 917 9812
Student Services Group		

Appendix 4a – Research Information Sheet

RESEARCH INFORMATION SHEET FOR:

SENIOR MANAGERS OF NETWORK AND REVENUE MANAGEMENT DEPARTMENT

I am conducting this research for my Master of Business degree and would like to invite you to participate in this research. This information sheet contains important information about the research. Please read this carefully before deciding if you would like to participate. If you decide to participate I thank you for your interest and co-operation. If you decide not to take part there will be no disadvantage to you of any kind and I thank you for considering my request.

PROJECT AIM

This research aims to identify barriers that exist in strategy implementation initiatives within Air New Zealand's Network and Revenue Management Department. The research will focus on the process of implementation of strategies in general, past, present and future strategies. The objectives are to verify that barriers exist in the strategy implementation process, identify common barriers which arise from various implementation initiatives and explore ways of overcoming the barriers identified. Should you agree to take part in this project, you will be asked to participate in a 1-hour face-to-face interview with me.

WITHDRAWAL

You may withdraw from participating in the project before 15 November 2003 and without any disadvantage to yourself.

DATA OR INFORMATION COLLECTED

Results of this project may be published but any data included will in no way be linked to any specific participant. You are most welcome to request a summary of the project should you wish. The data collected will be securely stored in such a way that only my supervisor and myself will have access to it. At the end of the project any personal information will be destroyed immediately except that, as required by the AUT's research policy, any raw data on which the results of the project depend will be retained in secure storage for six years, after which it will be destroyed.

A transcript of the interview will be provided for you to sign to confirm that an accurate account of the interview had been recorded.

QUESTIONS AND QUERIES

If you have any questions about this project, either now or in the future, please feel free to contact either:

Yii Tan	Martie-Louise Verreynne	Madeline Banda
Postgraduate Student Faculty of Business AUT Phone: 021 676449 yiitan04@aut.ac.nz	Department of Postgraduate Studies Faculty of Business AUT Phone: 09 917 9999 extn 5026 martie-louise.verreynne@aut.ac.nz	Executive Secretary Ethics Committee AUT Phone: 09 307 9999 extn 8044 ethics@aut.ac.nz

Appendix 4b – Research Information Sheet

RESEARCH INFORMATION SHEET FOR:

MANAGERS WITHIN NETWORK AND REVENUE MANAGEMENT DEPARTMENT

I am conducting this research for my Master of Business degree and would like to invite you to participate in this research. This information sheet contains important information about the research. Please read this carefully before deciding if you would like to participate. If you decide to participate I thank you for your interest and co-operation. If you decide not to take part there will be no disadvantage to you of any kind and I thank you for considering my request.

PROJECT AIM

This research aims to identify barriers that exist in strategy implementation initiatives within Air New Zealand's Network and Revenue Management Department. The research will focus on the process of implementation of strategies in general, past, present and future strategies. The objectives are to verify that barriers exist in the strategy implementation process, identify common barriers which arise from various implementation initiatives and explore ways of overcoming the barriers identified. Should you agree to take part in this project, you will be asked to participate in a ½ -hour face-to-face interview with me.

WITHDRAWAL

You may withdraw from participating in the project before 15 November 2003 and without any disadvantage to yourself.

DATA OR INFORMATION COLLECTED

Results of this project may be published but any data included will in no way be linked to any specific participant. You are most welcome to request a summary of the project should you wish. The data collected will be securely stored in such a way that only my supervisor and myself will have access to it. At the end of the project any personal information will be destroyed immediately except that, as required by the AUT's research policy, any raw data on which the results of the project depend on will be retained in secure storage for six years, after which it will be destroyed.

A transcript of the interview will be provided for you to sign to confirm that an accurate account of the interview had been recorded.

QUESTIONS AND QUERIES

If you have any questions about this project, either now or in the future, please feel free to contact either:

Yii Tan	Martie-Louise Verreynne	Madeline Banda
Postgraduate Student Faculty of Business AUT Phone: 021 676449 yiitan04@aut.ac.nz	Department of Postgraduate Studies Faculty of Business AUT Phone: 09 917 9999 extn 5026 martie-louise.verreynne@aut.ac.nz	Executive Secretary Ethics Committee AUT Phone: 09 307 9999 extn 8044 ethics@aut.ac.nz

Appendix 4c – Research Information Sheet

RESEARCH INFORMATION SHEET FOR:

STAFF OF NETWORK AND REVENUE MANAGEMENT DEPARTMENT

I am conducting this research for my Master of Business degree and would like to invite you to participate in this research. This information sheet contains important information about the research. Please read this carefully before deciding if you would like to participate. If you decide to participate I thank you for your interest and co-operation. If you decide not to take part there will be no disadvantage to you of any kind and I thank you for considering my request.

PROJECT AIM

This research aims to identify barriers that exist in strategy implementation initiatives within Air New Zealand's Network and Revenue Management Department. The research will focus on the process of implementation of strategies in general, past, present and future strategies. The objectives are to verify that barriers exist in the strategy implementation process, identify common barriers which arise from various implementation initiatives and explore ways of overcoming the barriers identified. Should you agree to take part in this project, you will be asked to participate in a 30-minute face-to-face interview with me.

WITHDRAWAL

You may withdraw from participating in the project before 15 November 2003 and without any disadvantage to yourself.

DATA OR INFORMATION COLLECTED

Results of this project may be published but any data included will in no way be linked to any specific participant. You are most welcome to request a summary of the project should you wish. The data collected will be securely stored in such a way that only my supervisor and myself will have access to it. At the end of the project any personal information will be destroyed immediately except that, as required by the AUT's research policy, any raw data on which the results of the project depend will be retained in secure storage for six years, after which it will be destroyed.

A transcript of the interview will be provided for you to sign to confirm that an accurate account of the interview had been recorded.

QUESTIONS AND QUERIES

If you have any questions about this project, either now or in the future, please feel free to contact either:

Yii Tan	Martie-Louise Verreynne	Madeline Banda
Postgraduate Student Faculty of Business AUT Phone: 021 676449 yiitan04@aut.ac.nz	Department of Postgraduate Studies Faculty of Business AUT Phone: 09 917 9999 extn 5026 martie-louise.verreynne@aut.ac.nz	Executive Secretary Ethics Committee AUT Phone: 09 307 9999 extn 8044 ethics@aut.ac.nz

Appendix 4d – Research Information Sheet

RESEARCH INFORMATION SHEET FOR:

KEY PERSONNEL INVOLVED IN IMPLEMENTATION PROJECTS

AUT

I am conducting this research for my Master of Business degree and would like to invite you to participate in this research. This information sheet contains important information about the research. Please read this carefully before deciding if you would like to participate. If you decide to participate I thank you for your interest and co-operation. If you decide not to take part there will be no disadvantage to you of any kind and I thank you for considering my request.

PROJECT AIM

This research aims to identify barriers that exist in strategy implementation initiatives within Air New Zealand. The research will focus on the process of implementation of strategies in general, past, present and future strategies. The objectives are to verify that barriers exist in the strategy implementation process, identify common barriers which arise from various implementation initiatives and explore ways of overcoming the barriers identified. Should you agree to take part in this project, you will be asked to participate in a 30-minute face-to-face interview with me.

WITHDRAWAL

You may withdraw from participating in the project before 30 November 2003 and without any disadvantage to yourself.

DATA OR INFORMATION COLLECTED

Results of this project may be published but any data included will in no way be linked to any specific participant. You are most welcome to request a summary of the project should you wish. The data collected will be securely stored in such a way that only my supervisor and myself will have access to it. At the end of the project any personal information will be destroyed immediately except that, as required by the AUT's research policy, any raw data on which the results of the project depend will be retained in secure storage for six years, after which it will be destroyed.

A transcript of the interview will be provided for you to sign to confirm that an accurate account of the interview had been recorded.

QUESTIONS AND QUERIES

If you have any questions about this project, either now or in the future, please feel free to contact either:

Yii Tan	Martie-Louise Verreynne	Madeline Banda
Postgraduate Student	Department of Postgraduate Studies	Executive Secretary
Faculty of Business	Faculty of Business	Ethics Committee
AUT	AUT	AUT
Phone: 021 676449	Phone: 09 917 9999 extn 5026	Phone: 09 307 9999 extn 8044
yiitan04@aut.ac.nz	martie-louise.verreynne@aut.ac.nz	ethics@aut.ac.nz

Appendix 5 – Consent Form

CONSENT FORM

Thesis Title:

Strategic Management – Identification of Barriers to Implementation

I have read and understood the Research Information Sheet for the research conducted by Yii Tan.

This is to certify that I, _____ agree to participate in the research explained in the Research Information Sheet. I give permission to be interviewed and for this interview to be tape-recorded and transcribed.

However, I also understand that:

1. I am free to withdraw from the project before 30 November 2003 without any disadvantage;
2. Tapes used for the interviews will be destroyed at the conclusion of the study but any raw data on which the results of the project depend will be retained in secure storage for six years, after which it will be destroyed;
3. The results of the project may be published but my anonymity will be preserved.

I have been given the opportunity to ask whatever questions I have and all such questions have been answered to my satisfaction.

....

(Signature of participant)

Date:

Appendix 6 – Letter of Approval

23 June 2003

AUTEC

Auckland University of Technology

Auckland

To Whom It My Concern,

Re: AUT Master of Business Thesis – Yii Tan

I have met with Yii Tan, an employee of Air New Zealand's Network and Revenue Management Department to discuss her intentions to conduct a research for her thesis as partial fulfilment of her Master of Business degree in Auckland University of Technology. The research was described to me in the following ways:

1. Project Aim and Objectives

This research aims identify barriers that exist in strategy implementation initiatives within Air New Zealand's Network and Revenue Management Department. The research will focus on the process of implementation of strategies in general, past, present and future strategies. The objectives are:

   a. To verify that barriers exist in the strategy implementation process

   b. To identify common barriers which arise from various implementation initiatives

   c. To explore ways of overcoming the barriers identified

2. Expected Benefits for Air New Zealand

The lack of extensive literature in the area of strategy implementation instigated this research to provide an academic view to the study of implementation. This thesis will take a more rigorous approach to the process of implementation using existing literature and amongst others, theoretical support from change management and organisational development theory and studies. The outcome of this research is anticipated to provide better understanding of the existence of barriers in implementation initiatives to allow organisations such as Air New Zealand to be more realistic when implementing strategies.

3. **Methodology**

The research will be conducted in the following phases:

<u>Phase 1: Literature Review</u>

Literature review is used to provide the researcher with the theorectical base to the research.

<u>Phase 2: Interviews</u>

a) Interviews will be conducted with senior level managers in the Network and Revenue Management Department to identify key implementation issues and areas of focus of their level.

b) Interviews will be conducted with middle level managers in the Network and Revenue Management Department to identify key implementation issues and areas of focus of their level.

c) Interviews will be conducted with staff in the Network and Revenue Management Department to identify key implementation issues and areas of focus at the lowest level.

d) Key personnel involved in various implementation projects will also be interviewed to identify key implementation issues that they are faced with.

<u>Phase 3: Secondary Data</u>

Documents such as press release, internal reports, staff bulletin, organisation-wide communication and email will be used as part of the study.

4. **Project Timing**

It is anticipated that the project will begin in July 2003, following confirmed acceptance of this proposal. Upon completion of the research, a final report will be presented to me by the end of December 2003. A presentation and discussion session will then be held with key staff during the last week of December 2003.

5. **Project Resources**

I agree to provide Yii access to any relevant information held by Air New Zealand to assist with the research.

6. **Other information**

I have also been advised of the following:

- Confidentiality is an important issue. Utmost care will be taken with any information provided and access to such information will be restricted to the student and her supervisor only.

- Completion of this research is the sole responsibility of the student and not that of the Auckland University of Technology.

- Any implementation of findings and recommendations from this study is the responsibility of Air New Zealand.

The conditions of the proposal for this research are acceptable to me and I approve the research.

Yours sincerely,

Original signed & submitted as part of ethics application

John Harrison
VP Network and Revenue Management
Air New Zealand

Appendix 7 – Detailed Breakdown of Participants

Number	Level	Fictitious Name
1	Snr Manager 1	Keith
2	Snr Manager 2	Brian
3	Snr Manager 3	Bob
4	Snr Manager 4	Jason
5	Snr Manager 5	Bill
6	Manager 1	Tom
7	Manager 2	Sally
8	Manager 3	George
9	Manager 4	Isaac
10	Manager 5	Neville
11	Manager 6	Wally
12	Manager 7	Jim
13	Manager 8	James
14	Staff 1	Hamish
15	Staff 2	Joseph
16	Staff 3	Sheryl
17	Staff 4	Mandy
18	Staff 5	Matt
19	Staff 6	Jackie
20	Staff 7	Gavin
21	Staff 8	Ben
22	Staff 9	Rhett
23	Staff 10	Larry
24	Staff 11	Les
25	Staff 12	Desmond
26	Key Personnel 1	Taine
27	Key Personnel 2	Jonathan
28	Key Personnel 3	Ryan

Appendix 8 – Sample Quotations from Participants on Common Barriers to Implementation

Barriers Identified	Senior Managers - 6	Managers - 9	Staff - 10	Key Personnel - 3	Themes
Strategy formulation		**Neville:** "planning in any organisation but especially in Air NZ, planning is a very complex process"	**Sheryl:** "they took a long time to plan what they wanted to do, and then at the end of it, only give the implementation team 3 weeks to implement!"		• Complex • Time consuming • Planning ability
Environmental uncertainty	**Bob:** "when the world changes before you implement it, the strategy might not be applicable"	**Tom:** "To be fair, the Ansett/Air New Zealand demise right at launch time probably didn't help"	**Sheryl:** "I think we are not really aware of what is happening in the market. We are not responding fast enough to the environment"	**Johnathan:** "likewise one of the barriers of implementing strategies is the time or speed of change going on in the industry"	• Too regulated • Slow to react • Speed of change
Organisational structure	**Brian:** "In many ways, the lower the level, the clearer the barriers."	**Neville:** "Undoubtedly. There is no ideal structure."	**Mandy:** "but it depends on how high up the manager is and to what they know is happening with staff below them" "Definitely sometimes,	**Ryan:** "The bigger the organisation, the easier these issues become genuine blockages to implementation of strategies"	• Too many levels • Silo mentality • Complex and time

			you can have too many chiefs and not enough Indians." **Sheryl:** "Yes, because you cannot just make a decision, you have to go through several layers of managers before you can do anything"		consuming
Organisational Culture	**Bob:** "When I first got here, the culture prevented us from being able to implement strategies. Now the culture is one that makes it almost too easy to implement things."	**Wally:** "It is not my job, therefore, I don't want to do it. Those sorts of emotional type things."	**Joseph:** "I think there's probably a certain degree of feeling of compliance in this company."	**Ryan:** "key barriers that we saw to implementation of our strategy was a lack of an effective team based culture in the organisation"	• Silo mentality • Compliance • Resistance to change • Disappointment with previous initiatives
Communication	**Bob:** "they did not talk to anybody"	**Sally:** "On communication, we have had too many problems with the projects that I have	**Mandy:** "generally there's still barriers in terms of communication, not everyone who should	**Tom:** "Predominantly biggest issues that we would have had to deal with is communication issues."	• Not enough information • Too much information • Duplication

		been involved in”	be aware is aware of what is going on”		• Inability to communicate
Resource allocation	**Keith:** “I don't think they would care if it did not materially change, especially the financial impact.”	**Tom:** “We lost a lot of our final budgets that we had to work on and models. So we had no money”	**Gavin:** “The system is not geared for a value based approach despite what they are saying”	**Taine:** “The web went down and crashed and couldn't handle the volume”	• Financial restrictions • System capabilities • Physical location