

**INFLUENCE OF STRATEGIC PLANNING PRACTICES ON THE  
PERFORMANCE OF LARGE PENSION SCHEMES IN KENYA**

**GODWIN SIMBA**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER  
OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY  
OF NAIROBI**

**DECEMBER, 2017**

## DECLARATION

This research project is my original work and has not been presented for academic purposes in the University of Nairobi or any other University.

Signature..... Date.....

**GODWIN SIMBA**

**REG NO: D61/69219/2011**

This research project has been submitted for examination with my approval as the University Supervisor.

Signature..... Date.....

**DR. MUSYOKA**

University of Nairobi

## **ACKNOWLEDGEMENTS**

My utmost glory to the almighty God for the far He has brought me through this project. My family for their understanding and support during the long hours of intense work. Third, to my supervisor Dr. Musyoka for his devoted guidance that facilitated my project. I also wish to acknowledge University of Nairobi management and my classmates who assisted me during time of the study.

## **DEDICATION**

I lovingly dedicate this study project to my family, as a show of immense gratitude for her relentless unconditional love and support over the years. Much affection also goes to my lovely children for being patient with me during this long journey.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iii</b>
<b>DEDICATION</b> .....	<b>iv</b>
<b>ABSTRACT</b> .....	<b>viii</b>
<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>ix</b>
<b>CHAPTER ONE: INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Concept of Strategy.....	2
1.1.2 Strategic Planning Practices.....	2
1.1.3 Organizational Performance .....	3
1.1.4 Pension Schemes in Kenya .....	4
1.1.5 Large Pension Schemes .....	6
1.2 Research Problem .....	6
1.3 Research Objectives .....	8
1.4 Value of the Study .....	8
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	<b>9</b>
2.1 Introduction.....	9
2.2 Theoretical Foundation .....	9
2.2.1 Dynamic Capability Theory.....	9
2.2.2 Open Systems Theory .....	10
2.3 Strategic planning Practices and organizational performance .....	11
2.4 Strategic Planning practices .....	12
2.4.1 Strategy Formulation .....	12
2.4.2 Strategy Implementation.....	13
2.4.3 Strategy Evaluation.....	14
2.4.4 Strategy Control .....	15
2.5 Challenges faced by pension schemes in Kenya.....	16
2.6 Summary of empirical Studies and Research Gaps .....	17

<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>20</b>
3.1 Introduction.....	20
3.2 Research Design.....	20
3.3 Research Instrument.....	20
3.4 Data collection procedure .....	21
3.5 Data Analysis .....	21
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION .....</b>	<b>23</b>
4.1 Introduction.....	23
4.2: Demographic Information.....	23
4.2.1: Response Rate.....	23
4.2.2 Scheme Design.....	23
4.2.3: Period the Scheme has been In Existence.....	24
4.2.4: Approximate membership of the scheme .....	24
4.2.5: Average age of the scheme .....	25
4.3 Influence of Strategic planning practices on performance of large Pension schemes in Kenya.....	25
4.3.1 Vision and Mission Documentation.....	25
4.3.2 Situational Analysis .....	27
4.3.3 Objectives .....	30
4.3.3 Strategic Choice .....	31
4.4 Performance of the Pension Scheme.....	33
4.5 Inferential Statistics .....	35
4.6 Challenges in Implementing Strategic Plan in Pension Schemes.....	37
4.7 Discussion.....	39
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>40</b>
5.1 Introduction.....	40
5.2 Summary .....	40
5.3 Conclusion .....	42
5.4 Recommendations.....	43
5.5 Further Research .....	43

<b>REFERENCES</b> .....	45
<b>APPENDIX I: LETTER OF INTRODUCTION</b> .....	50
<b>APPENDIX II: QUESTIONNAIRES</b> .....	51

## ABSTRACT

The essence of strategy is to attempt to relate the organization to the changes in the environment (Ansoff, 2010). For any organization, strategy helps in interrogating the long term plans and ensuring that there is harmony between the vision, mission, objectives, core values, activities and its environment. Despite the pension industry in Kenya being a key a driver of the economy, there has been lack of extensive research; innovation and commercialization as it ought to besides lagging behind in terms of current technology both in operational level and in communication to the membership. The study pursued the following objectives; To establish the influence strategic planning practices on the performance of pension large schemes in Kenya and to determine the challenges of strategic planning of large Pension Schemes in Kenya. The findings of this study would be useful to the management of Pension Schemes in Kenya as it will provide significant information on determinants of strategic plans. Therefore, the study would provide the basis for the management to formulate strategies to enable successful strategic plans. This study took on a descriptive survey research design. A descriptive survey attempts to describe or define a subject often by creating a profile of a group of problems, people or events through the collection of data and tabulation of the frequencies on research variables or their interaction as indicated by Cooper and Schindler (2012). The study used both primary and secondary data sources. Primary data was obtained from the selected respondents of the research project while secondary data already exists, data intended for other purposes other than the study itself (Mugenda and Mugenda, 2003). The study employed both descriptive and content analysis. The relationship between the dependent variable and the independent variables was determined by regression model. Variables data were analyzed using Statistical Package for Social Sciences (SPSS version 22). A multiple regression model was used to determine the effectiveness of strategy plan of Pension Schemes in Kenya. The study had a response rate of 73.3% which was considered adequate for statistical reporting. The study found that majority of the respondents was Schemes that had undertaken strategic planning with knowledge on impact of strategic planning practices on performance of large pension schemes. On Strategic Choice as a strategic planning exercise, the study found that the Scheme's had a clearly defined roadmap for growth and realizing their vision in the long term. The study recommends that the Trustees of large pension schemes need to have sound knowledge, processes and structures in place to meet the stringent legal and fiduciary requirements governing retirement benefits and in line with best practice. The study also recommends that saving for retirement should be made more attractive through good financial performance in pension schemes, good service delivery and advocacy from all sector players. Further the study recommends that the formal and informal sector has not been adequately sensitized, hence the need to develop a strategy to help in increasing coverage in this market segment. The Findings of the study showed that there are challenges of strategic planning implementation of strategic plan. This study therefore recommends that more research needs to be carried out in other services companies to show the various challenges faced and the various measures put to overcome challenges of Strategic Planning.



## **ABBREVIATIONS AND ACRONYMS**

<b>PS</b>	: Pension Schemes in Kenya
<b>RBV</b>	: Resource Based View
<b>PESTEL</b>	: Politics, Economic, Social, Technological, Ecological and Legal
<b>IT</b>	: Information Technology
<b>RBA</b>	: Retirement Benefits Authority
<b>NSSF</b>	: National Social Security Fund

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

The essence of strategy is to attempt to relate the organization to the changes in the environment (Ansoff, 2010). For any organization, strategy helps in interrogating the long term plans and ensuring that there is harmony between the vision, mission, objectives, core values, activities and its environment. According to Thompson and Strickland (2012), strategy formulation and implementation are core management functions. The developed strategy may be good but if its implementation is poor the intended strategic objectives may not be achieved. To ensure survival and success, firms do not only need to formulate strategies that seek to constantly maintain a match between the organization and its environment but also must ensure appropriate execution of strategy at all levels. Success therefore calls for proactive approach to business (Pearce and Robinson, 2008)

Anchored on the dynamic capabilities theory and open systems theory of the firm, organization must purposefully adapt an organization's resource base. Alexander (2010) claimed that the overwhelming majority of the literature has been on the formulation side of the strategy and little focus has been given to the strategy implementation. Consequently, companies are still facing major difficulties during the implementation process (Al-Ghamdi, 2008).

Pension funds have indicated an overwhelming improvement in many countries and this improvement is expected to continue. It is however important to understand that the performance of a pension scheme is greatly influenced by factors such as the design of the fund, the risk profile of the scheme, age of the beneficiaries, income contribution and the financial regulations. Similarly, there are other determinants that affect the pension plan performance these factors will normally include; the fund administration, risk management, governance, members participation, investment strategy and so on. There are equally different researches that have been done in order to address the different elements of the pension scheme. One of them is a research done by Meng and Pfau in the year 2010 to identify and study the objective role of pension scheme in capital markets i.e in the stock and bond market level. The various pension schemes in Kenya are inundated by a spectrum of problems ranging from management to operation. Empirical literature review suggests that there are research

gaps regarding the impact of effective strategic plans on the performance of pension schemes in Kenya. These gaps relate to governance, pension fund size, risk management and investment policies.

### **1.1.1 Concept of Strategy**

The concept of strategy is multidimensional and has been expressed in different ways by strategic management scholars. Mintzeberg et al (2008), view strategy as the pattern or plan that integrates organizations major goals, policies and actions into a cohesive whole. Mintzeberg et al points out that strategy involves 5 Ps as follows, strategy as a plan, strategy as a ploy, strategy as a pattern, strategy as a position, and strategy as a perspective. A well formulated strategy helps an organization to marshal and allocate its resources into a unique and viable posture based on its relative internal competences and shortcomings, anticipated changes in the environment and contingent moves by competitors.

Johnson and Scholes (2008) expresses strategy as the direction and scope of an organization over the long-term which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and fulfill stakeholders' expectations. Porter (2008) is of the view that strategy is the creation of a unique valuable position involving a different set of activities. According to Hofer and Schendel (1978), strategy is a position, a means of locating an organization in the environment. It is a mediating force that matches the organization to its environment. Strategy is the determination of the basic long-term goals and objectives of an enterprise and the adoption of the courses of action and the allocation of the resources necessary for carrying out of these goals.

### **1.1.2 Strategic Planning Practices**

Strategic planning and management process comprises of three phases which include diagnosis, formulation and implementation. According to Pearce and Robinson (2008), strategic management is the set of decisions and actions that results in the formulation of plans designed to achieve a company's objectives. It involves planning, directing, organizing, and controlling of a company's strategy-related decisions and actions. Strategy execution is aimed at shaping the performance of core business activities in a strategy-supportive manner. It is easily the most demanding

and time consuming part of the strategy management process. Strategy involves both the tangible and intangible variables as culture, power relationships, structure, attitudes, perceptions, motivation, commitment, managing human and physical resources etc.

Kroon (2005) asserts that the participation of each member of staff in the implementation is necessary. To make this possible, each subordinate, in conjunction with his manager, must determine what he must achieve within the overall plan. This is done by allowing the worker to decide on an end result to be achieved. He must continually monitor his progress towards attaining the objectives and make adjustments where necessary.

### **1.1.3 Organizational Performance**

Richard et al., (2009) defines performance as the process of quantifying the efficiency and effectiveness of past actions or the process of evaluating how well organizations are managed and the value they deliver for customers and stakeholders. According to Weidinger and Platts (2012), measuring performance involves a process of collecting, analyzing and reporting information regarding the performance of an individual, group, organization system or component. In recent years many organizations have attempted to manage organization performance using the balanced scorecard methodology. Measuring the performance of an organization as pointed out by Huber (2004) ensures that strategic activities are aligned to the strategic plan further improving the bottom line by reducing process cost and improving productivity and mission effectiveness.

Performance measures provide the information necessary for decision makers to plan, control and direct the activities on an organization. This comprises of financial and non-financial indicators or metrics that are used to evaluate the growth of the organization, and are consequence of the interplay between environmental factors and internal factors. They also allow managers to measure performance, to signal and educate suppliers on the importance dimensions of performance, and to direct improvement activities by identifying deviations from standards. Various frameworks have been developed to aid in these goals, including the balanced score card (Kaplan and Norton, 2008). According to Richard et al (2009) organizational performance

encourages three specific areas of firm's outcomes: financial performance, product market performance and shareholders return.

#### **1.1.4 Pension Schemes in Kenya**

The Retirement Benefits Act regulates the pension sector in Kenya. Some other laws include:-the Pensions Act - Cap 189, NSSF Act – cap 258 (now 2013), Local Authorities Provident Fund – cap 272, Income Tax Act – cap 470, Legal Notice setting up Lap Trust, Trustee Act – cap 167 , Common law duties of trustees and the Parliamentary Pensions Act – cap 196. Trust law is the basic law under which schemes are established.

The industry has been regulated since 1997. As a result, all pension funds are expected to protect the interests of members and employers are required to contribute towards such funds for the benefits of their employees. The industry is composed of the Civil Service Fund, the National Social Security Fund (NSSF), occupational Funds and the individual pension Funds. The coverage of the Pension Funds is currently estimated at less than 15% of the total labour force.

The National Social Security Fund was established as a provident fund to cater for all employees working in private enterprises. Noteworthy, it was founded under an Act of Parliament in the year 1965 (Njuguna, 2016). However, over the years, there have been Amendments to bill, most significantly, the 1997 NSSF Act that saw the NSSF brought under the ambit of the Retirement Benefits Authority (Njuguna, 2016). It covers all employees working in the formal sectors. However, only employers with at least five employees are required to register with NSSF. This does not include the civil servants since they are covered under the Public Service Workers Pension Schemes. Markedly, there is a separate pension scheme for armed forces. Also, there is the voluntarily membership plan that was established in 2006 that is open to all citizens including the ones in the informal sector.

The current retirement benefits system in Kenya can be classified into the following Fund types:

## Type of Funds

<i>Scheme Type</i>	National Social Security Fund	Public Service Pension Funds	Occupational Schemes	Individual Schemes
<i>Legal Structure</i>	Act of Parliament	of Act of Parliament	of Established under Trust	Established under Trust
<i>Membership</i>	Employees in formal sector establishments with 5+employees Excluding public service employees	All public service employees, including civil servants, teachers and Disciplined forces. Separate Fund for armed forces	Formal sector workers in companies that operate retirement Funds	Open to all on voluntary basis
<i>Funding</i>	Funded	Non Funded	Funded	Funded
<i>Regulation</i>	RBA	Act of Parliament	of RBA	RBA

*Source: RBA Website, April, 2016*

According to RBA industry report (2015), the total industry assets was Kshs.814.11 billion as at December 31st 2015, out of which fund managers and insurance issuers held majority of the assets at Kshs.693.74 billion. Kshs.53.9 billion was internally managed by the National Social Security Fund (NSSF) and an additional Kshs.66.47 billion of property investments that are directly managed by trustees. The distribution of membership in the Fund as a proportion of the total membership in retirement benefits Funds in the country indicated that NSSF has the highest proportion of membership at 67% with estimated membership of 800,000 followed by the civil service Pension Fund at 22%. The occupational retirement benefits funds and

individual retirement benefits funds, which are currently about 1210, account for about 11% of the total Fund membership in the country.

### **1.1.5 Large Pension Schemes**

The ACTSERV Pension Schemes Quarterly Investment Performance Survey clusters schemes in the pension industry into small, medium and large schemes. Large schemes are those whose fund assets are more than Kshs.1 Billion. They represent approximately 8% of registered pension schemes but hold more than 50% of fund assets according to RBA list of registered schemes. Due to its size and funds under management, there has been need for large schemes to adopt best governance practices and structures that are aimed at strengthening their administrative capacity. Increasingly, the practice of strategic planning has been adopted by pension fund trustees as a management tool.

According to Mitchell, Piggot and Kumru (2008) it is important to have an effective pension fund strategic plans since it results to higher returns, consequently, generating higher retirement income benefits to the retirees. In contrast, ineffective strategic plans lead to low return on investment, higher cost of operation, and in some cases loss of funds (Muriithi, 2017). Studies have consistently shown that loss of pension funds and low investment revenues reduce the latter's contribution to the gross domestic product of any country. Given the above background information, it is critical that research be conducted on the impact of effective strategic planning on the performance of pension schemes in Kenya.

### **1.2 Research Problem**

Strategic management depends on business vision, market analysis and entrepreneurial management which are successfully implemented to work through, organizing, motivating, and creating a strong fit between strategy and how the organization does things. According to David (2007), without understanding and commitment, strategy implementation efforts face major problems. Managers are prone to overlook implementation realities. David further indicated that only 10% of formulated strategies are successfully implemented.

In spite of the fact that large pension funds are developing strategic plans, they are hardly implemented successfully due to the fact it is still at a new concept and industry is well regulated with little competition. Despite the pension industry in Kenya being a key a driver of the economy, there has been lack of extensive research; innovation and commercialization as it ought to besides lagging behind in terms of current technology both in operational level and in communication to the membership. This study therefore sought to establish the effectiveness of strategic plans in large pension schemes in Kenya.

Empirical research has been done on effectiveness of strategic plan but with mixed findings. For instance, in terms of risks, Hitt, Ireland and Hoskisson (2017) established that portfolios of relatively smaller funds were riskier than larger funds although smaller funds have been known to outperform larger funds (Hitt, Ireland & Hoskisson, 2017). Different scholars relate investment strategic plans to the mix that an entrepreneur makes in the investment portfolio. Sievänen Rita and Scholtens (2013) identify two key investment styles; passive and active investment styles. Notably, passive investment is more unadventurous and conservative than active investment (Sievänen, Rita & Scholtens, 2013). Empirical literature has identified that the performance of pension schemes is greatly correlated with the strategy plans

Locally, Abok (2013) researched on effectiveness of effective strategic plans in non-governmental organizations in Kenya, Wachira (2014) researched on factors influencing strategic plan at the Kenya revenue authority, Mukhalasie (2014) researched on an analysis of the effectiveness of strategy implementation in Kenya commercial bank, Madegwa (2014) researched on effectiveness of strategy implementation in government Parastatals: case of national cereals and produce board in Kenya, Abdalla (2014) studied petroleum manufacturing firm, Wanjohi (2012) covered the insurance firms in Kenya, Mukira (2013) studied the water and sanitation firm, Busolo (2012) studied cooperative society firm while Musyoka (2012) studied secondary schools in Meru Central District. Other international studies by Oberon (2006), Kodeswari (2003), Luciano (2008), Atanda (2007) noted that good strategies have been written but very little has been achieved in their implementation. Although these studies give a good inside about strategy implementation, the studies do not explain what determinants influences strategy implementation on pension funds. This



study therefore seeks to provide answers to the research question; what is the influence of effective strategic planning on the performance of large pension schemes in Kenya?

### **1.3 Research Objectives**

The study pursued the following objectives;

- i. To establish the influence strategic planning practices on the performance of pension large schemes in Kenya
- ii. To determine the challenges of strategic planning of large Pension Schemes in Kenya.

### **1.4 Value of the Study**

The findings of this study would be useful to the management of Pension Schemes in Kenya as it will provide significant information on determinants of strategic plans. Therefore, the study would provide the basis for the management to formulate strategies to enable successful strategic plans. Indeed, this study would ultimately enable Pension Schemes in Kenya to effectively implement its strategies and leads to superior performance.

Policy makers in other organizations would equally benefit from the findings of this study. The results of the study would furnish them with knowledge on the determinants of strategic plans and therefore enhance the survival and success of firms. This knowledge if well harnessed would result in above average performance of a firm in an industry. Lastly, scholars would also find the results of this study useful. On one hand, the findings of the study would add to the existing body of knowledge in the field of strategic management. Further, the study would also act as a springing board for future research in strategy in other organizations and likewise in other related areas.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter basically focused reviewing the available literature on factors that influence strategic plans from various authors. The review deals into various theories and empirical findings that act as a foundation for this research study. The theories and findings from past studies reveal the core variables for the study.

### **2.2 Theoretical Foundation**

Various theories have been developed by various scholars in this study of factors that influences strategic plans. Among the theories that to be discussed in relation to this research topic are Dynamic Capability Theory on the dynamisms of the resources and its applications and Open System Theory which predict how the environment is going to change. This research will add value to any of the above theories.

#### **2.2.1 Dynamic Capability Theory**

Teece et al. (1997) define dynamic capabilities as ‘the ability to integrate, build, and reconfigure internal and external competencies to address rapidly-changing environments’. The concept of dynamic capabilities arose from a key shortcoming of the resource-based view of the firm. The RBV has been criticized for ignoring factors surrounding resources, instead assuming that they simply “exist”. Considerations such as how resources are developed, how they are integrated within the firm and how they are released have been under-explored in the literature. So, while the Resource Based View emphasizes resource choice or the selecting of appropriate resources, dynamic capabilities emphasize an organization’s ability to achieve new and innovative forms of competitive advantage.

Dynamic Capabilities Theory attempts to bridge these gaps by adopting a process approach: by describing the way things are done in the firm through coordination, learning, reconfiguration and transformation. Position approach: by representing the organizations current portfolio of assets such as its plant and equipment and difficult to trade knowledge assets position lies on two dimensions, internal and external. Internal positions relates to the firms’ internal assets such as its technological assets, complementary assets, financial assets, reputational assets, institutional assets and structural assets, while external assets relate to the firms’ institutional and external environment (Bowman, 2009) . Path approach: refer to the strategic alternatives

available to the firm, its history and path dependencies. Path dependencies explain that where a firm's future lies is a function of its current position and its history. The technological opportunities that a firm has depend on how fast the industry is evolving and how fast scientific breakthroughs are being made. It can be said that together these three variables compose the core model of dynamic capability theory and determine the ability to react to market Dynamic resources by helping a firm adjust its resource mix and thereby maintain the sustainability of the firm's competitive advantage, which otherwise might be quickly eroded.

According to Wade and Hulland (2013), strategic plans may take on many of the attributes of dynamic capabilities, and thus may be particularly useful to firms operating in rapidly changing environments. Thus, even if strategic plans do not directly lead the organization to a position of superior sustained competitive advantage, they may nonetheless be critical to the firm's longer-term competitiveness in unstable environments if they help it to develop, add, integrate, and release other key resources over time.

### **2.2.2 Open Systems Theory**

Scott (2002) defines open systems theory as simply the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of political, economic, social, technological, ecological and legal nature (PESTEL). It is the strategic phase in which staying close to the customer, achieving competitive advantage, and pursuing excellence become realities (Pearce and Robinson, 2008). The theory has come to be known as the modern theory of organization and is based on the concept that the organization is an adaptive system which has to adjust to changes in the environment. It is the strategic phase in which staying close to the customer, achieving competitive advantage, and pursuing excellence become realities (Pearce and Robinson, 2008).

To ensure viability an open system must have an open and active adaptive relationship with its external environment. A healthy viable open system has a direct correlation with respect to changing values and expectations overtime with its external environment. The corollary therefore is that if the values or expectations of a certain organization or entity are out of sync with those that exist in the external environment then that particular organization or entity will eventually become

unhealthy and unviable (Meyer and Rowan, 2008). The theory attempts to bridge these gaps by adopting a people approach. People are open systems and through their actions they influence and change their external environment and at the same time are constantly being influenced by changes in the external environment. The aggregated effect of this influential change between people, their organization or unity and the external environment is known as social- ecological change. In today's globalised and networked world social ecological change is relentless and increasing exponentially. The prime driver of this change is the increasing rate of change in people's values and expectations in the external environment. People are constantly changing their minds about decisions they will make, including what products and services they will buy and how they will buy them. The rate of social- ecological change is being accelerated by globalization, deregulation and technological change. All these factors are combining for produce fierce competition for organizations and as well as causing unprecedented turbulence and uncertainty. Active adaptive organizations and know they cannot operate as closed systems and ignore what's happening in the world around them. Open systems quickly identify embryonic changes and opportunities at the external environment, actively influence the environment for sustainable future and are designed to adapt and respond at lightning speed to make most of their opportunities (Sirajul and Naveed, 2014).

### **2.3 Strategic planning Practices and organizational performance**

According to Noble (1984), planned strategy and emergent strategy evolve hand –in-hand and affect each other in the process of strategy implementation, where strategy interpreted, adopted and enacted. Strategy requires management of strategic change, which in turn requires action on the part of managers in terms of the way they manage the change process and the mechanisms they use for it. These include the need to reduce complexity, poor structural alignment, lack of strategic thinking and implementation skills in middle level management, and a performance system geared only towards annual objectives and not strategic objectives (Freedman, 2003).

Roney (2013) states that top managers, and even planning executives, seem to make a wide-spread assumption that, if a brilliant strategy has been formulated, it then will be implemented simply by virtue of its intellectual merit. Moreover, the conventional wisdom seems to be that forming strategy requires more talent, if not intelligence,

than implementation; implementation accordingly is a matter to be delegated down the chain of command to managers and supervisors who probably were not involved in forming strategy in the first place. He further contends that calls for methods and skills much different from those required to form good strategies.

According to MacLennan (2010), strategy execution is not only difficult, it is poorly understood, intertwined with many organizational processes, takes a longtime, involve lots of stakeholders, and often must reflect the decision made by others. He further argues that being effective at strategy execution also might require an unusual set of skills and personality traits. It requires managers to be able to connect concepts and concrete action-to see both the picture and detail.

## **2.4 Strategic Planning practices**

### **2.4.1 Strategy Formulation**

Strategy formation is the design of organizations through which the enterprises are administered, including lines of authority and data flow through the lines. Organizational structures are devised to administer enlarged activities and resources. Organizational structure is the firm's formal configuration. It specifies roles, procedures, governance mechanism and decision making processes. Organizational structure is influenced by the organizations age and size and it acts as a framework, which reflects what a firm does and how tasks are completed, given the chosen strategy. Organization structure must be congruent with the strategy that is there must be a 'fit' between them (Barlett and Ghoshal, 2005).

According to Kroon (2005), the choice of an organization structure is determined by the business strategy. Structure follows strategy and the two must be coordinated to ensure the best results. The organization structure that will result in most effective strategy implementation must be developed, taking into consideration the size of the business, diversification of the product range, rate of change in the environment and the need for information. Kroon further contends that organizing goals are derived from the strategy and goals of the business. The extent of activities and content of hierarchy of goals determine the manner in which the business is structured.

Kroon (2005) suggested that the organization structure that is developed must be practical and acceptable, and must follow the business strategy in order to make it possible to achieve the goals. The business organization structure consists of formal

and an informal part. The formal organization structure is established by careful planning and indicates the jobs of the employees in the business. However, the informal organization refers to the formation of informal groups by the employees of a business. These groups develop spontaneously as a result of interaction and between employees. Kroon added that the informal group exists because of a man's social needs. The informal organization can have a positive or a negative effect on the business activities.

According to David (2001), changes in strategy often require changes in the way organization is structured for two major reasons. First, structure largely dictates how objectives and policies will be established. For example, the format for objectives and policies established under a geographic organizational structure is couched in geographic terms. Objectives and policies are stated largely in terms of products in an organization whose structure is used on products groups. The structural format for developing objectives and policies can significantly impact all other strategy implementation activities.

Baker (2007) asserted that organizational structure can help or hinder, support or block strategic change. A good fit-for- purpose structure will enable changes, continuous or discontinuous, small or large, to be made effectively and efficiently.

#### **2.4.2 Strategy Implementation**

According to Hoecklin (2005), culture dictates what groups of people pay attention to. It guides how the world is perceived, how the self is experienced and how life itself is organized. Kroon (2005) indicated that management philosophy determines the business culture. Each business has its own culture, just as each individual has his or her own personality. Business culture is the shared values, expectations and norms that are established in a business over time. It determines how things are done in the business, for example how problems are approached and priorities determined in the execution of the work. Success of a strategy demands a compatible business culture. Burnes (2003) suggested that the strategic management of change is 'essentially a culture and cognitive phenomenon' rather than an analytical, rational exercise. Clarke (2013) stated that the essence of sustainable change is to understand the culture of the

organization that is to be changed. If proposed changes contradict cultural biases and traditions, it is inevitable that they will be difficult to embed in the organization.

Sharma (2007) indicated that the culture of an organization may reflect in various forms and norms adopted by the organization such as the physical infrastructure, routine behaviour, language, ceremonies, gender equality, and equity payment. Creation of an appropriate work culture is a time consuming process. Culture snicates to people through symbols, values, physical settings, language and thereby supplements the rational management tool such as technology and structure. In his study, Okumus (2003) viewed organizational culture as the shared understanding of employees about how they do things within an organization. Okumus identified key issues in organizational culture as company's culture and subcultures and their possible impact on the implementation process, impact of organizational culture on, coordination and cooperation between different management and functional levels, implications of the new strategy on the company's culture and subcultures, and efforts and activities to change the company's overall culture and subcultures and potential challenges.

#### **2.4.3 Strategy Evaluation**

Duck (2003) indicated that there is a general consensus that leadership is at the core of strategy implementation, while the strategic plan may have good ideas and guidelines, the challenge is in translating the ideas and following the guidelines that lead to concerted well guided effort to lead the change. According to Kroon (2005), leadership is the human factor that leads an institution towards realizing goals through voluntary co-operation of all the people in the business. A business often succeeds or fails because of the presence or absence of good leadership.

Kroon (2005) pointed out that leadership consists of the interaction between personalities and circumstances, as interpreted by the group. A particular relationship develops between a leader and his followers. The relationship implies that subordinate willingly strive to achieve the leaders aims and that leaders influence their subordinates. The leader also determines how subordinate should carry out assignments. In such a case subordinate are urged to a level of activity that they themselves never thought possible.

The manager's responsibility lies in the use of power in such a way that subordinates are influenced to work harder and strive to achieve mutual objectives. Leadership depends on an ability to acquire and use power from both positional and personal sources. The importance of leadership to the strategic management process is underscored by the fact the process entails formulation and institutionalizing of the new approach (Elsenbach, Pillai and Watson, 2009). According to Goleman (2000), there are six styles of leadership which include coercive, authoritative, afflictive, democratic, pace setting, and coaching.

However, Goleman emphasizes that an effective leader is skilled at several of the basic style and has flexibility to switch between the styles as circumstances dictates. Leadership is the entire process of translating strategy into results and is essential in engaging the hearts and minds of the people. Goleman (2000) further contends that visionary leadership creates efficiency by moving decision making responsibility to the frontline. Saka (2003) point out that the success of implementing strategy is generally associated with those who facilitate the change process.

Okumus (2003) viewed leadership as the actual support and involvement of the Chief Executive Officer (CEO) in the strategic initiative. Leadership is crucial in using process factors and also in manipulating the internal context to create a context receptive to change. Okumus identified the following key issues in leadership actual involvement of the CEO in the strategy development and implementation process, level of support and backing from the CEO to the new strategy until it is completed, and open and covert messages coming from the CEO about the project and its importance.

#### **2.4.4 Strategy Control**

In the service strategy implementation process, resources are allocated and an organization is designed and built to make it possible to carry out the strategic plan (Kumar et al, 2006). Alexander (2001) points out that "strategy implementation addresses the issue of how to put a formulated strategy into effect – with defined time constraint, within budget, and human resources, and its capabilities". In the service strategy execution process, the organization utilizes the resources to deliver the services, and to carry out the strategic plan on a continuous basis throughout the



predetermined life cycle. “Without an executable plan – and the resources needed to implement that plan – even the most innovative strategy is merely words on paper” (Wery and Waco, 2013).

Okumus (2003) viewed resource allocation as the process of ensuring that all necessary time, financial resources, skills and knowledge are made available. It is closely linked with operational planning and has a great deal of impact on snicating and on providing training and incentives. Key issues to be considered are procedures of securing and allocating financial resources for the new strategy, information and knowledge requirements for the process of implementing a new strategy, time available to complete the implementation process, and political and cultural issues within the company and their impact on resource allocation.

Sterling (2003) stated that chronic lack of resources – capital or otherwise hinders strategy. Budgeting should be a fundamental part of any action planning, especially where capital-intensive strategies are concerned. Therefore, it makes sense to incorporate financial considerations within a draft strategic plan. Increased awareness should enable CEOs to allocate sufficient capital to a strategy but without draining finances to the degree that investors’ returns are jeopardized. Equally important is the expending of other key resources, such as people or time. Service companies in particular can suffer when these resources are insufficiently allocated.

## **2.5 Challenges faced by pension schemes in Kenya**

Over the past years, Pension funds in Kenya have faced many challenges. Among these challenges are: increased level of awareness and expectations by members, stringent regulations by the regulator which are focused on governance, operational and systemic risks, technological advancements, globalization of pension systems and lack of administrative capacity. To help solve some of these problems, Pension Schemes in Kenya are focusing on strategic planning and management. Successful strategy involves operationalization and institutionalization of strategy. Thompson and Strickland (2012) argue that indeed, good strategy and good implementation are the most trustworthy proof of good management.

## 2.6 Summary of empirical Studies and Research Gaps

This section contains a review on the strategy; the formulation, the implementation and the control. It also gives the summary of the empirical.

Responsibilities and duties need to be clearly explained to reduce uncertainty, speculation and unfounded fears. The goal is to minimize the gap between required and delivered services, and to assure continuous excellent production assurance. In the previous studies, much is still to be done in the field of strategies.

A considerable number of researchers linked the problems of strategic plan. A common concern is the creation of shared understanding of strategy among the organizational members. However, a great amount of information does not guarantee understanding, which is the concern of many researchers. Surprisingly, many organizational members typically recognize strategic issues as being important and also understand their content in generic terms. Problems in understanding may arise, when the strategic issues have to be applied in everyday decision making.

**Table 2.1: Summary of Knowledge gaps**

Researcher	Focus area of study	Methodology	Key Findings	Knowledge Gap(s)	Contribution of current study
Nyamwanza (2013)	Strategy Formulation and Implementation Link	Cross sectional survey of 8 SMEs in 4 Zimbabwe cities with less than 100 employees.	Lack of linkage between strategy formulation and implementation, each activity is treated as an end in itself rather than as a part of a process	Context different being SMEs in Zimbabwe. Other Variables not considered	This study will examine effect of strategy implementation on performance

			and this affects performance of SMEs in Zimbabwe.		
Njoroge <i>et al.</i> , (2015)	Strategy implementation, Performance contracting, External environment and performance of 108 Kenyan state corporations	Cross sectional research design. The study used primary data	Strategy implementation influences performance contracting, external environment influences	The context was the 108 State corporations. Empirical evidence on effect of strategy implementation on performance within energy sector	The context of this study will be the energy sector with focus on electricity subsector. The study introduces the Capital structure as a variable.
Andrews <i>et al.</i> , (2011)	Strategy Implementation, and Public Service Performance	Cross survey consisting of 198 services and 830 informants' of Welsh Local Authority, UK on strategy implementati	Strategic orientation and strategy implementation affects level of performance	Context and Variable of this study different being strategy orientation and strategy implementa	This study focuses on Energy sector and variables include capital structure and external environment

		on, and Performance		tion	
--	--	------------------------	--	------	--

**Source: Author (2017)**

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter covers the research design adopted for the study, tools for data collection, and procedures for data analysis. It discusses the methodology to be used to investigate the influence of strategic planning practices on the performance large Pension Schemes in Kenya.

### **3.2 Research Design**

This study took on a descriptive survey research design. A descriptive survey attempts to describe or define a subject often by creating a profile of a group of problems, people or events through the collection of data and tabulation of the frequencies on research variables or their interaction as indicated by Cooper and Schindler (2012). Descriptive research design is more rigid than an exploratory research design and seeks to describe uses of a product, determine the portion of the population that uses a product or predict future demand for a product. Orodho (2004) notes that the choice of the descriptive survey research design was made based on the fact that in the study the research was interested on the state of affairs already existing and no variable would be manipulated. This is appropriate since it gives detailed investigative of a single unit thereby emphasizing on depth rather than breadth analysis concerning strategic plan of Pension Schemes in Kenya.

### **3.3 Research Instrument**

The study used both primary and secondary data sources. Primary data was obtained from the selected respondents of the research project while secondary data already exists, data intended for other purposes other than the study itself (Mugenda and Mugenda, 2003). Primary data was collected through questionnaire while secondary data will be collected from the financial firms' annual financial reports. Secondary data was also got from company reports and records, Retirement Benefits Authority, Company Registrars. Apart from being used in the main research, secondary data or historical data was also used to get more information and a better understanding of the research problem. This also provided a sound theoretical background for the findings. The study was qualitative and quantitative in nature. Qualitative data was obtained through open-ended questions, which provided the researcher with necessary background and in-depth information about influence of strategic planning practices

on the performance large Pension Schemes in Kenya. Quantitative data was obtained through close-ended questions (Cooper & Schindler, 2014).

### **3.4 Data collection procedure**

The researcher sought the permission/authorization letter from the Schemes to collect data after having taken the introductory letter from the University. To enhance the response rate, the study put into consideration the research ethical issues. The researcher explained to the respondent the importance of the study. The researcher assured the respondents of the confidentiality and anonymity of their identities.

The researcher sought for consent form from the respondents and also debriefed them on the questions. The researcher administered questionnaires through drop and pick-later method and requested the respondents to complete the questionnaires and return in time owing that it was for academic purpose. Primary data was collected from key informants such as the commission secretaries, human resource and administration directors, communication and public affairs directors, Planning directors and executive managers.

Secondary data was obtained from News Bulletins, Strategic Plans and Human Resource Manuals. The information obtained from the secondary sources supplemented the information gathered from the questionnaires to provide a comprehensive report on the strategy implementation practices and the influence of strategic plan of large pension schemes in Kenya. The respondents were selected because they were involved directly in strategic plan processes of Pension Schemes in Kenya.

### **3.5 Data Analysis**

The study employed both descriptive and content analysis. Descriptive analysis described the relationships that exist between the independent and dependent variables quantitatively while content analysis gives a systematic qualitative description of the composition of the objects or materials of the study (Mugenda & Mugenda, 2003).

The relationship between the dependent variable and the independent variables was determined by regression model. Variables data were analyzed using Statistical

Package for Social Sciences (SPSS version 22). A multiple regression model was used to determine the effectiveness of strategy plan of Pension Schemes in Kenya. The objectives were met by computing the regression analysis of the variables. The regression model was

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Whereby  $Y$  = Performance of large pension schemes

$X_1$  = Vision and Mission

$X_2$  = Situational analysis

$X_3$  = Objectives

$X_4$  = Strategic Choice and  $\beta_0$ ,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  and  $\beta_4$  are the regression equation coefficients for each of the variables discussed.

$\epsilon$  = error term

## CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

### 4.1 Introduction

This chapter consists of data analysis and findings which was done on influence of strategic planning practices on the performance of large pension schemes in Kenya. The data was collected as per the objectives. The chapter presents data on the demographics, their impacts, the challenges and the performance of strategic planning practices on the performance of pension large schemes in Kenya.

### 4.2: Demographic Information

The study sought to establish the general information of from the respondents. This included the response rate, scheme design, time the scheme had been in existence, membership of the scheme and the average age of the scheme. The results from the analysis are illustrated in the following subsections.

#### 4.2.1: Response Rate

The research was conducted on sample size of 45 respondents, who are large pension schemes out of which 33 respondents completed and returned the questionnaires duly filled in, making a response rate of 73.3%. According to Mugenda and Mugenda (1999) a response rate of 50% and above is adequate for statistical reporting.

**Table 4.1 Response rate**

<b>Sample</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Response	33	73.33
Non – Response	12	26.67
<b>Total</b>	<b>45</b>	<b>100.00</b>

**Source: Author (2017)**

#### 4.2.2 Scheme Design

The study requested the respondents to indicate the design of the pension schemes. The findings show that the respondents anonymously indicated that their scheme was defined contribution (DC). This implied that the scheme was aimed at offering a



flexible mechanism for saving for retirement, enabling the members to share in the risk and investment returns.

#### **4.2.3: Period the Scheme has been In Existence**

The study sought to establish from the respondents the period the schemes had been in existence. The results from the analysis are illustrated in the table below as shown.

**Table 4.2: Period the scheme has been in existence**

	<b>Frequency</b>	<b>Percentage</b>
Less than 10 years	9	27.27
10-20 years	21	63.64
Over 20 years	3	9.09

**Source: Author (2017)**

From the analysis of findings, majority of the respondents (21, 63.64%) indicated that the scheme had been operational for a period of 10 to 20 years. Closely after (9, 27.27%) were respondents who indicated that the scheme had been in existence for a period of less than 10 years while the least response (3, 9.09%) was of respondents who indicated that the scheme had been in existence for over 20 years.

#### **4.2.4: Approximate membership of the scheme**

The study sought to establish the approximate membership of the scheme. The results from the analysis of findings are illustrated in the table below as shown.

**Table 4.3: Approximate membership of the scheme**

	<b>Frequency</b>	<b>Percentage</b>
Less than 500	1	3.03
500-1,000	4	12.12
Over 1,000	28	84.85

**Source: Author (2017)**

From the analysis of findings, majority of the respondents (28, 84.85%) indicated that they had an approximate membership of over 1000. Closely after were respondents (4, 12.12%) who indicated that they had an approximate membership fee of 500-1000. Only a mere a 3.03% of the respondents indicated that they had an approximate membership fee of less than 500.

#### **4.2.5: Average age of the scheme**

The study sought to establish the average age of the scheme. The results from the analysis of findings are illustrated in the table below as shown.

	<b>Frequency</b>	<b>Percentage</b>
20- 30 years	4	12.12
30- 40 years	5	15.15
40- 50 years	17	51.52
50- 60 years	7	21.21

**Source: Author (2017)**

From the analysis of findings, majority of the respondents (17, 51.52%) indicated that the average age of the scheme was 40 to 50 years. Closely after were respondents (7, 21.21%) who indicated that they the average age of the scheme was 50 to 60 years. 15.15% of the respondents indicated that the average age of the scheme was 20 to 40 years. The least response (4, 12.12%) was of respondents who indicated that they had 20 to 30 years.

### **4.3 Influence of Strategic planning practices on performance of large Pension schemes in Kenya**

#### **4.3.1 Vision and Mission Documentation**

The study sought to establish whether the scheme had Vision and Mission statements as a strategic planning practice. They unanimously indicated that the pension schemes had vision and mission statements. Further the study inquired on the extent to which the respondents agreed that the scheme has well documented Vision and Mission Statements which all subscribers can identify with. The results are tabulated in the table below; Table 4.2 below;

**Table 4.2: Vision and Mission Documentation**

	<b>Mean</b>	<b>Std. Dev.</b>
Vision	4.2105	. 85498
Mission	4.1541	. 78731

**Source: Author (2017)**

Findings from the study revealed that majority of the respondents agreed that the pension schemes have well documented Vision and Mission Statements and was shown by high means of 4.2105 and 4.1541 respectively as shown in table in Table 4.2. This result implies that strategic management experts had been hired to develop outstanding vision and mission statements; the respondents indicated that Consultants, Members, Trustees and Secretariat staff took part in the development of vision and mission statements. In addition the respondents were asked to indicate how often the mission and vision statements reviewed. This refers to the compulsory period the vision and mission statements are revised. The results are shown in table 4.3 below;

**Table 4.3: Reviewing Vision and mission statements**

<b>Period</b>	<b>Frequency (N)</b>	<b>Percent (%)</b>
After every 5 Years	11	33
Annually	14	42
Semiannually	5	15
Quarterly	3	10
<b>Total</b>	<b>33</b>	<b>100</b>

**Source: Author (2017)**

From the findings in table 4.3 above, most (42%) of the respondents indicated that the vision and mission statements had a compulsory review period of one year. Further 33% indicated that reviewing is done after every five years, 15% indicated after every six months while 10% of the respondents indicated that the reviewing of the vision and mission statements was done quarterly. This implies that Pension Schemes had specific period of time to review the vision and mission statements depending on the pension fund package. The study also required to establish the extent to which different factors cause the alteration of the Scheme's mission and vision. The results are tabulated below.

**Table 4.4 Factors alteration of the Scheme’s mission and vision**

<b>Factors</b>	<b>Mean</b>	<b>Std</b>
Political changes	3.0815	.84687
Economical changes	3.0889	.83279
Physical environmental changes	3.2222	.92774
Social Cultural factors	3.1407	.84785
Competitors actions	3.3955	.78538
Management policies	3.3556	.65528

**Source: Author (2017)**

From the findings in table 4.4 above, the respondents indicated that each of the factors moderately influenced the alteration of the vision and mission statements such as Political changes (Mean=3.0815), Economical changes (Mean=3.0889), Physical environmental changes (Mean=3.2222), Social Cultural factors (Mean=3.1407), Competitors actions (Mean=3.3955), Management policies (Mean=3.3556). This implies that the pension plan was very sensitive changes and actions of the surrounding.

The results found that in Pension Schemes, the consultants came together with questionnaire based on PESTEL (political, economic, social, technological, ecological and legal). This took place in all the respective regions with the support of the managers. Every function was expected to draft the factors which affected their performance including positive and negative performance. The respondents indicated that there was thorough studying and marking trends and services that were offered by their competitors.

#### **4.3.2 Situational Analysis**

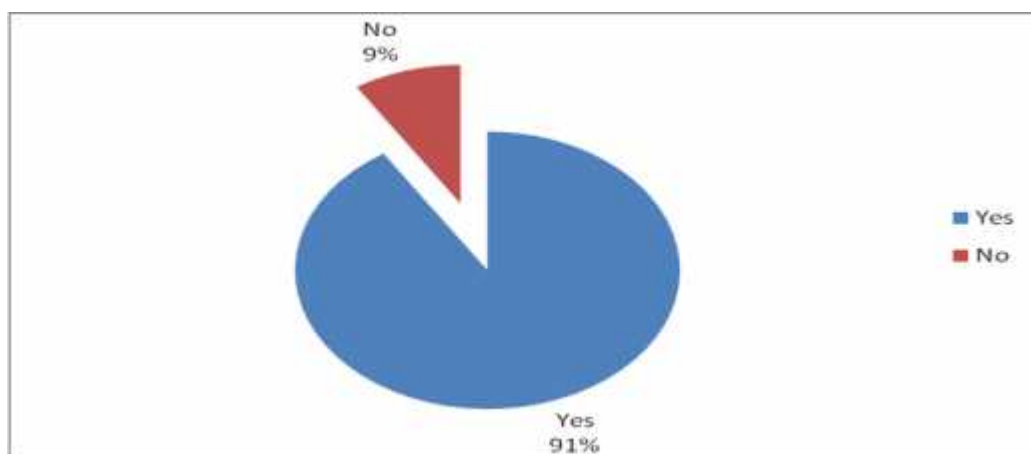
Table 4.2 shows whether the schemes sought to find out whether the schemes employed the situational analysis to gather information from the external environment.

**Table 4.4: Situational Analysis**

	<b>Frequency (N)</b>	<b>Percent (%)</b>
Yes	30	91
No	3	9
<b>Total</b>	<b>33</b>	<b>100</b>

**Source: Author (2017)**

Situational analysis was employed to establish whether the Schemes gather information from its external environment. The results are resented in the figure 4.3 below;



**Figure 4.3: Schemes information gathering**

The findings reveal that 91% of the respondents indicated that the scheme collect data from its external environment while only 9% indicated that the scheme don't collect information. The study assumed that the nine percent who were not involved in collection of information were not aware of such exercises. In addition the study requested the respondents to indicate the individuals involved in the collection of information exercise. The results are shown below;

**Table 4.5: Information Collection Personnel**

	<b>Frequency (N)</b>	<b>Percent (%)</b>
Secretariat staff	8	24
Consultants	20	60
Trustees	2	16
<b>Total</b>	<b>33</b>	<b>100</b>

**Source: Author (2017)**

The results shows that majority (60%) of the individuals concerned with information collection from external environment were the consultants. Further 24% indicated that Secretariat staff was involved in the information collection while 16% of the respondents indicated that Trustees were involved in the data collection. The result implies that the schemes outsourced the service of information collection experts whose area of expertise was data collection and analysis. In addition they were giving professional advice to the schemes and management.

The study further requested the respondents to indicate the schemes they consider major competitors. The respondents indicated that Pension Schemes of similar fund sizes being a hybrid of Defined Contribution (DC) and Defined Benefit (DB) were the major competitors to their scheme. In addition the study requested the respondents to indicate their strengths and capabilities. Most pension schemes indicated that they benefits from competent and certified Trustees and the size of their funds allows for significant diversified investment. The registered professional advisors such as the fund managers, administrators and custodians have helped in efficient and effective service delivery to the members. The sponsors of the schemes have played a key role as well in ensuring that regular contributions are made into the Schemes.

The study further required to establish what respondents considered to be their weaknesses of their scheme. The respondents indicated frequent changes in the legislation appertaining to retirement benefits provision. At the annual National Budget, there have always been changes on the retirement benefit provision and the scheme has to adjust their operations in tandem with these changes. This implies that there has been an enormous work for the Trustees and the service providers. The respondents also indicated slowness in embracing the technological innovations as a

weakness of their scheme as it fails to move together with the major competitors. Lack of sound governance and policy framework was indicated as a major weakness as well and apathy among members due to low awareness of pension savings.

The study inquired on whether the scheme carries out internal analysis. The respondents unanimously agreed that their schemes carries out internal analysis of the factors from within which affects the growth and performance of the scheme. The respondents further as required by the study indicated various internal forces which affect the performance of the scheme such as employee turnover, human resource management, employee participation, employee satisfaction, the rewarding system as well as the type of leadership style.

#### **4.3.3 Objectives**

On the development of scheme objectives as a strategic planning practice, the study sought to establish whether there was a set of objectives for the Scheme. The respondents unanimously indicated that there were objectives set for the scheme. This implies that the scheme had specific goals set to be met in the strategic plan period. The study also required the respondents to indicate whether the stakeholders in the Scheme were aware of the objectives and they all indicated that they were aware of the objectives. This means that the scheme had effectively communicated their specific plans to all the stakeholders. The study further requested the respondents to indicate how often the objectives are revised. The respondents indicated and explained that the objectives were revised at different times depending the scheme's needs where some are reviewed every Month, half year, every quarter and at the end of every year.

In addition the study asked the respondents to indicate who participates in setting the objectives. The respondents indicated that Trustees, managers at all levels, secretariat, and consultants are involved in setting the objectives of the scheme. The study also found that most of the objectives had significant changes within three year period due to compliance reviews and changes in the Trustees Boards. The other reason that brought about the change was the need to maximize the return on investments and promote good governance practice. In addition, the consultant's service level agreements are reviewed to establish their performance to the Schemes during the

period. The table below shows whether the objectives of the schemes were attained.

**Table 4.5: Attainment of Objectives**

	<b>Frequency (N)</b>	<b>Percent (%)</b>
Yes	25	77
No	8	23
<b>Total</b>	<b>33</b>	<b>100</b>

**Source: Author (2017)**

The results are shown in the table above. The study further requested the respondents to indicate whether the company had been successful in attaining its objectives.

From the findings, majority of the respondents (77%) indicated that the Schemes had been successful in attaining its objectives while 23% indicated otherwise. This implies that a considerable rate of realization of specific scheme goals was eminent at the company. The 23% who indicated the realization of objectives as negative, the study assumes that they were just concentrating on one or two objectives but not the larger portion which had been achieved at the time of the study.

The findings revealed that the process of setting objectives in the Schemes was realized through formulation of strategic plans. The respondents indicated that the Schemes had successfully implemented strategic plans previously that brought positive change to the management of the pension schemes. They cited an example of a strategic plan which commenced in 2014 and was set to be completed by the end of 2019. The main objective of the strategic plan is to provide high-quality services to the members to cater for their retirement needs.

### **4.3.3 Strategic Choice**

Strategic Choice as a strategic planning exercise, the study required the respondents to indicate whether the Scheme had a strategic plan. The results indicated that the respondents collectively agreed that their Scheme had a strategic plan. This implies that there was a clearly defined roadmap for growth and realizing their vision in the long term. The study required to establish when the plan started implementation. Most respondents had their plan working 2 years back and it was a 0-5 year plan therefore



they were half way implementing the plan.

Moreover the study requested the respondents to indicate the personnel who participated in the development of your strategic plan. The respondents indicated that trustees, secretariat staff and external consultants. In addition the respondents indicated that existence for planning team/department, Clear cut responsibilities for planning, time tables for preparation of plans and informal planning meetings were the common features that characterized their planning process.

Further the respondents observed that there were essential elements that were critical in the process of strategy implementation. They indicated that the process of strategy implementation involved creating strategy policies, involvement of the Trustees, integrating strategic planning practices into the Scheme's vision and mission and provision of resources as well as facilities to the consultants and employees to ensure that the environment was conducive for implementing strategic change management practices.

The respondents pointed out that to successfully implement strategic planning practices the Scheme ought to adopt a flexible and accommodative structure that is well aligned to the changing needs of the customers. Structures and systems were noted as essential components that enhance efficient and effective implementation of strategic planning practices. The respondents further noted that the Scheme department or functions had a balanced score card which was deemed to be an essential tool to evaluate and measure performance of the Scheme as well as its annual operating plan.

Further, the respondents indicated that strategic planning provided an overall strategic direction to the management of the Scheme and gives a specific direction to areas like financial strategy, organizational development strategy and human resources strategy to achieve success. These other kinds of planning, some of which are confused with strategic planning are intended for parts of the organization, or specific functions or processes within the organization. All of these other types of planning should be guided and informed by the strategic plan. The importance of strategic planning comes not from the degree of control or supervision, and the level

of detailed instruction it includes, but for the scale, time horizon, and importance of the decisions it embodies.

It was also indicated that strategic planning practices is important as it leads to member focus, quality management and technology strategies, research and development, operation strategy, human resources and financial strategies. Performance of the Scheme must be supported by strategic decisions. Strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization or other identity in what it does and why it does it. It allows organization to anticipate and deal with dynamic and rapidly changing environment and accounts for allocation of resources.

Strategy is a fundamental framework through which an organization can simultaneously assert its vital continuity and facilitate its adaptation to the changing environment. It is one of the top management tools for coping with both external and internal changes. It is the match between organizations resources, skills, environmental opportunities and risks, and the purposes it wishes to accomplish. A good strategy is one that has simple, consistent and long-term objectives. This involves the single mindedness of goals, unity of purpose and long term focus.

#### **4.4 Performance of the Pension Scheme**

The respondents were asked to indicate the extent to which they agreed with the performance indicators of pension Schemes after the implementation of the plan. The responses were placed on a five likert scale ranging from 1 (to no extent) to 5 (to a very great extent). Standard deviation was used to indicate the variation or "dispersion" from the "average" (mean). A low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over a large range of values. The study findings are tabulated below;

**Table 4.6: Performance Indicators**

<b>Performance Indicators</b>	<b>Mean</b>	<b>Std. Dev</b>
Increased Investment returns	4.2370	.9794
Improved Member participation and	4.1667	.4941
Improved Governance framework	4.0481	.7302
Improved Service delivery to members	4.0402	.7306
Improved Risk management	4.0104	.0129

**Source: Author (2017)**

As per the findings in table 4.6 above, majority of the respondents to a great extent agreed that there was increased investment returns (Mean=4.2370), improved member participation and communication (Mean=4.1667), improved governance framework (Mean=4.0481), improved service delivery to members (Mean=4.0402) and improved risk management (Mean=4.0104). This implies that the strategic plan implementations positively influenced the performance of large scale pension schemes in Kenya.

The respondents highlighted the perceived performance indicators of pension schemes. The study found that the adoption of the strategic planning practices has been of great impact to the performance large Pension schemes in Kenya. Successful implementation of a strategy is as critical and difficult as the strategic choice. It needs consideration of the resources to be used, human resources requirements, the structure systems and other changes. Competency in implementation and the ability to put ideas into actions can be an organization's source of competitive advantage as it ensures the increased investment returns, improved member participation and communication, improved governance, improved service delivery to members and improved risk management. An alteration of existing procedures of policies is usually unavoidable during strategy implementation. It also requires a shift in responsibility from strategist to divisional and functional managers to ensure effective implementation. Those actively involved in the strategy implementation should also be actively involved in the strategy formulation to ensure ownership of the process. Implementations of strategic change as a reaction to the influences of external changes, or in anticipation of such changes, very often fail in the operational practice.

The findings further revealed that through strategic planning the pension schemes were able to set key decisions and actions that shape and guide its future. The respondents insisted on the importance of strategic choices which acted as a guide towards implementing strategic goals in terms of the processes and the procedures that guide the Scheme towards realizing set goals.

The findings revealed that the consultants, secretariat and Trustees participation was important in ensuring that the Scheme works in the same direction towards the realization of its goals. The Trustees achieved this through adopting participative form of leadership where the stakeholders were involved in decision making process. In addition, the respondents emphasized on the need for the Trustees to ensure that the consultants engaged have the right expertise and skills to carry out their obligations.

#### 4.5 Inferential Statistics

The study further applied general linear model to determine the predictive power of the independent variables on the performance of large scale pension scheme in Kenya. This included regression analysis, the Model, Analysis of Variance and coefficient of determination. In addition, the researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on the performance of large scale pension schemes in Kenya. The researcher applied the statistical package for social sciences (SPSS V 22.0) to code, enter and compute the measurements of the multiple regressions for the study.

Coefficient of determination ( $R^2$ ) explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (on the performance of large scale pension schemes) that is explained by all the four independent variables (Strategic Choice, Objectives, Situational analysis and Vision/Mission).

**Table 4.7 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.883 <sup>a</sup>	.781	.758	.27418

- a. Predictors: (Constant), Vision/Mission, Situational analysis, objectives and strategic Choice.

The four independent variables in the study influence 75.8% of the performance of large scale pension schemes as represented by the  $R^2$ . This therefore means that other factors not studied in this research influence 24.2% of performance of large scale pension schemes in Kenya. Therefore, further research should be conducted to investigate the other factors that influence 24.2% performance of large scale pension schemes in Kenya.

**Table**

**Table 4.8: ANOVA of regression**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	16.800	3	5.600	13.571	.000 <sup>b</sup>
Residual	11.977	29	.413		
Total	28.777	32			

- a. Dependent Variable: performance of large scale pension schemes in Kenya.

- b. Predictors: (Constant), Vision/Mission, Situational analysis, objectives and strategic Choice.

The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how Vision/Mission, Situational analysis, objectives and strategic Choice influence the performance of large scale pension schemes in Kenya. The F critical at 5% level of significance was 13.571. Since F calculated is greater than the F critical, this shows that the overall model was significant.

**Table 4.9 Coefficient of determination**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.439	.114		7.443	.000
1 Vision and Mission	.739	.130	.400	4.066	.001
Situational analysis	.582	.106	.117	4.707	.002
Objectives	.793	.073	.296	3.635	.010
Strategic Choice	.661	.093	.166	4.739	.001

a. Dependent Variable: Performance of large pension schemes

Multiple regression analysis was conducted to determine the extent to which each independent variable influences the Performance of large pension schemes. The table above shows that all the independent variables were significant predictors of Performance of large pension schemes at  $p < 0.05$ . As per the SPSS generated table above, the regression equation is:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$  becomes:

$$Y = 1.439 + 0.739 X_1 + 0.582 X_2 + 0.793 X_3 + 0.661 X_4$$

#### **4.6 Challenges in Implementing Strategic Plan in Pension Schemes**

The study also looked at the challenges faced by the large scale pension fund in its implementation and use of DC retirement benefit plan. The respondents explained some challenges the company faced when they were converting the DB scheme to DC scheme. These challenges are as explained.

The study found that Pension funds in Kenya have faced many challenges. Among these challenges are: increased level of awareness and expectations by members, stringent regulations by the regulator which are focused on governance, operational and systemic risks, technological advancements, globalization of pension systems and lack of administrative capacity. To help solve some of these problems, Pension Schemes in Kenya are focusing on strategic planning and management. Successful strategy involves operationalization and institutionalization of strategy.

From the study, the major challenges faced in strategy implementation included strategy redundancy due to rigid internal structure, rapidly changing technology and resource constraints. This finding is in accordance with the findings of Kanini (2008) who did a study on Implementing Strategic Information systems in Commercial Banks in Kenya. She cited some of the challenges of strategy implementation to include lack of required infrastructure, lack of resources and specialized skills, commitment from senior management team and fear of adopting the systems by both the bank employees and customers. In addition, Namatsi (2008) while studying implementation of restructuring strategy at Kenya Airways, noted some various challenges in implementing the strategy including delays due to political patronage, lack of financial resources, restrictive covenants with partners, and lack of expertise. Further, Koske (2008) while studying strategy implementation in Telkom Kenya, found out that limitations in strategy implementation were caused by lack of financial resources, unsupportive corporate culture, lack of good leadership qualities, unsupportive organization structures and lack of prudent leadership.

Other challenges experienced by the large pension system which have been analyzed relate to low coverage, under-funding in pension schemes, imprudent asset management and weak enforcement mechanism of pension laws. Low coverage of the pension system is attributable to the current pension laws which have established pension schemes largely for formal employees.

The managers and administrators of pension schemes under the study pointed to a possible loss of control should strategic planning be put in place. Since strategy shows a guide for decision making, the Trustees tends to develop stringent monitoring mechanisms for oversight that effectively reduces the influence of the managers and administrators. Another challenge in strategic planning in the large pension schemes presents itself in the form of analysis versus intuition conflict. Most of the strategic planning challenges come about as a result of implementation failure. This owes to the difficulty in getting every stakeholder to follow the same strategy. Trustees in some instances believe that the strategic plan is a management tool and should not be shared to the members of the scheme or stakeholders thus creating an implementation challenge.

## **4.7 Discussion**

This study agrees with Mathew and Michael (2009) findings, which stated that the broad explanation of strategic planning as an umbrella term include activities such as planning, performance measurement, program budgeting, etc. This notion is very useful but limited. This is because strategic planning also covers other factors such as the business environment and level of competition. The relationship between strategic planning and performance in general and financial performance in particular has been inconclusive.

The main functions of strategic management have been explained by Robbins and Coulter (2005) as identifying the organization's current mission, objectives, and strategies, analyzing the environment, identifying the opportunities and threats, analyzing the organization's resources, identifying the strengths and weaknesses, formulating and implementing strategies, and evaluating results (Decoene, 2006).

Strategic decisions determine the organizational relations to its external environment, encompass the entire organization, depend on input from all of functional areas in the organization, have a direct influence on the administrative and operational activities, and are vitally important to long-term health of an organization (Shirley, 1982).



## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents the summary of findings, conclusion and recommendations of the study. The study was motivated by the need to establish the influence and the challenges of adoption of strategic planning practices for large pension schemes in Kenya.

### **5.2 Summary**

The study had a response rate of 73.3% which was considered adequate for statistical reporting. The study found that majority of the respondents was Schemes that had undertaken strategic planning with knowledge on impact of strategic planning practices on performance of large pension schemes. In addition the institutions pension plan design was defined contribution aimed at offering a flexible mechanism for saving for retirement and enabling the members to share in investment returns.

The study revealed that the pension Scheme's had a well documented vision and mission statements which all Trustees and stake holders can identify with. In addition experts were involved in developing the vision and mission statements and that there was a compulsory period of time after which they were reviewed. Further the study found that Scheme's was very sensitive changes and actions of the surrounding factors like political, economic, social, technological, ecological and legal factors.

On situational analysis as a strategic planning practice, the study found that the scheme collect information from its external environment. It also found that Secretariat staff, consultants and Trustees were involved in the information collection from external environment. The study also found that internal forces which affect the performance of the scheme were member participation, investment style, risk management, design of the scheme, governance framework and selection of service providers as well as the type of leadership style adopted by the board of Trustees.

In the development of scheme objectives as a strategic planning practice, the study found that Scheme's had developed short term and long term objectives and the stakeholders were aware of them. The study further found that the objectives were revised at different times depending the scheme's needs where some are reviewed

every Month, half year, every quarter and at the end of every year. Trustees, managers at all levels, secretariat staff, Trustees and consultants were involved in setting the objectives of the scheme. In addition the pension scheme had successfully implemented strategic plans previously that brought positive change.

On Strategic Choice as a strategic planning exercise, the study found that the Scheme's had a clearly defined roadmap for growth and realizing their vision in the long term. In addition the study found existence of planning teams, clear cut responsibilities for planning; time tables for preparation of plans and informal planning meetings were the common features that characterized their planning process. In addition the study found that the Scheme's which successfully implemented strategic planning practices ought to adopt a flexible and accommodative structure that is well aligned to the changing needs of the members.

Structures and systems were noted as essential components that enhance efficient and effective implementation of strategic planning practices. The study further found that Trustees had a balanced score card which was deemed to be an essential tool to evaluate and measure performance of Scheme as well as its annual operating plan. The study further found that there was increased investment returns, improved member participation and communication, improved governance framework, improved service delivery to members and improved risk management after the implementation of the strategic plans. This implies that the strategic plan implementations positively influenced the performance of large scale pension schemes in Kenya. In addition the inferential statistics shows that all the independent variables were significant predictors of Performance of large pension schemes at  $p < 0.05$ . The Implementation of Strategic Plan in the Scheme was faced by several Challenges such as increased level of awareness and expectations by members, stringent regulations by the regulator which are focused on governance, operational and systemic risks, technological advancements, and globalization of pension systems and lack of administrative capacity. To help solve some of these problems, Pension Schemes in Kenya are focusing on strategic planning and management

### **5.3 Conclusion**

The study concludes that large pension schemes had a well documented vision and mission statements which the Trustees and stake holders can identify with. In addition experts were involved in developing the vision and mission statements and that there was a compulsory period of time after which they were reviewed. The study also shows that majority of the large pension schemes had mission and vision statement developed by the Trustees.

Further, the study concludes that large pension schemes were very sensitive to changes and actions of the surrounding factors like political, economic, social, technological, ecological and legal factors. Situational analysis as a strategic planning practice concludes that the scheme collect information from its external environment. It also concludes that Secretariat staffs, consultants, Trustees were involved in the information collection from external environment.

In the development of scheme objectives as a strategic planning practice, the study concludes that the scheme had developed short term and long term objectives and the stakeholders were aware of them. The study further concludes that the objectives were revised at different times depending the scheme's needs where some are reviewed every month, half year, every quarter and at the end of every year and that Trustees, managers at all levels, secretariat staff and consultants were involved in setting the objectives of the scheme.

On strategic choice as a strategic planning exercise, the study concludes that large pension schemes had a clearly defined roadmap for growth and realizing their vision in the long term. In addition, the study concludes that existence of planning teams with clear cut responsibilities for planning, time tables for preparation of plans and informal planning meetings were the common features that characterized their planning process. Structures and systems were noted as essential components that enhance efficient and effective implementation of strategic planning practices.

The study further concludes that Trustees had a balanced score card which was deemed to be an essential tool to evaluate and measure performance of the Scheme as well as its annual operating plan.

## **5.4 Recommendations**

The study recommends that the Trustees of large pension schemes need to have sound knowledge, processes and structures in place to meet the stringent legal and fiduciary requirements governing retirement benefits and in line with best practice. This will involve clear documentation of strategies and governance frameworks that protect member's funds.

The study also recommends that saving for retirement should be made more attractive through good financial performance in pension schemes, good service delivery and advocacy from all sector players. There is a need to liaise with service providers to improve the service delivery system e.g. deploying more technological methods that improve on the efficiency and effectiveness of the pension schemes.

Further the study recommends that the formal and informal sector has not been adequately sensitized, hence the need to develop a strategy to help in increasing coverage in this market segment. The Retirement Benefits Authority should work with stakeholders and partners in order to educate members of the public about Pension Schemes and the need to save for retirement. The sector coverage may be improved through the following interventions; replacement rate, product development, value addition, utilization of pension saving and automatic enrolment.

Finally the study recommends that a devolved governance system that enables the members to access services easily and locally. Therefore large scale pension schemes should explore ways to put in place sound policy framework that will promote business continuity and safeguard pension schemes assets. In regard to EAC, RBA should play a central role in harmonizing the pension sector in the region through a risk based supervision model.

## **5.5 Further Research**

The Findings of the study showed that there are challenges of strategic planning implementation of strategic plan. This study therefore recommends that more research needs to be carried out in other services companies to show the various challenges faced and the various measures put to overcome challenges of Strategic Planning.

Since strategic planning is a continuous process and organizations operate in a dynamic and turbulent environment, this study recommends that replication case studies of the large scale pension schemes in Kenya. This will ensure that strategies are constantly reviewed in order to realign the Pension fund's in the region.

## REFERENCES

- Abdalla, A.S. (2014) *Kenyan oil marketing industry: a case of Libya oil Kenya ltd*, Unpublished MBA Dissertation: United States International University of Kenya.
- Abok, A.M. (2013) *effectiveness of effective strategic plans in non-governmental organizations in Kenya*, Unpublished MBA Dissertation: Jomo Kenyatta University.
- Akeredolu, J. A. (2002). "Management of Pension Scheme in the Public Sector: A case study of ObafemiAwolowo University, *Master of Business Administration Dissertation* ObafemiAwolowo University, Ile-Ife
- Alberta Pensions Services Corporation. (2017). *Guiding Your Pension Experience on Behalf of Alberta's Public Sector Pension Plans*. Retrieved from <https://www.apsc.ca/index.jsp>
- Al Ghamdi, S.M. (2008), Obstacles to successful strategic decisions: the British experience, *European Business Review*, 98, 322-7.
- Alexander, L. (2010). *Strategy implementation: nature of the problem*. International Review of Strategic Management, Vol. 2, No.1, Pp.73-91.
- Ansoff, H. (2010). *Corporate Strategy*. London: Penguin.
- Atanda, F. (2007). *Challenges of Strategy Implementation at the Ministry of Finance in Mozambique*. Unpublished MBA Dissertation: University of Mozambique.
- Baker, M. (2007), *Product Strategy and Management*. Prentice hall. New York.2nd Edition.
- Bartlett, C., & Ghoshal, S. (2005). *Managing Across Borders*. Cambridge, MA: Harvard Business Press.
- Bowman, C., & Ambrosini, V. (2003). *How the Resource-based and the Dynamic Capability Views of the Firm Inform Corporate-level Strategy*. British Journal of Management, 14(4), 289-303.
- Bromley, D.J. (1986), *The Case Study Method in Psychology and Related Disciplines*, Wiley, New York, NY, .
- Burnes, B. (2003). *Managing Change: A Strategic Approach to Organizational Dynamics* (3<sup>rd</sup> ed.). New Jersey: Prentice Hall.
- Busolo, A. T (2012) *factors that influence strategic plans in SACCOs*, Unpublished MBA Dissertation: University of Nairobi.
- Cooper rider J. W. and Schindler, T. (2008). *Approaches to Scientific Research Design: Qualitative and Quantitative work methods*. (2nd Ed.). London: Sage

## Publications.

- Campbell, J. Y. & Viceira, L.M. (2012). *Strategic Asset allocation – Portfolio choice for long-term investors*. Oxford University Press.
- Clapman P. 2007. *Best Practice Principles*. Committee on Pension Fund Governance. Stanford Institutional Investors' Forum. Stanford University.
- Clark, G. (2006). *Regulation of Pension Fund Governance: The Oxford Handbook of Pensions and Retirement Income*. Oxford University Press
- David, F. R. (2007). *Concept of strategic management*: Prentice Hall, New Jersey, 10th Edition.
- Day, G. and Reibstein, D. (2007) *Dynamic Competitive Strategy*. New Jersey: John Wiley & Sons Inc.
- Duck, J. (2003). *Managing Change: The Art of Balancing*. Harvard Business Review, Vol. 71, Issue 6
- Davis E. P. (2010). *The role of pension funds as institutional investors in emerging market economies*. Korean Development Institute Conference. *Population Ageing in Korea: Economic Impacts and Policy issues*. March.
- Davis, E. P. (2011). Pension funds: retirement-income security and capital markets: an international perspective. *OUP Catalogue*.
- Eisenbach, R., Pillai, R. and Watson, K. (2009). *Transformational Leadership in the Context of Organizational Change*. Journal of Organizational Change Management, Vol. 12, No. 2.
- Finkelstein, Sydney (2003), *Why Smart Executives Fail*, Portland, Oregon
- Freedman, R.E. (2003). *The Blackwell handbook of strategic management*. Oxford: Blackwell publishers.
- Goleman, D. (2000). *Leadership that gets Results*. Harvard Business Review, March-April, 2000.
- Hill, W. and Jones, G. (2009) *Strategic Management Theory, An integrated Approach* (5<sup>th</sup> ed.). Houghton Mifflin Company.
- Hofer, C. and Schendel, D. (1978). *Strategy Formation; Analytical Concepts*. St Paul: West Publishing.
- Howe, S.W. (2003). *Corporate Strategy*, 3rd Edition, Macmillan.
- Hill, C .W & Jones G.R. (2011). *Strategic management Theory; An Integrated Approach*, Houghton Mifflin Company., 5th Edition

- Hitt, M. A., Ireland, R. D., & Hoskisson, R. E. (2017). *Strategic management: Competitiveness & globalization : concepts and cases*. Boston, MA: Cengage Learning
- Hoyt RE (2012). The Board role and risk management. *J. Bus. Stud. Fin.*, 156(12): 435 – 470
- IOPS.2007c. *Utilization of information Technologies in Off-Site Supervision of Private Pension Systems*. IOPS. Working Paper No. 3
- Johnson, G. and Scholes, K. (2008). *Exploring Corporate Strategy* (6<sup>th</sup> ed.). New Delhi: Prentice Hall of India Private Ltd.
- Kodeswari, F.K. (2003). *Strategy Implementation and Its Challenges in Public Corporations: The Case of Telkom South Africa Ltd* (Unpublished MBA Dissertation)
- Kothari, C.R. (1990). *Research Methodology: Methods & Techiques* (2nd Ed.). Wishara Prakash
- Kroon, J. (2005). *General Management* (2nd Edition). Pearson South Africa.
- Luciano, A. P. (2008). *Strategic Delloite*. Unpublished MBA Thesis: South Africa University.
- MacLennan, A. (2010). *Strategy Execution; translating strategy into action in Complex Organization*. Routledge. New York.
- Madegwa, G. S. (2014) *effectiveness of strategy implementation in government Parastatals: case of national cereals and produce board in Kenya*, Unpublished MBA Dissertation: Kabarak University.
- Mitchell O, Piggot, J. & Kumru, C. (2008). *Managing Public Investment Funds: Best Practices and New Challenges*. Pension Research Council. PRC WP2008-07.
- Mitchell, O. & Tang, N. (2010). *The efficiency of pension plan investment menus: Investment choices in Defined Contribution Pension Plans*. Pension Research Council. WP-2008-176.
- Muriithi, J. (2017). *Analysis of the Effect of Operating Costs on Financial Performance of Occupational Pension Schemes in Kenya*. The International Institute for Science, Technology and Education (IISTE).
- Mutua (2013). *A Survey of the extent of Compliance with the Retirement Benefits Act by Retirement Benefits Schemes in Kenya*. Unpublished master's project, University of Nairobi.
- Mutuku N. (2007). *The Kenyan Pension Fund Market*. Stanbic Bank Investors Seminar, Nairobi.
- Meyer, J.W. & Rowan, B. (2008). *The structure of educational organizations*. In M.W. Meyer (Ed.), *Environments and organizations* (pp. 78-109). San Francisco: Jossey-Bass.
- Mintzeberg, H., Lampel, J. B and Ghoshal S. (2008). *The Strategy Process; Concepts, Contexts, Cases* (4<sup>th</sup> Ed.). Pearson Education Ltd.



- Mugenda M. O. and Mugenda G.A. (2003): *Research Methods: Qualitative and Quantitative Approaches*, Revised, Acts Press.
- Mukhalasie, M. (2014) *an analysis of the effectiveness of strategy implementation in Kenya commercial bank*, Unpublished MBA Dissertation: United States International University in Kenya.
- Mukira, N.G.( 2013) *effects of strategic plan implementation on organizational performance: a case study of Nakuru water and sanitation services company (nawassco)*, Unpublished MBA Dissertation: Kabarak University.
- Musyoka, J.M. (2012) *factors influencing the the strategic planning policy in secondary schools in Meru Central District*, Unpublished MBA Dissertation: Jomo Kenyatta University of Agriculture and Technology.
- Njuguna R.C. 2010.*Impact of retirement benefits regulations on the cost efficiency of retirement benefits schemes in Kenya*. Unpublished master's project, University of Nairobi.
- Njuguna,A. (2016). *Code of Governance for Kenya's Occupational Retirement Benefit Schemes*.The International Institute for Science, Technology and Education (IISTE.Prentice Hall, 3rd Edition.
- Noble, C. H. (1984), *The electric Roots of Strategy Implementation Research*. Journal of Business Research. Vol. 45, No. 2.
- Oberon, J.G. (2006). *Implentation of Strategic Plans in the Public Sector: A Case Study of Directorate of Personnel Management in the Government of Nigeria*. Unpublished MBA Dissertation: University of Nigeria.
- Okumus, F. (2003). Towards a strategy implementation framework. *International Journal of Contemporary Hospitality Management*, 13, 327-338.
- Omondi, M. (2008).*Value of pension assets drops after market correction*. Business Daily. May (16)13.
- Pearce II, J. A. and Robison, Jr. R.B (2007). *Strategic Management : Formulation, Implementation and Control*. 10th Edition. Pp.291-422 Mc Graw-Hill Irwin
- Pearce, (11) J. A. and Robinson, (Jr.) R. B. (2008). *Strategic Management; Formulation, Implementation and Control* (4th ed.). USA: Richard D. Irwin.
- Porter M. E.(2008). *Competitive strategy*. New York: Free Press.
- Roney, C. W. (2013). *Strategy Management Methodology*. USA :Praeger Publishers.
- Saka, A. (2003). Internal change agent's view of the management of change problem. *Journal of organizational change management*, Vol 2 (61-73).

- Scott, W.R. (2002). *Organizations: Rational, natural, and open systems*. Upper Saddle River, NJ: Prentice Hall.
- Sievänen, R., Rita, H., & Scholtens, B. (2013). The drivers of responsible investment: The case of European pension funds. *Journal of Business Ethics*, 117(1), 137-151.
- Sharma, R. R. (2007). *Change Management: Concepts and Applications*. New Delhi: Tata McGraw-Hill.
- Sirajul, H. & Naveed, R., Modern organization theory: Analyzing the complexity of coordination and cooperation in the modern Organizations. *International Journal of Management and Sustainability*. 2014, 3(5).261-268.
- Sterling, J. (2003). *Translating strategy into effective implementation: dispelling the myths and highlighting what works*. *Strategy and Leadership Journal*. 31(3).27-34.
- Teece, D.J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18, 509–533.
- Thompson, A., Strickland, A. and Gamble, J. E. (2007). *Crafting and Executing Strategy* (15<sup>th</sup> Ed.). New York: McGraw Hill.
- Thompson (Jr.) A. A. and Strickland (111) A. J. (2012). *Strategy formulation and implementation: Task of the General Manager* (4th Ed.). USA: Richard D. Irwin.
- Wachira, C. (2014) *factors influencing strategic plan at the Kenya revenue authority*, Unpublished MBA Dissertation: University of Nairobi.
- Wade M, J Hulland. (2013). *Review: The resource-based view and information systems research: Review, extension, and suggestions for future research*, 28(1): 107-142.
- Weber, R.P. (1985). *Basic Content Analysis*, New Delhi; Sage
- Wery, R., Waco, M. (2013). *Why good strategies fail*. *Handbook of Business Strategy*, Vol. 5, No.1, Pp.153-7.
- Yi, J., Lu, D., & Deng, Y. (2016). Empirical Study under the Encouraging Model to Managerial Fees of Social Security Fund Investment. *American Journal of Industrial and Business Management*, 6(05), 649.

## **APPENDIX I: LETTER OF INTRODUCTION**

UNIVERSITY OF NAIROBI  
P.O.BOX 30197-00100  
NAIROBI – KENYA

THE TRUST SECRETARY  
.....PENSION SCHEME  
NAIROBI - KENYA

Dear Sirs,

### **RE: REQUEST FOR RESEARCH DATA**

I am a post graduate student at the University of Nairobi, School of Business undertaking a Master's Degree in Business Administration, Strategic Management Option. As one of the requirements for the award of the degree, I am supposed to carry out a research and produce a project. On this aspect, I have identified your organization as my case of study.

My topic of research is **“Influence of strategic planning practices on the performance of large pension schemes in Kenya”**. Consequently, because this is a case study, I am intending to collect data through questionnaires. I kindly request your office to grant me permission to conduct my study in the University. The respondents of the study will be drawn from all level of the organization.

Your cooperation will be highly appreciated.

Thanks in advance!

Yours sincerely,

MBA student at UON

## APPENDIX II: QUESTIONNAIRES

### SECTION A: GENERAL INFORMATION (Kindly [ ] tick as appropriate)

- 1 Name of the scheme?  

---
- 2 What is the design of the scheme?
  - Defined Benefits (DB) [ ]
  - Defined contributions (DC) Provident [ ] or Pension [ ]
- 3 How long has the scheme been in existence?
  - Less than 10 years [ ]
  - 10-20 years [ ]
  - Over 20 years [ ]
- 4 What is the approximate membership of the scheme?
  - Less than 500 [ ]
  - 500-1,000 [ ]
  - Over 1,000 [ ]
- 5 What is the average age of the scheme?
  - 20- 30 years [ ]
  - 30- 40 years [ ]
  - 40- 50 years [ ]
  - 50- 60 years [ ]

### SECTION B: VISION AND MISSION

- 6 (a) Does your Scheme have a formal documented mission and vision statements?
  - Yes [ ]
  - No [ ]

(b) If Yes in 7(a) above, please indicate those that were involved in the formulation of the Scheme's mission and vision.

  - Consultants ( )
  - Sponsor ( )
  - Members ( )
  - Trustees ( )
  - Secretariat staff ( )

Others? Please specify

---

---

(c). How often are the missions and vision statements reviewed?

- After every 5 Years      ( )
- Annually                      ( )
- Semiannually              ( )
- Quarterly                    ( )

Any other period? Please specify

---

7 To what extent do the following factors cause the alteration of the Scheme's mission and vision?

[Where 1-Not at all, 2-Very little extent, 3-Little extent, 4-Great extent, 5- Very great extent]

<b>FACTOR</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Political changes					
Economical changes					
Physical environmental changes					
Social Cultural factors					
Competitors actions					
Management policies					
Any other? Please specify					

**SECTION C: SITUATIONAL ANALYSIS**

8 Does the Scheme gather information from its external environment?

Yes ( ) No ( )

9 If yes, who collects the information?

Secretariat staff ( )

Consultants ( )

Trustees ( )

Others (specify) ( ) -----

10 Which Schemes do you consider to be your four major competitors?

---

---

---

---

11 What do you consider to be their strengths and capabilities?

---

---

12 What do you consider to be their weaknesses?

---

---

---

13 Does your Scheme carry out internal analysis?

Yes ( ) No ( )

14 What do you consider to be you internal forces?

---

---

---

---

---

15 What do you consider to be your company's:

a) Strengths and capabilities?

---

---

---

---

---

b) Weaknesses?

---

---

---

---

**SECTION D: OBJECTIVES**

16 Do you have any set objectives for the Scheme?

Yes ( ) No ( )

17 Is everyone/stakeholder in the Scheme aware of the objectives?

Yes ( ) No ( )

18 How often are the objectives revised?

- Monthly ( )
- Half yearly { ( )
- Quarterly ( )
- Yearly ( )

Others (specify) ( )

19 Who participates in setting the objectives? List them below.

---

---

---

---

20 (a) When was the last time there was significant change in your objectives?

---

---

---

(b) Please give reasons that brought about the change

---

---

---

---

21 Has the company been successful in attaining its objectives?

Yes ( ) No ( )

**SECTION E: STRATEGIC CHOICE**

22 Does your company have a strategic plan?

Yes ( ) No ( )

23 If NO in 22 above, what are the reasons for not having a strategic plan in place?

- Lack of awareness [ ]
- It is an expensive exercise [ ]
- Lack of strategic planners [ ]
- No visible benefits coming from it [ ]
- View it as a foreign business concept [ ]

Others specify

---

24 If yes in 23 above, when did you start using strategic plan?

---

---

25 What type of plan has been developed?

- 3-5 year plan ( )
- 1-2 year plan ( )
- 0-5 year plan ( )

Others (specify)

---

---

---

26 Who participates in the development of your strategic plan?

- Trustees ( )
- Secretariat Staff ( )
- External consultants ( )

Others specify

---

---



27 Indicate whether the following features characterize your planning process

- Informal planning meetings ( )
- Time tables for preparation of plans ( )
- Clear cut responsibilities for planning ( )
- Existence for planning team/department ( )

28 Indicate by ticking below the extent to which performance of the pension scheme was affected as a result of implementation of the strategic plan?

[Where 1-Not at all, 2-Very little extent, 3-Little extent, 4-Great extent, 5- Very great extent]

FACTOR	1	2	3	4	5
Investment returns					
Member participation and communication					
Governance framework					
Service delivery to members					
Risk management					
Others (specify)					

29 Based on the above factors (qtn 28 above), indicate any specific observable impact on how the performance the pension scheme was affected as a result of implementation of the strategic plan?

---



---



---

30 What were some of the challenges encountered while implementing strategic plan in the scheme?

---



---



---

***The End***