CHALLENGES OF STRATEGY IMPLEMENTATION FACED BY DEPOSIT TAKING SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN BOMET COUNTY, KENYA

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DECLARATION

This research project is my original work and has not been presented for the award of a degree in any other university or any other higher learning institution for examination purpose.

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This proposal has been submitted for examination with my approval as a university supervisor.

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DEDICATION

This research work is dedicated to my husband Hillary, you are the rock; and to my daughter Dana, may the almighty God bless you. It is through your support, prayers and selflessness that made my studies possible. I shall forever remain indebted to you.

ACKNOWLEDGEMENT

Any accomplishment requires the effort of many people and this work is no different. My greatest gratitude is to Almighty God, Lord and Savior, who deserves all the honor glory and praise for he has led me through and has done it all.

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To the scholars and the academic family for providing an enabling environment in which I have managed to carry out a scholarly study with the intend of enriching what has been studied as well as giving a chance to other scholars to carry out further studies.

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TABLE OF CONTENTS

DECLARATION ..... **ii**

DEDICATION ..... **iii**

ACKNOWLEDGEMENT ..... **iv**

LIST OF TABLES ..... **vii**

ACRONYMS AND ABBREVIATIONS ..... **viii**

ABSTRACT ..... **ix**

CHAPTER ONE: INTRODUCTION **1**

1.1 Background of the study 1

1.1.1 The concept of strategy 3

1.1.2 Challenges of Strategy Implementation 4

1.1.3 Savings and Credit Cooperative Societies (SACCOs) in Kenya 5

1.1.4 Deposit Taking Saccos in Bomet County 7

1.3 Research Objective 11

CHAPTER TWO: LITERATURE REVIEW **12**

2.1 Introduction 12

2.2 Theoretical foundation 12

2.3 Strategic management process 14

2.4 Strategy implementation 20

2.5 Challenges of strategy implementation 25

CHAPTER THREE: RESEARCH METHODOLOGY **28**

3.1 Introduction 28

3.2 Research Design 28

3.3 Target population 28

3.4 Data Collection 29

3.5 Data Analysis 29

CHAPTER FOUR: FINDINGS AND DISCUSSIONS **30**

4.1 Introduction 30

4.2 Background information 30

4.3 Challenges of strategy implementation faced by Saccos in Bomet County 31

4.3.1 Human resource challenges in Saccos 31

4.3.2 Financial challenges in Saccos 32

4.3.3 Organizational systems and programs challenges in Saccos 33
4.4 Discussion 35
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS 42
5.1 Introduction 42
5.2 Summary of findings 42
5.3 Conclusion 42
5.4 Recommendations for Policy and Practice 43
5.5 Suggestions for Further Research 44
5.6 Limitations of the study 44
REFERENCES 46
APPENDICES 49
APPENDIX I: LIST OF SACCOs 49
APPENDIX II: INTERVIEW GUIDE 50

LIST OF TABLES

Table 4.3.1 Human Resource Challenges 31

Table 4.3.2 Financial Challenges 33

Table 4.3.3 Organizational Systems and Program Challenges 34

ACRONYMS AND ABBREVIATIONS

PESTEL	:	Political, Economic, Social, Technological, Ecological and Legal factors
SSA	:	The Sacco Societies Act
DGF	:	Deposit Guarantee Fund
SASRA	:	Sacco Societies Regulatory Authority
SACCO	:	Savings and Credit Cooperative Society
FOSA	:	Front Office Savings Activity
ATM	:	Automated Teller Machine
CAMEL	:	Capital adequacy, Asset quality, Management capacity, Earnings and Liquidity
NGO	:	Non-Governmental Organization
KUSCCO	:	Kenya Union of Savings and Credit Cooperatives
CEO	:	Chief Executive Officer
MNCs	:	Multinational Corporations
TKL	:	Telkom Kenya Limited
IT	:	Information Technology

ABSTRACT

Strategy implementation is a set of decisions and actions that results in the translation of strategic thought into organizational action where an organization moves from planning its work to working its plan in order to achieve the set objectives. The Saccos in Bomet County cannot be left out of this major effort in achieving its objectives. Successful implementation is as critical and difficult as the strategic choice. It requires a firm to have a supportive culture, creating an effective organizational structure, redirecting marketing efforts, preparing budgets, developing and utilizing information systems, and linking employee's compensation to organization. The objective of the study was to establish the challenges of strategy implementation faced by deposit taking Saccos in Bomet County. The researcher adopted descriptive survey research method which attempts to describe existing phenomena by asking individuals about their perception, attitudes, behavior or values. The study conducted a census study of the entire population which consisted of 10 deposit taking Saccos in Bomet County. The researcher used primary data, and the main instrument was an interview guide where face to face interview was conducted among the Chief Executive Officers or the departmental heads of the 10 deposit taking Saccos in Bomet County. The data was qualitatively analyzed using content analysis techniques in order to give in depth findings of the study, the information collected was analyzed and evaluated to determine its usefulness, credibility, consistency and adequacy. The study found out that there are various challenges facing Saccos in Bomet County while implementing strategy. The most significant ones were; unsound reward strategy, inadequate financial resources, unsupportive organization structure, culture of resistance to change, organization politics coupled with board members and directors characteristics, competition from commercial banks, technology change, government policies and procedures and lack of leadership from regulatory body (SASRA). Based on study's conclusion the researcher recommended that; supportive structure be put in place, link employee performance to overall reward system, management to align structure to strategy and enhance effectiveness in communication, and the top management inclusive of the board members and directors to be involved and maintain focus during implementation process.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Most organizations in current business, whether public or private, profit or nonprofit driven engage in strategic management as a basis of formulating their goals and monitoring performance. The environment has become more dynamic and increasingly competitive. The performance of firms is dependent on the fit between firms and their external environments, the change of the external environment requires firms to adapt as a result, and firms would change their strategy in response to the environmental changes. Organizations are therefore required to think and plan in advance and become flexible to allow or incorporate changes as they evolve in ever changing environment (Bryson, 1995).

When a firm implements a value creating strategy which other companies are unable to duplicate the organization is assured of a competitive advantage. All organizations are environment dependent (Ansoff, 1998). Analysis of the external and internal environments therefore provides any firm with the information it needs to develop a strategic intent and strategic mission. Both strategic intent and strategic mission influence strategy formulation and implementation actions (Hitt, Ireland, and Hoskisson, 1997). The environment can either be remote or immediate. The remote or macro environment consists of Political, Economic, Social, Technological, Ecological and legal factors (PESTEL) that would impact on an organization performance. While, the immediate environment consists of organizational resources or and factors within the reach and influence of the manager. While mangers may be able to control and manipulate immediate environment the remote environment poses uncontrollable challenges that managers have to cope with for the success of their organization (Anyango, 2007). Hence firms must develop the skills required to identify opportunities and threats existing in the in their external environment. Modern executives must therefore devise ways and respond to the challenges posed by firms' immediate and remote environments (Pearce and Robinson, 2003)

A Savings and Credit Society also known as credit union is a cooperative financial institution that is owned and controlled by its members and operated by the purposes of promoting thrift, providing credit at low interest rates and providing other financial benefits to its members. The Sacco Societies Act (SSA) was enacted and assented to in 2008 providing for the licensing, supervision and regulation of Sacco Societies. The act also provided for the establishment of the Sacco Societies Regulatory Authority (SASRA) with the mandate to enforce the new legal and regulatory framework. In addition to the regulation, the Act also establishes the Deposit Guarantee Fund (DGF) which shall provide protection to members' deposits up to Ksh. 100,000 per member. The new legal and regulatory framework modeled along the same principles as those for the regulation of banks and deposit taking microfinance institutions has the primary purpose of improving governance of Sacco societies through enhanced transparency and accountability (Kulei, 2013). Saccos have been operating with minimal supervision despite the important role they are playing in the financial sector.

1.1.1 The concept of strategy

A strategy can be defined as a management's action plan for running the business and conducting operation (Strickland et al 2007). It is the thing which businesses do, the path followed and the decisions they make in order to reach certain points and levels of success (Strickland and Thompson, 1996). Johnson and Scholes (2004) view strategy as a unifying pattern of decisions to help define the purpose of the organization, and creation of competitive advantage over others hence helping to position the organization within its wider external environment. Mintzberg, Quinn and Ghoshal (1998) define strategy as a pattern or plan that integrates an organization's major goal, policies and action sequences into cohesive whole. They define strategy from 5Ps approach; Plan, Ploy, Pattern, Positions and Perspective. As Plan, strategy specifies consciously an intended course of action, as a Ploy it is a specific maneuver intended to outwit competition, as a Pattern strategy emerges as a stream of actions over time, as a Position strategy is a means to locating an organization in its environment and finally as a Perspective strategy gives the organization an identity that reveals how people locate and perceive it.

Pearce and Robinson (1998) define strategic management as a set of decisions and actions that results in the formulation and implementation of plans designed to achieve a company's objective. Johnson and Scholes (2005) have stated that strategic management includes understanding the strategic position of the organization, strategic choices for future and turning strategy into action. Theoretically, strategic management process involves understanding the strategic position of an organization, making strategic choices for the future and turning strategy into action (Johnson and Scholes, 2004). It is important for an organization to continually monitor internal and external events so that timely changes can be made as needed as environments are not getting more stable or any easier to complete in (Grant, 2007). Hence, a well formulated strategy helps to marshal and allocate an organization’s resources into a unique and viable posture based on its relative internal competencies and shortcomings anticipated changes in the environment and contingent moves by intelligent opponents (Mintzberg, Quinn and Ghoshal, 1998).

1.1.2 Challenges of Strategy Implementation

Strategic management can be broadly described as a way in which firms or organizations compete. It involves the identification of situation context requirements, internal (organizational) and external (industry and competitive market) factors affecting the individual enterprise and then using the knowledge to formulate and implement enterprise wide strategies for that specific enterprise (Mockler, 1993) It is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company’s objective (Pearce and Robinson, 2011). Strategic management is the direction and the scope of the organization through configuration of resources within a changing environment, to meet the needs of markets and fulfill stakeholders’ expectations (Johnson and Scholes, 2004). Strategy consists of competitive moves and business approaches to produce successful performance (Anyango, 2007).

Strategy implementation is the action aspect of the strategic management process through which strategy is translated into action and involves change. Although strategy implementation is viewed as an integral part of strategic management process, little has been written or researched on it (Awino, 2001). Aosa (1992) study of 84 companies revealed that the firms experienced various problems in implementing strategic decisions; implementation took longer than expected, there were unidentified problems during implementation, key implementation tasks were not defined in enough detail and competing activities distracted attention from implementing the strategic decisions, and coordination of implementation activities was not effective enough. By addressing the challenges in an appropriate way, organizations will be in a position to implement their strategic plans successfully. However, these challenges are faced too by deposit taking societies hence the need to address them.

1.1.3 Savings and Credit Cooperative Societies (SACCOs) in Kenya

A cooperative is an autonomous association of persons united voluntarily to meet their common economic cultural needs and aspiration through a jointly owned and democratically controlled enterprise. The key idea behind a cooperative society is to pool the scarce resources, eliminate the middlemen and to achieve a common or interest (Hathaway, 2003). Modern cooperatives as a practice started in the year 1884 in Britain by Rochdale Pioneers and its principals are followed worldwide (Hathaway, 2003). The first cooperative society in Kenya, Lumbwa farmers' Cooperative society, was initiated by European settlers in the Rift valley province in 1908. Savings and Credit Cooperative Societies have a distinction from other financial institutions in that while a majority of them act as banks, the members hold accounts in the SACCOs and at the same time are the society's owners. Only members can deposit and borrow from them. They also enjoy a voting mandate on the basis of one member - one vote, irrespective of shareholding.

Cooperatives are recognized by the government of Kenya to be major contributors to national development and are found in all sectors of the economy. With a national population is estimated at 40 million, and about 63% of this population participates directly or indirectly in cooperative based enterprises. The policy objective of the Kenyan cooperative movement is to spur sustainable economic growth by focusing on achievement of desired outcomes through strengthening of the movement, improving cooperative extension service delivery, corporate governance, access to markets and marketing efficiency. The sector controls huge resources and savings and due to its rapid the government of Kenya committed itself to establish SACCO legislation and implementation of international finance performance standards to supervise SACCOs. There has been a great transformation among the deposit SACCOs in Kenya when the societies Act 2008 and the Sacco Societies (Deposit Taking Business) Regulations, 2010 was enacted into law (KUSCCO, 2014).

The Sacco sub sector comprises of both deposit taking and non-deposit taking Saccos. Deposits taking Saccos are licensed and regulated by SASRA (Sacco Societies Regulatory Authority) while non-deposit taking Saccos are supervised by the commissioner for cooperatives. SASRA licenses Saccos that have been duly registered under the cooperative societies Act CAP 490.The total membership for the sector grew by 15% from 2.6 million members in 2011 to 3 million in December 2012. As at the close of business 2012, the total number of deposit taking Saccos was 215 of which 124 had been licensed. The remaining 91 Saccos were at different levels of compliance with the provisions of the law (SASRA, 2012).

KUSCCO (Kenya Union of Savings and Credit Cooperatives) is the umbrella body for Saccos, formation of these Saccos is on the basis of an agreed common bond which could be employment, geographical location or economic activity. Ownership is therefore generally structured on these considerations. This increased the diverse membership driven by the bank like products has equally increased the systematic importance of the deposit taking Saccos (KUSCCO,2014).The licensed deposit taking Saccos are required to observe minimum operational regulations and prudential standards in the conduct of Sacco business. SASRA adopted CAMEL (Capital adequacy, Asset quality, Management capacity, Earnings, and Liquidity) evaluation framework to measure and monitor the financial soundness of the deposit taking Sacco society. CAMEL is a standard rating tool used by the Central Bank of Kenya on commercial banks and deposit taking micro-finance institutions (SASRA, 2012).The government of Kenya appreciates that the core business of Sacco is to mobilize savings and provide credit, thus credit risk management remains one of the key compliance pillars of in Saccos. It is appreciated that by instituting good credit management process, Sacco Society stands a chance of thriving and meeting the members’ demands.

1.1.4 Deposit Taking Saccos in Bomet County

According to SASRA, Sacco branches were 529 in 2012 in Kenya; there are ten Saccos out of which six Saccos have been licensed. These Saccos are in different sectors namely; two Saccos are teachers based, six Saccos farmers based and two Saccos are community based. The sector has improved to the extent that almost all Deposit Taking Saccos are able to have members withdraw or deposit money into the FOSA (Front Office Saving Activity) account, make enquiries on the accounts, get notifications on their loans, and as well pay their bills.

In Bomet County most Saccos are formed by group of people with common interests, most Saccos are farmers based and the rest are community and teacher based Saccos. These Saccos are distributed in the various parts of the county; they play a great role in improving the livelihood of the residence. Capital is raised through members contributions, there is a minimum share capital raised and maintained before loans can be disbursed to members. These Saccos offer loans to its members at an affordable rate and manageable. As at December 2012, the number of deposit taking Saccos in the county were 10 with 17-branches and the total number of members in those Saccos were 70,660 (SASRA, 2012).

1.2 Research problem

Strategy implementation is interplay between several forces where the chosen strategy is the centerpiece (Thompson and Strickland, 1990). Top level managers play critical role in strategy formulation and implementation. Strategy implementation therefore faces resistance since the environment is turbulent and needs real-time responses. For an organization to perform well, the internal elements of an organization need to be aligned. The elements include; management styles, shared values, skills, system, strategy and structure. These elements are interdependent to the extent that making changes to one affects the other.

Saccos experience a wide range of problems Saccos in Bomet County has no exception, the reason being that they target low income earners and have to establish a balance between servings them adequately and also meeting their operation costs. The Saccos have no loan policy and procedures or what exists is not very clear and comprehensive. Most Saccos lack capacity to expand their product range because they lack capital and necessary management systems. They also lack sufficient funds to provide services like loans to its members. Some of the Saccos do not have savings and internal control procedures put in place, also the membership of Saccos is either stagnant or declining. Some of the Saccos lack clear direction of where they are going, what they want to achieve or progress they are making towards their target. Some Saccos suffer from lacking aggressive guidance from management committee and its staff. All these are a challenge in implementation.

Alexander (1985) on successful implementation of strategic decisions noted that fifty percent of the firms that experienced problems could have avoided if they had prevented implementation problems in the first place. Ansoff and McDonnell (1990) in their study observed that there is common tendency by organizations to plan and attempt to implement change without creating the internal capacity to handle the same. This in turn results in incompetence within organization in coping with the anticipated change. They concluded that this results in highest level resistance to strategy implementation and content that a motivation sequence is one where organizations start with behavior change followed by systems and finally strategy.   Burnes (2004) in his studies on culture, power, politics and change found that when an organization environment is changing rapidly situations will arise when its culture is out of step with the changes taking place.

Kiptarus (2003) studied strategy implementation and its challenges in public corporation using Telkom Kenya limited (TKL); his focus was on strategy implementation and its challenges. He found that TKL formulated and documented its strategies but challenges were on government control, lack of funds, poor leadership style, limited IT capacity and poor corporate culture. Anyango (2007) did a study on challenges of strategy implementation a survey of multinational manufacturing companies in Kenya. Her focus was on challenges of strategy implementation and how the MNCs responded to the challenges. She found out that there was high staff turnover, fear of change, cultural restrain and recruitment policy affected implementation. Also, she found suggested solution to the challenges such as government intervention, parent company policies to incorporate locals in the ownership.

Kibathi (2009) studied challenges of strategy implementation at Oxfam Great Britain-Kenya, her focus were to establish strategy implementation practices and the challenges faced by the firm. She found out that the firm adopted planning, control system, policies and procedures, the challenges were; inadequate resources, resistance to change and resistance from local community. Nyakiri (2012), studied challenges of strategy implementation at the university of Nairobi, his focus was to establish the implementation challenges and measures taken to deal with the challenges. He found that the challenges included; poor strategy leadership, insufficient communication, existing policies and procedures and the external environment. The measures showed that the university adopted five years strategic plan which included; providing facility for university education, participating in discovery, transmission and preservation of knowledge, conducting examinations and granting academic awards. From the previous studies, there is no study focusing on deposit taking Saccos. This raises the concern that with the pool of knowledge the research will thus fill the literature gap that currently exists and contribute to the body of knowledge on strategy implementation challenges in the Sacco sub sector, comprising of both Deposit Taking and non-Deposit Taking Saccos. The study aims to answer the question; what are the challenges of strategy implementation faced by Deposit Taking Saccos in Bomet County?

1.3 Research Objective

The study sought to establish the challenges of strategy implementation faced by Deposit Taking Saccos in Bomet County

1.4 Value of the study

Saccos have played an important role in wealth creation, food security and employment generation and has contributed significantly to poverty alleviation. In most cases Saccos address “local needs”, employ “local talent” and “local leaders” directly or through local branches. Therefore, the study sought to add more literature to the existing body of knowledge on challenges of strategy implementation by showing the challenges of strategy implementation faced by Saccos in Bomet County.

The study is of great importance to the managers of Saccos in Bomet County and Saccos country-wide since they are in a position to understand how to align factors contributing to challenges of strategy implementation to its operations.

The study also is of significance to policy makers and regulators in the financial sector, the findings aiding regulators and policy makers to put in place a framework which is both flexible and accommodating of strategy implementation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter seeks to review and explain in-depth understanding of strategy implementation process. It outlines scholarly work on the theoretical foundation, the strategic management process, strategy implementation, and challenges of strategy implementation.

2.2 Theoretical foundation

This study was informed by Mckinsey 7s model. Mckinsey 7s model is a tool that analyzes firm's organizational design by looking at 7 key internal elements; structure, strategy, systems, shared values, style, staff, and skills in order to identify if they are effectively aligned and allow organization to achieve its objectives. The key point of this model is that all the seven areas are interconnected and a change in one area requires change in the rest of a firm for it to function effectively (Waterman, 1982). The model is useful in implementing new strategy, to facilitate organizational change, and to identify how each area may change in future. The seven areas of the organization are divided into the 'soft' and 'hard' areas. Strategy, structure and systems are hard elements that are much easier to identify and manage when compared to soft elements. On the other hand, soft areas are; style, staff, skills, and shared values. Although harder to manage, they are the foundation of the organization and more likely to create the sustained competitive advantage.

Strategy is the key in the overall performance of the organization. Bracker (1980) stated that the word strategy comes from the Greek word stratego, meaning to plan the destruction of one’s enemies through the effective use of resources. Andrew (1998) defined strategy as a pattern of decisions in a company that determines and reveals its objectives, goals, plans for achieving those goals and defines the range of business the company is to pursue. Structure represents the way business divisions and units are organized, it is the organizational chart of the firm. The firm existing structure would be expected to influence its strategic choice, when organization lacks a suitable organization structure that is in line with strategy the entire process fails. Systems are the processes and procedures of the company which reveal business daily activities and how decisions are made. Systems are the area of the firm that determines how business is done it. Skills are the abilities that firm’s employees perform very well. They also include capabilities and competencies, the top level managers should focus on what skills required to reinforce its strategy.

Staff element is concerned with what type and how many employees and organization will need and how they will be recruited, trained, motivated and rewarded. Style represents the way the company is managed by top-level managers, how they interact, and what actions do they take and their symbolic value. This is the management style of company’s leaders. Shared values are the core of Mckinsey 7s model. They are the norms and standards that guide employee behavior and company actions and thus, are the foundation of every organization. Organization culture is an idea in the field of organizational studies management which describes the psychology, attitudes, experiences, beliefs and values (personal and cultural values) of an organization (Schein, 2009). Organizations has particular values and beliefs that all employees are supposed to observe, it also influence the day to day operations of the organization. The framework emphasizes that all elements must be given equal importance to achieve the best results. Pearce and Robinson (2011) demonstrated the Mckinsey 7s framework critical elements for successful implementation through structure, leadership and culture, this framework besides others provides a basis of understanding some of the challenges and problems organizations encounter in their strategy implementation.

Noble (1999) argues that there is need for comprehensive conceptual models related to strategy implementation. One reason why implementation fails is that practicing managers and supervisors do not have practical models to guide their actions. In the absence of adequate models, they attempt to implement strategies without understanding the issues to be addressed to ensure success (Alexander, 1985). Managers should take into account of all the seven factors in order to successfully implement strategy. The Mckinsey 7s framework is a powerful tool that captures the key areas that need to be effectively coordinated for minimizing challenges in implementation of strategy. Reed and Bluckley (1988) added by supporting the approach that problem avoidance makes implementation easier.

2.3 Strategic management process

Strategic management can be defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives (David, 2011). Strategic management focuses on integrating management, marketing, finance/accounting, production/operations, research and development. Thompson and Strickland (2003) defines strategic management as the managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy and then over time initiating whatever corrective adjustments in the vision, objectives, strategy, and execution that are appropriate. The purpose of strategic management is to exploit and create new and different opportunities for tomorrow. Johnson and Scholes (2002) noted that strategic management includes; strategic analysis, strategic choice, and strategy implementation. Strategic analysis is concerned with understanding the strategic position of the organization in terms of its external environment, internal resources and competencies, and expectations and influence of stakeholders. According to Ansoff and McDonnell (1990) strategic management is the systematic approach of managing strategic change which consists of positioning of the organization through strategy and capability planning, real-time strategic response through issue management and systematic management of resistance during strategic implementation.

Strategic plans serve as communication channels which allow for cascading of information to lower units of an organization leading to participation by all employees (David, 2011). Thompsons and Strickland (2003) noted that strategic planning enables a company to cope with challenges in the industry and the competitive forces. Strategic plan is a company's game plan. Organizations must engage management staff to take charge of strategic management process. Robinson (1997) added that strategic management involves strategic planning which is the process of developing and ensuring consistency between the organization's objectives and resources and its changing opportunities. Drucker (1974) noted that the prime task of strategic management is thinking through the overall mission of a business that is; asking the question, "what is our business?" this leads to the setting of objectives, the development of strategies, and the making of today's decisions for tomorrow's results. Strategic management process is dynamic and continuous. Strategic management allows organization to be more proactive than reactive in shaping its own future; it allows an organization to initiate and influence rather than just respond to activities and thus to exert control over its own destiny. Strategic management is not a guarantee for success; it can be dysfunctional if conducted haphazardly. Hence strategic management as noted earlier has three major phases namely; formulation, implementation and evaluation.

Strategy formulation includes developing a vision and mission, identifying an organization's external opportunities and threats, determining internal strengths and weaknesses, establishing long- term objectives, generating alternative strategies, and choosing particular strategies to pursue (David, 2011). Wheelen and Hunger (1994), view it as the development of long range plans for the effective management of environmental opportunities and threats in light of corporate strengths and weaknesses, up to and including defining the corporate mission, specifying achievable objectives, deciding strategies, and setting policy guidelines. It is the entire management function of establishing organization direction, setting objectives, and devising a managerial game plan for the organization to pursue (Thompson and Strickland, 2003). Strategy formulation issues include deciding what new business to enter, what businesses to abandon, how to enter international markets, whether to merge or form a joint venture, and to avoid a hostile takeover.

Strategy formulation encompasses various processes such as; developing a strategic vision, establishing objectives, and crafting a strategy. Strategic vision is a roadmap of an organization's future. Developing vision statement is often considered the first step in strategic planning (David, 2011). Mission statement is enduring statements of purpose that distinguish one business from other similar firms. Mission statement broadly describes an organization's present capabilities, customer focus, activities and business makeup (Thompson and Strickland, 2003). Situation analysis comprises the external analysis and internal analysis of an organization (Johnson and Scholes, 2002). According to Wheelen and Hunger (1995), situation analysis seeks to understand an organization's current strategic position, and managers must monitor both the societal and task environment to detect strategic forces that are likely to have a strong impact on their organizations' success or failure. Objectives are specific results that an organization seeks to achieve in pursuing its basic mission. Objectives should be challenging, measurable, consistent, reasonable, and clear. Crafting of strategy is a means by which long-term objectives will be achieved. Strategy is a potential action that requires top management decisions and large amounts of firm's resources and affects an organization's long term prosperity (David, 2011).

Strategy implementation requires an organization to establish annual objectives, devise policies, motivate employees, and allocate resources so that formulated strategies can be executed. Implementing strategy is largely an administrative activity and successful implementation depends on working through others, organizing, motivating, culture building, and creating strong fits between strategy and how the organization does things (Thompson and Strickland, 2003). Strategy implementation often referred to as "action stage". It is considered as the most difficult stage in strategic management, it requires personal discipline, commitment, and sacrifice. Strategies formulated but not implemented serve no useful purpose. Transition from strategy formulation to strategy implementation gives rise to four interrelated concerns which includes; identifying action plans and short term objectives, initiating specific functional tactics, communicating policies that empower people in the organization, and committing to continuous improvements (Pearce and Robinson, 1997).

Successful strategy implementation hinges upon managers' ability to motivate employees, which is more an art than a science. Strategy implementation activities affect all employees and managers in an organization. Interpersonal skills are critical for successful implementation. Short term objectives and long term objectives if developed well will provide clarity, be a powerful motivator and facilitator of effective strategy implementation. Action plans allow consistency and coordination within and between organizational departments. They also outline an organization's expectations of its employees and managers. The challenge of implementation is to stimulate managers and employees throughout an organization to work with pride and enthusiasm toward achieving stated objectives (David, 2011).

Strategy evaluation is the final stage in strategic management. Strategy evaluation is the primary source of knowing if particular strategies are not working. It is the process by which an organization's activities and performance results are monitored and actual performance compared with desired performance. It also helps to monitor continuously the organization's progress toward its long range and mission (coulter, 2005). The strategic management processes should be examined; its strengths and weaknesses noted, and modifications suggested improving the round of strategic planning (Bryson, 1995). All strategies are subject to future modification because external and internal factors are constantly changing. Strategy evaluation is needed because success today is no guarantee of success tomorrow and success always creates new and different problems including; complacent organizations experience demise.

According to Johnson and Scholes (2003), strategy evaluation concerns itself with such questions as; did the strategy meet the objectives or should revision be made? Where are the problems likely to occur? Hence, there is need for constant surveillance by the intelligence unit and feedback to the interested parties. Strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises, and making necessary adjustments (Pearce and Robinson, 2011). Implementation of strategy must be monitored and controlled to determine the extent to which objectives, mission, vision, philosophy and goals are to be achieved. David (2011), noted that there are three fundamental strategy evaluation activities; reviewing external and internal factors that are the bases for current strategies, measuring performance, and taking corrective actions. Strategy formulation, implementation, and evaluation activities occur at various hierarchical levels depending on the size of the organization such as; corporate, divisional or strategic business unit, and functional. By fostering communication and interaction among managers and employees across the various levels, strategic management helps an organization function as a competitive team.

2.4 Strategy implementation

Strategy implementation is a process by which strategies and policies are put into action through the development of programs, budgets and procedures (Wheelen and Hunger, 2008). It is an action driven administrative task that cuts across many internal functions of an organizations (Thompson and Strickland, 2007). Strategy implementation is the process through which strategy is translated into action and results are achieved. Irwin (1995) noted that strategy implementation is an internal, operations driven activity involving organizing, budgeting, motivating, culture building, supervising and leading to “make the strategy work”. It is important to examine the processes of implementation of strategy since it is comprised of a series of sub activities which are primarily administrative (Mintzberg, Quinn and Ghoshal, 1998). Pettigrew (1998), Pearce and Robinson (2003), and Lynch (2000) add that implementation includes aspects of who will be responsible for the implementation, the most suitable organizational structure to support the strategy and the relevant systems needed by the organization to track and monitor the progress. There are no ten step checklist, no proven parts and few concrete guidelines for strategy implementation (Thompson and Strickland, 2007). Strategy implementation is the least chartered, most open ended part of strategic management.

The role of personal leadership is important and sometimes decisive in the accomplishment of strategy. Except when such drastic corporate wide changes are needed however, the implementation of strategy is typically conducted by middle and lower-level managers, with review by top management (Wheelen and Hunger, 2008). Implementation is usually the interference with the status quo, this interference need to be managed in order to re-establish the organization. The implementation of the chosen strategy is the action phase of the strategic management process which follows the other phases of strategy formulation, analysis of alternative strategies and strategic choices. The three alone cannot ensure success, the strategy must be translated into concrete action and that action must be carefully implemented (Pearce and Robinson, 2003).

Strategy implementation often involves day-to-day decisions in resource allocation; there is an overriding need to align the organization's internal processes with strategy. Thompson and Strickland (2007) view that strategy implementation has to be custom-tailored to the organization taking into account the organization's setting. Aosa (1992) classified the elements into two broad categories namely; structure and process and noted that structure incorporates leadership, culture, resources and other administrative procedure. According to Irwin (1995) strategy implementation includes building a firm capable of carrying out strategy successfully, allocating ample resources to strategy critical activities, establishing strategy supportive policies, instituting best practices and programs for continuous improvement, installing support systems, tying reward structure to achievement of results, creating a strategy supportive culture and strategic leadership. Top level managers must take early and aggressive action to institutionalize the strategy within the organization; the top management team must demonstrate visible ownership of the organization strategy, communicating clearly with partners about the details, value and importance of the strategy to the organization.

Structure in organizations refers to the formal framework by which tasks are organized and coordinated (Robbins and Coulter, 2002). According to Pearce and Robinson (1991) structure refers to the basic way the firm's different activities are organized to achieve efficiency and effectiveness. Chandler (1962) on strategy and structure observed that there is need to building an internal organization structure that is responsive to the needs of the strategy. Drucker (1974) observed that the simplest organization structure that will do the job is considered the best one. The structural design of a firm has to have clear key activities needed to produce key results. To facilitate effective execution, an organization should have the right leadership, governance and operational structure which are required to support effective implementation.

Aosa (1992) defines organization culture as that which must be compatible with strategy as culture can lead to resistance. Robbins and Coulter (2002) defined culture as the fundamental values, beliefs, attitudes and patterns of people in which a firm operates. Sathe (1983) argued that culture guides the actions of organizations members without the need for detailed instructions to discuss approach to particular issues or problems. Culture is a system of shared meaning and beliefs held by organizational members that determines how they act. Culture is a pattern of behavior that has been developed by an organization as it learns to cope with its problems of external adaptation and internal integration, and that has worked well enough to be considered valid and to be taught to new members as the correct way to perceive, think and feel. Organization culture captures the subtle, elusive and largely unconscious forces that shape a work place.

Leadership is the lifting of a person's vision to higher sights, the raising of a person's performance to higher standard, the building of a person's personality beyond its normal limitation. Learned et al (1969), noted that leadership refers to the role to provide the necessary motivation and demonstrate management values of the strategy traits that are critical to successful strategy implementation. The CEO is the symbol of the new strategy, his role is both symbolic and substantive (Pearce and Robinson, 1991).

Thompson and Strickland (2007) asserts that whatever the circumstances effective leadership will reflect attributes that include; staying on top of what is happening through close monitoring, promoting a culture of spirit de corps (mobilizing employees) and motivating them to high performance levels, keeping the organization responsive to changing conditions (learning organization), exercising ethical leadership thus "do what you say" and taking timely corrective action when change is apparent.

David (2011) defines resources as both material and human that an organization has at its disposal for implementing the strategy; they include financial, physical, human and technical. Resource allocation is the availing of material and human resources required for strategy implementation (Aosa, 1992). There should be staff development programs to build capacity, reward and incentive systems and performance evaluation program that will motivate and identify capability gaps (Taylor, 1986). Organization needs to have sufficient funds and enough time to support implementation. Often true costs are underestimated or not identified; true costs can include a realistic time commitment from staff to achieve a goal or a clear identification of expense associated with a tactic. Pearce and Robinson (1998) noted that an annual budget is the main vehicle for resource allocation. Linking budget with strategy implies that there is enough for the right people and funds (Thompson and Strickland, 1989).

Performance in an organization reflects the results of effects of implementation of various strategies adopted by a firm. High strategic developments are essential for successful implementation. Strategic leadership is essential in implementation process (Hasbison and Meyes, 1959). The leadership should serve to motivate, "push" and guide the organization, they should also have superior managerial skills to balance different political and cultural differences. They should ensure that there is proper communication and make the employees own the strategy by cascading the tasks down to the lower level. Training is crucial in implementing strategy; regular training and updating of the systems bring the organization up to date as a whole. Recruiting and retaining people with the needed experience, skills and intellectual capital are a sure way of successful strategy implementation (Thompson and Strickland, 2003). The leadership of the organization should create an environment that connects the employees to the organization and make them feel comfortable. They should create some positive and negative consequences for achieving or not achieving the strategy. When corporate structure is aligned to strategy, people tend to appreciate hence less resistance.

Establishing balanced organization controls provide the parameters for implementing strategies as well as the corrective actions to be taken when implementation related adjustments are required. Firms need to create a strong supportive fit between policies and procedures and strategy. Core competencies and competitive capabilities should be developed in a strategy supportive fashion. A firm’s resources must be managed in a way that is consistent and supportive of strategy. Strategy is likely to succeed when there is congruence between the elements of culture, resource allocation, staff competencies, policies and procedures (Aosa, 1992). Investment should be made to acquire and develop the firm’s core competencies capital.

2.5 Challenges of strategy implementation

For successful strategy implementation, the organization should be able to allocate resources and control performance in line with the strategy (David, 2011). Effective implementation can make a sound strategic decision ineffective or a debatable choice successful (Mintzberg, Quinn and Ghoshal, 1998). Whereas a successful strategy formulation depends on business vision, market analysis and entrepreneurial judgment, successful implementation depends on working through others, organizing, motivating, culture building and creating strong fit between strategies and how an organization does things (Thompson and Strickland, 2007). According to Aosa (1992) problems arise if any of the elements in the structure or process is not attended to. Alexander (1985) noted that most of the firms that experienced problems could have been avoided if they had prevented implementation problems from occurring in the first place. In all organizations at all levels, there exists a natural resistance to change. Employees feel threatened with changes of the unknown and they get concern with loss of job or status (Thompson and Strickland, 2007). The main causes of poor strategy implementation are; vision and strategies that are not linked to departmental, team, and individual goals, long and short term resource allocation and feedbacks that are not strategic (Kaplan and Norton, 2004).

Leadership plays a central role in strategy implementation and may pose challenges if not managed properly. The chief executive officer together with key managers must have skills, personalities, education and experience to execute the strategy (Pearce and Robinson, 2001). Top level management play a critical role in implementing strategy, their strategic decisions may influence how an organization achieves its goals. Having a top level management team with superior managerial skills and selection of competent staff is critical. Though this may sound theoretically easy, in practice it does pose challenges. Challenges may be experienced in strategy implementation According to Byars and Duane (1996), the challenge to implementation arises from lack of understanding the strategy, poor planning; ineffective communication, flawed vision and unclear goals can be a hindrance to strategy implementation. Without a viable strategy, organizations struggle to take actions to effectively implement the plan identified. Hence top-down flow of communication is essential for developing a bottom-up support.

Organizational culture consists of complex set of ideologies, symbols, and core values shared throughout the firm and influence the way business is conducted. Firms must match culture to strategy, culture that promotes desirable attitudes and behaviors that are well suited to strategy will help in the implementation of strategy. Changing culture can be difficult and poses major challenges; Wang (2000) noted that change poses a threat to continuity and security. Aosa (1992) noted that lack of compatibility of strategy and culture can lead resistance to change and frustrate strategy implementation efforts. An organization should create an environment where it can allow learning and build competencies for its employees, failure to which can pose a challenge. In a learning organization employees think as a whole, believe in team learning by conducting dialogue, having a shared vision and being entrepreneurial, as well as focus on past present experience.

While there has been more focus on supervisory of employees, current trends indicate that the reward system should be an all-inclusive approach so that the whole organization is motivated towards the strategy execution (Pearce and Robinson, 2011). It can be argued that rewards are the most powerful tool for winning the commitment of employees to effective strategy implementation. Rewards are an important tool used to achieve behavioral control. Firms should create a result oriented system in which those achieving objectives are generously rewarded and those not achieving objectives are not rewarded. Lack of a proper reward system can demotivate employees. The bottom line is that firms need to reward and motivate people in ways that are supportive of strategy and strategy implementation. Pearce and Robinson (1991) suggests that there should be a proper fit between strategy and structure, strategy implementation depends largely on the firm's primary organizational structure. Proper policies and procedures help ensure consistency in how strategy critical activities are performed. Aosa (1992) noted the challenges as; uncontrollable factors in the external environment, implementation took too long, unforeseen obstacles that surfaced at implementation time, competing activities, key implementation tasks were not well defined, resources made available were not adequate and coordination was not effective. Strategy implementation fails when "implementers do not own the strategy (Giles, 1991)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the general methodology used in conducting the study. It presents research design, target population, data collection techniques and the method of data analysis used.

3.2 Research Design

The study used descriptive survey. Mugenda and Mugenda (2003) noted that a survey research attempts to collect from members of a population and describes existing phenomena by asking individuals about their perception, attitudes, behavior or values. Descriptive survey method was used for the purposes of this study. Mugenda and Mugenda (2003) describes descriptive research design as systematic empirical inquiring into which researchers does not have direct control of independent variables as their manifestation has already occurred and cannot be manipulated. Hence descriptive research was more appropriate regarding the challenges of strategy implementation faced by deposit taking, saving and credit cooperatives in Bomet County. The study was cross sectional because data was collected in all organizations at one point in time, hence justifying use of descriptive survey.

3.3 Target population

The target population consisted of 10 deposit taking Saccos in Bomet County. The researcher conducted census since the population was too small. The Saccos were in different sectors of economy as follows; two teachers based Saccos, six farmers based Saccos and community based Saccos are two (SASRA, 2012), list attached in Appendix I

3.4 Data Collection

The study used primary data. The data was obtained directly from the population. The main research instrument in the study was an interview guide. The respondents were the Chief Executive Officers of the ten Deposit Taking Saccos. In case of absence of the Chief Executive Officer, the head of departments were interviewed namely; human resource, finance and marketing.

The interview guide had two sections; the background information and the main body which sought to ask about the challenges faced by Deposit Taking Saccos when implementing strategy.

3.5 Data Analysis

The data was analyzed and evaluated to determine its usefulness, credibility, consistency and adequacy. The data collected was analyzed by way of content analysis. Analysis means categorizing, ordering, manipulating and summarizing of data to obtain answers to research question. Content analysis is any technique for making inferences by objectively and systematically identifying specified characteristics of messages (Stelmer, 2001). Content analysis was preferred because the study sought to solicit data that is qualitative in nature. This kind of analysis does not restrict respondents on answers and has potential of generating more detailed information. The main purpose of content analysis is to study existing information in order to determine factors that explain a specific phenomenon (Mugenda and Mugenda, 2003)

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter covered the findings of the study. The study intended to establish the challenges of strategy implementation faced by Deposit Taking Saccos in Bomet County. An interview guide was used and designed to solicit data from the ten deposit taking Saccos in Bomet county. Content analysis was used to give in depth findings of the study.

4.2 Background information

The respondents included the CEOs of the ten deposit taking Saccos, and where the CEO was absent the departmental managers were interviewed which included human resource, finance and marketing. Out of the ten respondents seven were interviewed of whom one was the CEO representing 14 percent, and the rest were delegated to the departmental manager's representing 86 percent. The respondents from the various sectors were; teacher based two respondents representing 29 percent, farmer based four respondents representing 57 percent, and community based one respondent representing 14 percent. The ages of the Saccos ranged between 6-36 years, while the work experience of the respondents were between 3-10 years. And this indicated that they had the competencies to handle issues relating to challenges of strategy implementation faced by deposit taking savings and credit cooperatives.

4.3 Challenges of strategy implementation faced by Saccos in Bomet County

The study established some aspects as major challenges of strategy implementation in these organizations. This section tabulates the various challenges in implementing strategy faced by these Saccos in various departments and the organization as a whole.

4.3.1 Human resource challenges in Saccos

This section give a summary of the findings the issues are; availability of documented HR strategies, action plans put in place, availability of recruitment policy, availability of reward policy, and ensuring compatibility of new employees with the new strategy.

Table 4.3.1 - Human Resource Challenges

Challenge	No. of response in agreement	Percentage of response in agreement
1. Availability of documented strategies	Out of the ten Saccos seven Saccos were interviewed and all were in agreement with having documented human resource strategy.	Out of the entire population 100 percent were in agreement having a documented HR strategy.
2. Action plans put in place	It was established that most of the Saccos (6 respondents) had put in place training programs both internal and external. Though the external is not geared to specific organizational strategy.	86 percent of the respondents were in agreement of the presence of training program
3. Availability of recruitment policy	All respondents noted that they had specific criteria and guidelines in which	100 percent of the respondents confirmed that there are stipulated

Challenge	No. of response in agreement	Percentage of response in agreement
	they recruited new employees in line with requirements.	guidelines when recruiting.
4. Availability of reward policy	The respondents were quick to point out existence of reward policy both in financial and non financial gains. But six of them pointed out a high turnover due to lack of proper rewards.	Most of the Saccos (86 percent) experienced the same challenge of not rewarding well its employees.
5. Ensuring compatibility of new employees with the new strategy	Six of the respondents added that the employees are trained though the training can be inadequate.	Relatively high percentage (86 %) of the respondents echoed the same sentiments of inadequate training.

Source: Research data

4.3.2 Financial challenges in Saccos

This section give a summary of the findings the issues are; availability of documented financial strategy, action plans in place, overall resource mobilization. Some issues arose during the interview namely; competition from commercial banks, government policies and procedures, and Saccos regulatory body (SASRA).

Table 4.3.2 - Financial Challenges

Challenge	No. of response in agreement	Percentage of response in agreement
1. Availability of documented financial strategy	All the seven interviewed respondents were in agreement.	100 percent of the respondents agreed.
2. Action plans in place	All the respondents noted that they budget and allocate finances.	100 percent of the respondents agreed.
3. Overall resource mobilization	Six out of the seven respondents indicated that some departments were more important than the rest when allocating resources.	85 percent of the respondents agreed.
4. Others	All the seven respondents noted that they faced competition from commercial banks, challenge from SASRA, and challenge from government.	100 percent of the respondents agreed.

Source: research data

4.3.3 Organizational systems and programs challenges in Saccos

This section give a summary of the findings the issues are; availability of the systems to support implementation, availability of communication protocol, presence of supportive organization structure, current organization culture, and role of top level management.

Others represent issues that arose during the interview process which is the characteristics of board members and director's chacteristics.

Table 4.3.3 - Organizational Systems and Program Challenges

Challenge	**No. of response in agreement**	**percentage of response in agreement**
1. Availability of systems to support implementation	All the seven respondents agreed that IT supported and enhanced their processes.	100 percent of the respondents agreed.
2. Availability of communication protocol	All admitted that there was no proper communication protocol and where it existed it was too slow for information to reach intended person.	100 percent of the respondents agreed.
3. Presence of supportive organization structure	All the seven respondents noted that the existing structure was not flexible to accommodate change.	100 percent of the respondents agreed.
4. Current organization culture	All the seven respondents indicated that culture was a sensitive issue and that culture of resistance to change was dominant.	100 percent of the respondents agreed.
5. Role of top level management	Six out of seven respondents noted that top level management provided	85 percent of the respondents agreed.

Challenge	No. of response in agreement	percentage of response in agreement
	leadership. Though some departmental heads lack exposure in influencing employees.	
6. Others	All the seven respondents noted that the board members and directors characteristics affected implementation process.	100 percent of respondents agreed.

Source: research data

4.4 Discussion

For effective strategy implementation skills and competencies of employees is the key. However, the study established that most of the Saccos in Bomet County have a pool of skilled and competent staff. Though, implementation problems emanated from managers failing to adequately anticipate the needed training and instructions for their employees in order to equip them with the necessary skills for execution. The top management or the formulators of the strategic plans did not link employee's performance during implementation with the overall reward system in their organizations. Hence, the findings revealed that employees are de-motivated and demoralized in achieving the grand strategies and some employees might decide to quit leading to frequent employee turnover. This is in line with the research with Nyakiri (2012) who did a study on challenges of strategy implementation at the University of Nairobi, who established that the staffs were highly de motivated due to unsound reward system. Considering the various Saccos, the respondents noted that the existing reward systems were not the best, but they added that they are doing their best to ensure that there is proper remuneration for their employees. The study revealed that in an effort to achieve better results most of the Saccos have a yearly training program courtesy of KUSSCO which is an umbrella body of Saccos, though the training may not be necessarily aligned to specific strategic needs for the various organizations.

Financial resources is key to Saccos since their main agenda is buying and selling of money through; deposits, withdrawals and issuing of loans. The respondents noted that there is a big challenge in balancing its finances in savings and withdrawals, since in most instances there is imbalance between high demand for finance withdrawals and low supply for finance deposits. The study revealed that employees do not appreciate the importance of compliance and this leads to lack of cooperation. Though, the respondents indicated that there are clear budget lines that guide allocation of resources required for effective strategy implementation. In addition, the study established that some departments are given a preferred priority from the rest of the departments in budgetary allocation this is a great challenge in implementing stipulated strategies since some departments tend to resist some responsibilities pushing to those departments with favored budget allocations. However, the respondents were quick to point out that the resources are inadequate and limited to access and in some instances they could operate with a deficit budget. The research findings agree with Kiptarus (2003) in his study found out that lack of funds interfered with the company's strategy implementation programme.

Organizational structure deals with the roles, responsibilities, boundaries, relationships of the various positions, processes and procedures. From the research findings all Saccos face a challenge with the existing structures. The study revealed that there was lack of understanding of the role of organization structure and design in the implementation of strategies. The structure was not supportive to provide employees with the needed training and instructions during implementation. There was a challenge with conflicting workload whereby there is no clear identification on which roles and duties that an individual is capable of handling at a particular time. The respondents were quick to add that there are some duties and responsibilities which are perceived to be gender based (masculine or feminine) and lead to conflicting of roles. It was noted from the study that internal communication was a source of implementation challenge. Top- down communication is a source of challenge that it slows down information flow and the employees are not up-to-date in the progress of strategy implementation. The finding is supported by Anyango (2007) that structure did not support implementation process.

Organization culture influences what is acceptable or unacceptable in the organization. The study established that most of the Saccos had a mix of values and beliefs that had been disseminated for those people who held managerial positions. Most (85 percent) of these Saccos have their own way of doing things. The study found out that culture is a major challenge to implementation; it promotes negative attitudes among the employees. 85 percent of the respondents noted that employees were under peer pressure especially from the long serving employees who do things the way they are used not considering the ever changing business environment. The study established that culture of resistance to change existed and it is traced back to historical and traditional view of employees in the organization poses a serious problem to strategy implementation. The research findings agree with Aosa (1992) noted that lack of compatibility of strategy and culture can lead to resistance to change and frustrate strategy implementation. 85 percent of the respondents were quick to point out that they are trying their best to make changes in the old way of doing things and align to the strategy with an aim of achieving better results.

Organization politics coupled with the board members and directors characteristics is a big challenge. Board members are usually comprised of people from different background and are varied either in; age, education, experience and profession. Board member decisions influence greatly implementation process and this poses a great challenge. The study did established that board characteristic and politics was a challenge, for instance the board of directors may suggest differential inclination toward strategy implementation and implies that not all do understand strategy and its processes that is from formulation to implementation. The study found out that the board members of these Saccos are elected after every three years, considering most of the Saccos have a five year strategic plan there is a huge challenge in dealing with the new board and their varied views. The implementation process is interrupted by the new members. This is supported by Nyakiri (2012) in his findings noted that leadership style is critical in strategy implementation.

It was established that the board members and directors play a role in recruiting some of the employees and this is a great challenge when it comes to promotions, rewarding or even disciplining them because they influence the process and want their self interests to be achieved. The respondents were quick to point out that the board members through their mischievous ways delay or fail the implementation process. With the leadership element some other departmental heads lack the exposure to influence the other employees in undertaking the implementation. Though the respondents noted that there is great improvement currently compared to the past and also, during recruitment process those candidates seeking to fill any managerial position are scrutinized in their academic qualifications, experience and more they are tested on leadership skills.

Competition from commercial banks and change in technology is a challenge most of these Saccos face. Commercial banks are large and have branches all over the country compared to Saccos which are mostly based at the county level hence, can lose in strategic positioning. It was noted that commercial banks have a wide range of customers compared to Saccos which in most cases target small scale farmers who in some cases might not channel their finances to Saccos considering their income are low and sometimes seasonal. Some of the Saccos are still young and with the existence of these commercial banks is a challenge considering they offer banking like services like giving loans. Mostly Saccos give out their loans at a lower rate compared to commercial banks but they lack enough financials to sustain the services they offer. The study did established that technology is becoming obsolete at a faster rate hence need to be up to-date. It is a huge challenge for the Saccos to invest in sophisticated technology; this is because it needs huge finances to retrain the employees and the element of fear of change. Lack of up to date information systems leads to slower operations of an organization and in turn causes delayed achievement of objectives and the organization fails to be at a competitive edge.

The study found out that SASRA have various regulatory and surveillance tools to ensure effective implementation of its legal mandate of licensing, and regulating of Saccos. The authority is constantly in touch with the Saccos with an aim of fast tracking them to achieve the compliance requirements to necessitate their licensing. Though SASRA regulate Saccos in their operations to achieve its objectives, Saccos on the other hand are at risk when complying with the processes and policies because might take too long to mature putting in hold the implementation process. The respondents were quick to point out that as they are trying to comply they are doing their best possible that their strategy is in line with the regulations so that in the long run they achieve the objectives. They also pointed out that there is inadequate supervisory leadership.

Government plays a critical role in development of Saccos and has monetary policies put in place. Government ensures Saccos grow and remain attractive to customers. The government monitors and regulates the solvency of Saccos or the financial intermediaries to protect depositors and foster financial system stability. Though the government plays a positive role in development of Saccos it poses its challenges since its laws and regulations change from time to time. This affects Saccos in their operations in striving to achieve its objectives. The respondents noted that there is big confusion in the current government because initially they use to report to the national government but, with the dispensation of the new constitution devolution is major and most activities have been devolved to county government. Respondents added that they were in dilemma on who to report to or comply to since every government has its own rules and regulations which govern its activities. This confusion plays a role in the draw backs in strategy implementation amongst the Saccos.

The study did establish some other external challenges such as, stakeholders especially the customer's default on loan repayments. The respondents pointed out that in most instances the small holders were the most "suspects" in defaulting loan repayments. And this is a major challenge since the main objective of Saccos is to provide financial services. In addition, the economic down turn, considering that most of the Sacco customers are farmers and more are tea growers. With the current political instability in Egypt, Afghanistan and all those countries facing political instability have caused the prices to dramatically go down this year. This affects the customers who are the shareholders of the Saccos and in turn the losses are consequently transferred to the Saccos. The general economic crisis in the market which needs the various departments in the Saccos to cut down their costs.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section presented a summary of findings, conclusion and recommendation regarding the major findings of the study.

5.2 Summary of findings

The main objective of the study was to establish the challenges of strategy implementation faced by deposit taking Saccos in Bomet County. Based on the study the findings the study established the following challenges; internal challenges and external challenges. Internal challenges were; unsound reward system, inadequate financial resources, lack of understanding of the role of organization structure and design in execution process, culture of resistance to change, organization politics coupled with board members and directors characteristics or leadership. External challenges included; competition from commercial banks, government policies and procedures (national and county governments), inadequacy of supervisory leadership from regulatory body-SASRA, economic crisis and political instability at the international markets.

5.3 Conclusion

Based on the objective of the study, which was to establish that strategy implementation might not succeed if it is misunderstood or if the affected parties resist its implementation because they do not understand it was selected. There is no best way of dealing with challenges of strategy implementation. The various challenges can cause an organization to even to close down its business hence; the top management should provide proper leadership and provide real time solutions. From the findings it was established that planners should place more emphasis on implementation issues in drafting their plans. The challenges should be accounted for during formulation stage.

Thus, top management should identify, inform, involved and incentives. They should ensure this is done simultaneously by use of more sophisticated problem identification; delineation and role clarification, there should be development of better information and communication systems and feedback mechanism, also there should be employee and managerial involvement in both formulation and implementation of strategies lastly, motivational reward incentives should be tied to implementation success.

5.4 Recommendations for Policy and Practice

The study indicates that Saccos in Bomet County have well documented strategies though if faces its implementation challenges. For Saccos to implement their documented strategies it is recommended that; management must ensure that supportive structure is put in place to provide employees with the needed training and instructions during implementation process. Management should motivate them by linking employee performance during implementation phase with the overall reward in the organization. They should formulate financial plans and policies that will enable them disburse the funds in the various departments; since their core mandate is to provide financial services. The management should develop a good information system. Employees need to be updated on implementation tasks; they should align its own organization structure to what the strategy is calling for in order to enhance effectiveness in communication and coordination during implementation. Lastly the top level management namely; the CEO, departmental heads, directors and board members has to be involved during the implementation process since they are the decision makers.

5.5 Suggestions for Further Research

Further research should be carried out on replicating Saccos in Bomet County and incorporate interviewing the lower level employees in the Saccos. This would provide a more balanced view and perception of employees on how the key issues regarding strategy implementation are being managed. This will promote objectivity as well validate the findings of this study.

Further studies can be done on Saccos in various counties in the country the studies can reveal some other hidden obstacles common to Saccos in implementing strategy. Future studies should also consider some specific Saccos in the country that have carried out successful strategy implementation. The studies should find out the successful factors on strategy implementation. This can be a benchmark by other Saccos carrying out strategy implementation so that they ensure they can obtain better results.

5.6 Limitations of the study

The study had some limitations. The sample was too small from one county posing a problem of generalization.

The main respondents were CEOs or the departmental heads, considering that the CEO is usually very busy some of the departmental managers interviewed did not have much experience in the Saccos hence not giving in depth information on the challenges of strategy implementation. CEO might provide biased information.

Considering the respondents the junior employees were left out leaving a gap on their views concerning challenges of implementation.

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APPENDICES

APPENDIX I: LIST OF SACCOs

	SACCO	SECTOR
1	Imarisha Sacco Society Ltd	Teachers based
2	Kipsigis Edis Sacco Society Ltd	Teachers based
3	Konoin Sacco Society Ltd	Farmers based
4	Sot Sacco Society Ltd	Farmers based
5	Tenhos Sacco Society Ltd	Farmers based
6	Chepsol Sacco Society Ltd	Farmers based
7	Sotico Sacco Society Ltd	Farmers based
8	Kotabgor Sacco Society Ltd	Farmers based
9	Kenya Midland Sacco Society Ltd	Community based
10	Mulot Fsa rural Sacco	Community based

Source: Supervision Report 2012.

APPENDIX II: INTERVIEW GUIDE

PART A: General background information

1. Name of the Sacco…………………………………………………………………….

2. Position of the respondent……………………………………………………………..

3. Years of experience in the Sacco (years)………………………………………………...

4. Sector of operation……………………………………………………………………….

5. Age of Sacco……………………………………………………………………………..

PART B: Strategy implementation challenges.

Human Resource

1. Does your Sacco have documented HR strategies?
2. In an effort to document them, what action plans are put in place?
3. Does the organization have a recruitment policy? How does the policy (if any) support strategy implementation efforts in the organization?
4. When recruiting new employees, how does the human resource team assess their competency so that they are compatible with the new strategy?
5. Does the organization have a documented reward policy? How does the policy (if any) support the implementation of strategies?
6. Please give any other comment you may have regarding the subject of this research.

Finance

1. Do you have any documented financial strategies?
2. How do you implement these action plans (if any)?
3. What is the general comment on overall resource mobilization in terms of access to utilization of resources to enhance implementation of strategies?
4. What challenges do you encounter in the process of implementing the action plans?
5. Please give any other comment you may have regarding the subject of this research.

Systems and programs

1. Does the organization have specific systems that support the implementation of its programs? If yes, what are they?
2. Is the senior management team in the forefront in providing leadership to enable effective program implementation?
3. How would you describe the way information is channeled to the staff towards enabling successful implementation? Is there communication problem?
4. What will you comment on the current structure in terms of its support for strategy implementation?
5. What will you comment on the overall organizational culture in terms of its support for strategy implementation?
6. Please give any other comment you may have regarding the subject of this research?