

**CHALLENGES OF STRATEGY IMPLEMENTATION AT JAMII
SACCO SOCIETY LTD, KENYA**

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DECLARATION

This research project is my original work and has not been presented for examination in any other University.

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ABBREVIATIONS AND ACRONYMS

ATM :	Automated Teller Machine
CBK:	Central Bank of Kenya
C.E.O :	Chief Executive Officer
FOSA:	Front Office Saving Activities
GOK:	Government of Kenya
ICT:	Information Communications Technology
IT:	Information Technology
MFI:	Micro Finance Institutions
SACCOS:	Savings and Credit Co-operative Societies
SASRA:	Sacco Societies Regulatory Authority
SC:	Supervisory Committee

ABSTRACT

Successful strategy implementation is the result of careful alignment of an organization's strategy to the various organizational dimensions such as its structure, culture, resources, leadership, human resources, systems and processes. The purpose of the study was to achieve two objectives namely; to determine the challenges of strategy implementation at Jamii Sacco Society Ltd, Kenya, and to establish the measures that it has put in place to deal with the strategy implementation challenges. The research was conducted through a case study design; data was collected by way of interviewing seven senior managers at Jamii Sacco Society. Secondary data sources were also used to complement the primary data that was collected. Content analysis was used to analyze the data. The study established the challenges of strategy implementation in the organization as; inadequate human resource capacity, and poor incentive and reward system to support effective strategy implementation, rapid Changes in Information Communications Technology, changing regulatory framework, intense competition in the industry, changing needs of the Sacco members, and changing demographic profile of the Sacco members. The measures the organization has put in place to address the challenges are; adopting human resource practices such as development of human resource capacity through training , and periodic review of staff salaries, development of new loan products, reviewing policy on membership allowing all Kenyans to be members of the Sacco, and adoption of modern ICT to effectively serve its clients. The study's conclusions were; adequate development of the organization's human resource through training and putting in place proper reward and incentive policy is essential to the Sacco's successful implementation of its strategic plan. The implications of the study was that certain organizational aspects including human resource practices such as reward system and capacity need to be aligned to strategies in order that such strategies can be effectively implemented. The limitations of the study was that it never covered other aspects of strategic management such as strategy formulation, evaluation and controls which are also important; the sample size was also small thus making generalization of the findings difficult. Further research is therefore needed involving intense and qualitative research involving more interviewees, and also covering other areas of strategic management. The study recommended that Jamii Sacco should develop a well documented reward policy explicitly tied to strategy implementation.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

While formulating good strategies is considered critical in leading to organizational success in today's business environment, making sure that such strategies work is equally more important (Pearce and Robinson, 2004). Successful implementation of strategies therefore requires that strategic managers pay careful attention to the implementation of strategies to avoid common pitfalls that result in failure (Lorange, 1998). One key approach that greatly improves the success of a strategy implementation initiative is how strategy implementers develop and align the various organizational dimensions such as structure, culture, compensation and reward system, and resources with the chosen strategy (Johnson, Scholes, and Wittington, 2002).

From the perspective of Contingency theoretical framework developed by Woodward (1958), there is interplay between strategy, organizational structure, and the environment. To achieve excellence, organizations need to build internal processes and structures, and behaviors that contribute to their sought after success. Successful organizations must build their internal systems and be flexible in order to react quickly to environmental changes. Such organizations are characterized by design attributes such as simple structure and lean staff, and a balance between financial and non-financial measures of performance (Jauch and Glueck, 1988).

Owing to many changes in its operating environment such as new government regulations, changes in ICT, trade liberalization and growing competition, Jamii Sacco Society developed a 5-year Strategic Management Plan 2011-2015 whose

overriding goal is to enable the organization deal with the emerging challenges in the business environment. The main objectives of the plan are to; increase the membership base from 10233 to 20000 by 2015; develop and maintain strong and recognizable brand; increase loan portfolio from ksh 829.7m to ksh 1.7bn by 2015, among others. Though many of the strategic objectives were realized within the period, some of objectives in the plan were not achieved.

1.1.1 The Concept of Strategy Implementation

Strategy Implementation is the second major process of strategic management, and involves decisions regarding how an organization's resources such as people, processes ,IT, and systems will be aligned and mobilized towards achievement of objectives(Harrington,2004).It is about translating strategic plans and policies into acceptable and desirable organizational results (Hrebiniask, 2008). Noble (1998) defines strategy implementation as the process of putting chosen or developed strategies into action through the development of programs, budgets and procedures.

According to David (2009),Operationalization of strategy is the first major step in strategy implementation, and it entails the development of functional or operational plans and tactics which can be easily executed. It is done at the operational and functional level of strategic management. At this stage, the strategy of the firm should be matched to the firm's available resources. Institutionalization of the strategy involves matching the strategy to the organizational dimensions such as structure and culture, linking performance and pay to strategies, developing effective human resource function and aligning it to strategy, matching managers with strategies and adapting strategy-supportive operations and production processes (Beer and Einsentat,

2002). Successful strategy implementation requires commitment from executives and senior managers. They must lead, support, and follow-up the results of the strategic implementation process or else the whole process may fail (Hrebiniask, 2008).

Cristtenden (2008) argue that great strategies can evolve over time as a result of monitoring of the progress towards achievement of strategic goals, when emerging realities are discussed and strategies are revised. Thus it may be construed that implementation of a strategy has an element of strategy development embedded in it(Noble,1999).Again organizations need to incorporate strategy implementation during the planning phase by involving persons key to execution during planning phase. This helps in obtaining their commitment in the process, and also allows them have insights into the practicalities of the strategy at an early stage (David, 2009).

1.1.2 Challenges of Strategy Implementation

According to David (2009),while strategy formulation is primarily an intellectual and creative act involving analysis and synthesis, strategy implementation is commonly the most complicated and challenging part of strategic management process. Mintzberg and Quins (1996) observe that 90% of well formulated strategies fail at implementation stage; a survey by Economist Magazine found a discouraging 57% of firms were unsuccessful at executing strategic initiatives over the past three years, according to survey of 276 senior operating executives (Durden,2000).

Johnson et al. (2002) identify the challenges of strategy implementation as; unfeasibility of the strategy, misunderstanding of the strategy, unaligned organizational systems and resources, uncontrolled environmental factors, resistance

to change within the organization, failure to clearly define key implementation tasks and activities, inappropriate organizational culture, and lack of focused and committed leadership, among others. Hambrick (1983) also observes that ineffective strategy communication systems, non-involvement of key stakeholders during the process of strategy formulation and implementation stages, and failure to manage resistance to change, among others, also greatly affect the outcomes of any strategy implementation initiative.

1.1.3 The Sacco Movement in Kenya

According to Central Bank of Kenya Economic Survey 2015, Saccos are one of the leading sources of rural finance and in many rural areas the local Sacco is the only provider of financial services. While the exact number of Saccos operating in Kenya is not known, estimate range from almost 10,000 up to 12,000, with about 230 of these considered as deposit-taking Saccos offering front office savings activities (FOSA). The economic survey further noted that the Sacco sub-sector has witnessed rapid growth in the last few years at the rate of about 25% p.a. and now boasts a saving mobilization of over ksh460 billion, with projection showing that in the next 8 years, members 'deposits in SACCOS will be approximately Kshs800 billion. The survey observed that Saccos in Kenya account for 62%, 65%, and 63% of the continent's savings, loans and assets respectively, and that about 28 million Kenyans, 63% of the entire population, depend on the cooperative related activities directly and indirectly for their livelihood and that Saccos control 30% of the GDP, and accounts for 80% of the total accumulated savings.

Today most Kenyans in rural and urban areas have acquired decent homes courtesy of funds sourced from Saccos (Ademba, 2006). In the Kenya vision 2030 Development

Blue- print, the cooperatives have been touted as the key to mobilizing savings, creating jobs and alleviating poverty (Department of Cooperatives and Marketing, 2013).

Despite its contribution to the Kenyan economy, the sector faces many challenges which are both internal and external such as; poor governance and management, slow adoption of ICT, failure to develop competitive business models, non remittance of fees by members, cut- throat competition from banks and other micro financial institutions, failure to diversify from traditional products, among others (Department of Cooperatives and Marketing, 2013).

1.1.4 Jamii Sacco Society Limited, Kenya

According to Jamii Sacco's 2011-2015 strategic plan, Jamii Sacco society ltd, Kenya was established in April, 1972 with the main objective of promoting thrift among its members by affording them opportunity for accumulating their savings and thereby creating a source of funds from which loans can be made to them exclusively for provident and productive purpose. The Sacco draws its membership from approximately 127 organizations .The vision of the Sacco is to be the preferred Sacco in the provision of quality financial products and services, while the Mission is to mobilize savings, provide credit, diversified products that ensure optimal returns to its members. The core functions of the society are; mobilization of savings from members, granting loans to members, protecting members' funds, and ensuring returns to members' from investments of funds.

Jamii Sacco's core values are: integrity, professionalism, accountability, equitability and team work. The Sacco's products to its members include: emergency loans,

development loan, education loan, Biashara loan and also a range of saving products such as; junior saving account, special deposit account and holiday savings account. The Sacco has also established Jamii Housing Scheme whose aim is to enable member's easy access to affordable housing. It operates in accordance with co-operative principles which include; Voluntary and Open Membership, Democratic Member Control, Economic Participation by Members, Education, Training and Information, Co-operation among Co-operatives, Autonomy and Independence, Concern for Community in General.

The Sacco's affairs are governed by the co-operative society Act, SACCO Act, its by-laws and policies and procedures. The Board of Directors is elected by the members during Annual General Meetings and is responsible for policy issues, while the Supervisory Committee (SC) ensures provisions of the governing Acts, Society by-laws, policies and procedures are adhered to. The Board of the Directors appoints the Chief Executive Officer who oversees the day- to- day management of the Sacco. The organization has the following sections; marketing, Audit, Finance, Loans and FOSA, IT, Procurement, and Operations, each headed by a manager (Jamii Sacco 2011-2015 Strategic Plan).

In view of the many changes in Kenya's Sacco sub sector's operating environment such as new government regulations, changes in ICT, trade liberalization and growing competition, Jamii Sacco Society developed and documented its 5-year Strategic Management Plan 2011-15 whose major goals are to; increase the membership base from 10233 to 20000 by 2015; develop and maintain strong and recognizable brand; increase loan portfolio to ksh 1.7bn by 2015; and increase institutional capital to

above 8% of total assets by 2015, among others. The overarching goal of the strategic management plan is to enable Jamii Sacco Society deal with the emerging challenges in the business environment for the next 5 years.

1.2 Research Problem

Today, organizations operate under increasingly challenging and competitive environments, and in order to deliver services effectively, they must engage in effective strategic management practices (Pearce et al, 2004). According to Beer, et al, (2000) , organizations must confront and surmount the challenges inherent in the environment in order that they can successfully operate. But while many organizations formulate good strategies to enable them navigate through such challenges, implementing the strategic decisions often face numerous challenges such as; resistance to change, unsupportive organizational culture and structure, uncontrolled factors in the environment, inadequate resources, inadequate training of staff, among others (Olsen, Slatter, and Hult, 2005).

In view of the changes in the operating environment, Jamii Sacco Society developed a Strategic Plan 2011-2015 whose major goal is to enable it deal with the emerging challenges in the business environment. Among the major strategic objectives of the plan are: Grow deposits, increase loan portfolio, and increase the society's membership. However, a review of the Sacco's 2015 key Performance Indicators Report reveals that while most of the strategic objectives were realized, the Sacco failed to achieve some of the strategic objectives such as attracting over 20000 members as was envisaged in the strategic plan. While this inability by the organization to achieve some of the objectives can be attributed to other factors such

increased competition in the sub sector, it may also be an indication of the challenges of Strategy implementation at the Sacco, and thus partly provided motivation for this study

Various studies have been conducted on the challenges faced by organizations while implementing strategies. In a study involving Zimbabwe's State-owned enterprises, Mapetere, Mavhiki, Tonderai, Sikomwe, and Mhonde (2012) found that relatively low leadership involvement in strategy implementation led to partial strategy success in organizations studied; Ahmadi, Akbari, and Daraei (2012) studied the impact of organizational culture while implementing strategies in Iranian banks and concluded that a meaningful relationship exists between organizational culture and strategy implementation; In a study of work-life strategies in the Australia construction industry, Lingard, Francis, and Turner (2012) found the need for effective communication methods about work-life interaction and strategies within the organization during strategy implementation; Hrebniak (2006) conducted a study on obstacles to effective strategy implementation and found that poor or inadequate information sharing, unclear responsibility and accountability, and working against the organizational structure results in failed implementation process.

In Kenya some of the recent studies regarding challenges organizations face while implementing strategies include; Koske(2003) did a study on strategy implementation and its challenges in public organizations in Kenya; case of Telkom, Kenya and observed that the reason for the success or failure of strategies revolves around the fit between structure and strategy, the allocation of resources, the organization culture, leadership as well as the nature of strategy itself; Kiprop(2009)researched on the

challenges of strategy implementation at the Kenya Wildlife Services and concluded that a firm should focus on formal organizational structures and control mechanism of employees while implementing its strategies; Nyagi(2010) studied strategy implementation at Equity bank and identified non- involvement of employees in strategy formulation as the main reason for the slow implementation of strategies, other challenges she identified included; non-commitment of senior staff and employees in general to support a new strategic plan, change of strategy mid-term to suit new focus, financial constrains and inadequate analysis of progress being made, among others.Nyangweso(2009) also did a study on the strategy implementation challenges at Cooperative bank and found that implementation of strategy should be fast, consistent and should be adaptable on many fronts simultaneously.

Jebukosia (2013) also conducted a study on the challenges of strategy implementation among Saccos in Nairobi and found out that among the challenges affecting strategy implementation among the Saccos include; ineffective development of human capital to support strategy implementation, inadequate allocation of resources to the strategy, unsupportive organizational structure, and slow acceptance of the strategy by the relevant stakeholders such as members and Board of Directors. However, in his study Jebukosia (2013) pointed out that one of the limitations of his study was that his research sample was only restricted to the population of managing Directors of Saccos operating in Nairobi County, and that it could have been enriched by getting the views of middle level managers of Saccos who are also instrumental in strategy formulation and implementation. Hence this study sought to bridge this knowledge gap. It sought to answer one research question; what are the challenges encountered at Jamii Sacco Society ltd, Kenya in Strategy Implementation?

1.3 Research Objectives

The Objectives of the Study were to;

- i. Establish the challenges of strategy implementation at Jamii Sacco society ltd, Kenya
- ii. Determine measures employed to overcome the challenges of strategy implementation at Jamii Sacco Society Ltd, Kenya.

1.4 Value of the Study

The study will be important as it is expected that the findings will add to the existing body of knowledge and will be useful to the academic researchers who seek to establish possible causes of strategy implementation challenges at all levels in other organizations. It will thus contribute to the existing body of knowledge and provide literature to scholars in the field of strategy implementation. It will be a reference material for future researchers and scholars in the related topic.

The study will also help the government and regulatory bodies like SASRA gain more awareness of the challenges Saccos are more likely to face as they implement their strategies, and ultimately lead them make informed policy decisions touching on the cooperative subsector.

The study will be useful to the managers at Jamii Sacco identify the hindrances to the successful implementation of the various strategies crafted by the management team, recommendations suggested will improve the efficiency and effectiveness of strategy implementation thus enhance the firm's overall objectives of serving its stakeholders

efficiently. The study will also go a long way in assisting other Saccos understand the challenges they are likely to face when implementing strategies, and solutions to such challenges. They would find the findings of the study helpful in developing solutions to the challenges of strategy implementation in the present and in future. This will enhance performance and serve as a source of reference for future strategies that will be formulated.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews available literature that is related to strategy implementation and the challenges involved. The chapter covers several sections: theoretical review, strategy implementation, challenges of strategy implementation, measures to address the challenges of strategy implementation, and summary of knowledge gaps from the reviewed studies.

2.2 Theoretical Foundation

According to Burnes (2004), a number of theories have been put forth to explain the implementation of strategic decisions in organizations, and include; Institutional Theory; Contingency theory, and Group theory model, among others. Institutional Theory which originated from the work of North (1991) is premised on the fact that institutional environment can strongly influence the development of formal structures in an organization. It states that organizations exist in an institutional environment which defines and de-limits its social reality (Burnes,2004).As such, institutional environment can strongly influence the development of formal structures in an organization. And so, in order to survive, organizations must conform to the rules and belief systems prevailing in the environment (Rapert and Velliquette, 2002).

According to Contingency theory by Woodward (1958) there is interplay between strategy, organizational structure, and the environment. Therefore, to achieve excellence organizations need to build internal characteristics that contribute to their sought after success. Successful organization must be flexible in order to react quickly

to environmental changes (Jauch and Glueck, 1988). According to this theory, in strategic management managers also prepare alternative strategies that they can consider if conditions should change. Contingency strategy requires the planner to choose the preferred strategy given the best estimate of conditions and other strategic choices (Harrington, 2004).

On the other hand, Group theory model was developed by Truman (1951) posits that strategy selection and implementation is a process of balancing the interests of groups in an organization. Thus the strategy selected and implemented from among the various strategic choices represents a compromise among the proponents of the various strategies chosen (Jauch et al. 1988). A CEO's interest on balancing internal group influences in strategy selection would thus utilize such an approval, and balancing the interests of external groups in strategy selection and implementation can thus be viewed as a group equilibrium problem. When the relative power of groups changes, strategy will change to establish a new equilibrium, and move in the direction of desired group gaining in influence, and away from the desire of the group losing influence. This theory whose other proponent include Salisbury (1966) views power as the basis of business decisions, and as such there is a tendency of a group of people both within and outside of the organization to band together into coalitions on the basis of mutual interests. Thus strategy selection and implementation then becomes one of balancing the interests of coalitions (Rapert et al. 2002).

2.3 Strategy Implementation

Strategy implementation is the second level of strategy management process, and involves putting into action strategy so far identified in light of an organization's weaknesses and strengths viz-a-viz the opportunities in the External

Environment(Wheelen and Hungar,1996). Lingard et al. (2012) observe that the purpose of strategy implementation is to complete the transition process from strategy planning to strategy execution by incorporating adopted strategies throughout the relevant systems .

According to Hrebiniask (2008) after objectives are established and corporate strategies are selected several activities must take place to ensure that a chosen strategy is successful .The first concern therefore is to operationalize the implementation of the strategy throughout the organization, and this can be accomplished through; annual objectives, functional tactics, policies, resource allocation, and action plans.

Annual objectives guide implementation by translating long term objectives into current targets. They represent the basis for allocating resources; provide a primary mechanism for evaluating managers; and are a major instruments for monitoring progress towards achieving long-term objectives (Slater et al.2001).Annual objectives should be consistent with long-term objectives, and supportive of strategies to be implemented, and they should be measurable, reasonable , challenging , clearly communicated throughout the organization and characterized by time dimensions and accompanied by commensurate rewards and sanctions (Beer et al.2002). On the other ,policies are specific guidelines, procedures ,rules ,and administrative practices established to support and encourage work towards stated goals, and set boundaries, constraints and limits on the kinds of administrative actions that can be taken to reward and sanction behavior ,they clarify what can and cannot be done in pursuit of organization's objectives .Policies therefore let both employees and managers know what is expected of them, thereby

increasing the likelihood that the strategies will be implemented successfully. Short-term objectives are usually accompanied by action plans, which enhance these objectives by identifying functional tactics and activities that will be undertaken in the next week, month or quarter as a part of business effort to build competitive advantage (David, 2009.). Action plans specify what exactly is to be done, who is responsible for each action in the plan and the time frame for the completion. One benefit of short-term objectives and action plans is that they give operating personnel a better understanding of their role in the firm's mission and provide a basis for strategic control as they provide a clear, measurable basis of developing budgets, schedules and other mechanisms for controlling the implementation of strategy (Wheelen et al. 1996).

Functional tactics and proper allocation of resources are also important in implementing a strategy. Functional tactics are key routine activities that must be undertaken in each functional area such as marketing, finance, Research and Development, Human Resource Management to provide the business products and services (Cristtenden et al. 2000).

Another key aspect of implementing strategy is the need to institutionalize the strategy so that it permeates the daily decisions and actions in a manner consistent with long term strategic success (Johnson et al. 2002). The central issue in the institutionalization process of any strategy is achievement of the "fit" between the internal organization of an enterprise and its strategy (Galbraith, 1994). Organizational structure, leadership and culture are three fundamental elements that must be managed to fit the strategy if that strategy is

to be effectively institutionalized (Noble,1999). The Mckinsey 7- S framework is useful in providing strategic managers with useful visualization of the key components that should be considered for effective strategy implementation.

According to this framework which was developed by Mckinsey and company Management Consulting firm, the 7-S's include ;strategy, structure, systems, style ,staff ,skills and shared values must fit with one another in order for strategy to be successfully implemented(Johnson et al.).Strategy refers to a coherent set of actions selected as a cause of action ;structure is the division of tasks as shown on the organization's chart ;systems include the process and flows that shows how an organization gets things done; style include how management behaves such leadership styles; staff are the people in the organization; skills include the capabilities possessed by the organization; while shared values are the values shared by all in the organization (Olsen et al. 2005).The underlying concept of the model is that all seven of these variables must fit with one another for strategy to be successfully implemented. Galbraith (1994), Hrebiniak (2008),David (2009), and Johnson et al. (2002) argue that several major internal aspects of the organization such as technology, human resource, reward systems ,structure, managing change may need to be synchronized to put a chosen strategy into action.

2.4 Challenges of Strategy Implementation

It is important for managers to understand and identify the pitfalls and challenges that can occur during the process of strategy implementation because doing so can not only improve the success of the process but also lead to a more proactive approach (Thompson,1996). Lorange (1998) identifies some of the challenges in strategy execution as; failure to align strategy to organizational culture and

structure.; ineffective leadership which fails to empower and articulate the vision and objectives; inadequate resources, and; poor communication system

Culture of the organization can pose a challenge to a strategy if it is incompatible with the chosen strategy. Burnes (2004) observes that the lack of compatibility between culture and strategy can create a barrier to organizational change thereby hindering successful strategy implementation. Corporate culture include common beliefs, attitudes, set of assumptions and values shared in common by an organization's members, and affects diverse aspects of an organization's life such as how decisions are made, who makes them, how rewards are distributed, how people are promoted, and how organization responds to environmental changes(Galbrlth,1994).It is therefore important that strategic leaders create an organizational culture which is harmonized with the strategic plan, and facilitates implementation effort throughout the organization (Pryor et al.2007).

According to Thompson and Strickland (1993) the way an organization is structured can facilitate or hinder strategy implementation. Structure is defined as the design of the organization through which the enterprise is administered (Comerford et al. 1985), It affects the lines of communication between different administrative offices, and secondly the flow of data and information through this lines of communication and authority (Lingard et al.2012).Such data are essential for effective coordination, appraisal, and planning so necessary in carrying out the basic goals and policies, and in knitting resources of the enterprise. Structure also helps an organization identify its activities and the way in which it will coordinate the activities to achieve the firm's strategic objectives. It also dictates how resources will be allocated (Hrebiniak, 2008).Therefore, an organization should be structured in a way that it can respond to

pressures to change from environment and pursue opportunities which are spotted (Noble, 1999).

Olsen et al. (2005) identify another implementation challenge often faced as lack of sufficient communication. Because the amount of information in most organizations is large as both oral and written communication is used, mostly in form of top-down communication, failure to reach everyone with the strategic intents of the strategic initiative is bound to occur as great amount of information may not guarantee understanding. Communication should thus be clear so that it can provide information to improve understanding, responsibility, and to motivate staff (Lorange, 1998). Again, it should also not only be seen as a one off activity focusing on announcing the strategy but should be designed as an ongoing activity throughout the implementation process.

A major challenge facing strategy implementation is leadership. Leadership is defined as the process whereby one person influences the other members towards a goal. It is an attempt at influencing the activities of followers to willingly cooperate through the communication process towards the attainment of some goals (Wheelan et al. 1996). Beer et al. (2002) identify leadership roles during strategy implementation as; staying on top of what is happening and how well things are going, building consensus while dealing with the politics of strategy implementation, enforcing ethical standards, taking corrective action to improve strategy execution and overall performance. Therefore, an organization's leader who fails to articulate the organization's missions, objectives, and also is not able to inspire, motivate, and support the firm's

members as they work towards implementing strategies is a major stumbling block to effective strategy implementation (Hrebiniak,2008).

Resource insufficiency is also a common challenge to strategy implementation. Such resources include financial resources, physical resources, human resources, and technological resources (O'Reilly and Cadwel, 2010). Once a strategic option has been identified and settled upon, management attention turns to evaluating the resource implications of a strategy (Lorange, 1998).The Organization must have the resources required to carry out each part of the strategic plan (Pfeffer, 1994). Johnson et al, 2002 observe that resources need to be allocated according to priorities as outlined in the firm's strategic objectives because this allows an organization to implement a strategy with the resources available.

According to Galbraith (1994) strategy implementation challenge can also be due to the failure on the part of the management to put in place compensation system that value and reward performance. He observes that in many organizations, most incentive programs are designed only for top management with lower levels of management and operative employees not catered for in the programs. However if strategy execution is to be successful, then the reward structure must be tied to actual strategic performance as this would motivate and boost the morale of the workforce (Thompson and Strickland, 1998). Harrington,(2004) asserts that people must be adequately compensated for their effort as this ultimately shape their behavior and ultimately determines the success or failure of organizational strategic initiative.

Resistance to change is also an impediment to successful strategy implementation. Change is the shift of an organization from its present state towards some desired future state to increase its competitive advantage (Hrebiniask, 2008).The behavior and actions of people in an organization determine the success or failure of an organization's strategic initiative and strategic leaders involved with strategy implementation must always take this into consideration (Johnson et al.).Depending on how it is handled, change can result in resistance and conflict, making people in an organization reject new proposals and ultimately make strategy implementation difficult(O'Reilly et al.2010).This may be due to fear of the unknown, uncertainty, and a break in normal social patterns (Burnes,2004).

Bowman and Helfat (2001) identify organizational politics as another key challenge in strategy implementation. Companies are always engaged in internal political struggles, power struggles, and infighting which results from disagreements between diverse groups over decisions on the use of power and resources (Pfeffer, 1994). Lorange (1998) states that it is important to overcome the resistance of powerful groups because they may regard the change caused by new strategy as a threat to their own power and ultimately scuttle the strategy implementation endeavors.

According to Pearce et al.(2004), other challenges to strategy implementation result from uncontrolled environmental factors such as new government regulations, technological changes, introduction of a new product by a competitor, increased competition from other players in the industry, state of the economy of a country in which an organization operates, among others. Thus it is essential that organizations formulate strategies to take advantage of external opportunities and to avoid or reduce the impacts of external threats (Pryor et al. 2007).

2.5 Measures to Address the Challenges

There are different measures which can be employed to address strategy implementation challenges. Management needs to launch a change process to establish a culture conducive to the strategy implementation effort. This should be done to ensure correct relationship between cultural values and beliefs, organizational strategy and the business environment (David, 2009). Hambrick, (1983) observes that the 'fit' among strategy, environment, and culture allows an organization to be adaptable and flexible not only to meet the customer's needs but also allows for successful strategy implementation. Consequently, strategic leaders should strive to preserve, emphasize, and build upon aspects of an existing culture that support the proposed strategy. Aspects of an existing culture that are antagonistic to a proposed strategy should be changed (Rapert et al.2002).Numerous techniques that can be used to alter an organization's culture include recruitment, training, transfers, promotions ,restructuring of the organization's design, role- modeling , and positive reinforcement (Burnes,2004).

Hambrick (1983) observes that strategic choices affect the total organizational structure, and so changes in strategy often requires changes in the way an organization is structured for two major reasons namely; structure dictates how resources will be allocated, and, also dictates how objectives and policies will be established. Thus, there must be integration between organizational structure and the chosen strategy. According to Chandler's research on structure and strategy (Chandler, 1962), organizational structure follows from the growth of strategy pursued by the firm and that organizations do not change their structures until they are provoked by inefficiency to do so. Chandler therefore proposes that as organizations change their

growth strategy, new administrative problems arise that are solved when the organization structure is adjusted and refashioned to fit the new strategy. The structure of an organization helps people to pull together in their activities that promote effective strategy implementation, and in influencing the momentum of change (Bowman et al. 2001). The structure of an organization should therefore be compatible with the chosen strategy and if there is no congruence, adjustments will be necessary either for the structure or for the strategy itself (Koske, 2003).

Resource allocation is a central management activity that allows for strategy execution (Rapert et al. 2002). It is therefore important to align strategy with resources as it will be detrimental to strategic management and to organizational success not to allocate the resources in ways not consistent with priorities indicated by approved annual objectives. (Slater et al. 2001). Aaltonen et al. (2002) noted that several factors such as overprotection of resources, organizational politics, vague strategy targets, lack of sufficient knowledge and a reluctance to take risks can prohibit effective resource allocation and ultimately affect strategy execution efforts. Organizations should therefore put in place policies for resource allocation. Such policies must be closely monitored with any change in the policy promptly communicated and an explanation given when there are changes (Hrebiniak, 2008).

Effective strategy implementation requires a leader who can influence members of the organization to focus their efforts in the same direction through teamwork. It is important when implementing a strategy that the top management remains focused and committed to the strategic direction itself. They must not only demonstrate their willingness to give their energy and loyalty to the implementation process but they

must also understand and communicate to the organization's staff how the strategic plan will improve their enterprise (O'Reilly et al.2010).Effective leadership ensures that the right individuals are in the right leadership positions. Such individuals include those who will advocate for and champion the strategic plan and keep the company on track (Lorange, 1998).

Managing resistance to change is also vital during strategy implementation process. David (2009) observes that no organization can escape change, and that any change in structure, technology, or strategies has the potential to disrupt comfortable interaction patterns. People may often resist strategy implementation because they do not understand what is happening or why changes are taking place. In that case, employees may need accurate information. Successful strategy implementation hinges upon manager's ability to develop an organizational climate conducive to change. The manager can use the various approaches such as educative change strategy by presenting information to convince people on the need for change (Burnes, 2004).The firm can develop effective communication system allowing them to understand the purpose of the changes. Strategists can also develop and offer training and workshops so that managers and employees can adapt to those changes (Olsen et al. 2005).

Linking an organization's reward system to strategic performance is also important as a measure of addressing strategy implementation challenge. This entails tying reward and incentives to the achievement of performance objectives. Decisions such on salary increases, bonuses, promotions, and merit pay should be closely aligned to support the long term strategic objectives of the organization to motivate people to pursue the target objectives energetically and with zeal (Harringtone, 2004).

As well as a key to gaining people's involvement, communication is an essential element during strategy implementation process (Johnson et al.). In terms of involvement, the establishment of a regular and effective communication process can significantly reduce people's level of uncertainty. In turn this eliminates one of the major obstacles to people's willingness to get involved in the strategy implementation activity. The purpose of communication is not just to inform staff that a strategy is being executed but also to draw them into the discussions and debates about the benefits that the enterprise would have from successful implementation of the strategy. This affords them the opportunity to discuss the issues openly thereby convincing them on the need to be fully involved during the implementation process (Burnes, 2004).

2.6 Summary of Knowledge Gaps

A number of studies have been done on strategy and its relationship with the various organizational variables such as culture, and although many of the studies have defined organizational culture and associated it to organizational success and change (Aosa, 1992, Burnes, 2004, David, 2009, Johnson et al, 2002, Ahmadi et al. 2012; Pyor et al. 2007.), very few have connected a reliable and predictive measure of organizational culture to implementation outcomes in the Kenyan context. This is also the same with relationship between organizational structure and how it impacts on strategy implementation (Hambrick, 1989; Koske, 2003; Hrebniak, 2006; Beer et al. 2002; Cristtenden et al. 2002; Noble, 1999). Many of the studies have however failed to exactly assign causal connections not only between the two variables, but other variables especially in the Kenyan situation.

Again, much of the studies (Olsen et al. 2005; Mapetere et al. 2012; Ahmadi et al. 2012; Lingard et al. 2012; Koske, 2003; Kiprop, 2009; Nyagi, 2010; Nyangweso, 2009; Jebukosia, 2013; Rapert et al. 2002;) overly focus on strategy implementation with little attention on other areas of strategic management including strategy formulation, evaluation and controls thus falling short of providing an holistic and complete view of strategic management.

A review of literature also reveals that the current state of affairs in the field of strategic management does not allow a single robust estimate of the failure rate of strategy implementation. There are conflicting variations as to what exactly is the rate of failure of strategy implementation initiatives. In some studies, it is estimated that the rate of failure is in the range of 28%-90%. However, in many studies focusing on implementation of strategies, the estimate is between 7%-10%, others have obtained a failure rate as high as 80%-90%. The analysis of literature also suggests that most estimates presented in the literature are based on evidence that is fragmentary and outdated. Therefore, caution must always be exercised in using current estimates to justify strategy implementation failure rates.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives the methodology of this study. It includes; research design, data collection, and data analysis

3.2 Research Design

The Research Design was a Case Study. Mugenda and Mugenda (1999) state that a Case Study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit; be it a person, family, an institution, or even an entire community. The primary purpose of a case study is to determine factors and relationships among the factors that will result in the behavior under study (Saunders, 2006). The advantage of a Case Study is that it enables one to conduct an in-depth investigation of the underlying issues of an entity.

A case study design was deemed as the best design to fulfill the objectives of the study as the results were expected to provide an insight in understanding what challenges Jamii Sacco faces in implementing its strategies. Because of this a case study was found to be the appropriate design.

3.3 Data Collection

This case study relied on primary and secondary data from Jamii Sacco Society Ltd. The data collection method used was by interviewing the respondents. The data was collected using interview guide. Secondary data was collected by analyzing the

organization's strategic plans, Newsletters, Performance indicator's reports, financial statements, monitoring and evaluation reports, among others

The interviewees were; the CEO, Sectional managers in charge of Finance, Audit, loans and FOSA, IT, Procurement, and Operations. This group of respondents were considered to be key informants for the research because they are either involved in development or implementation of the organization's strategic plans. They were interviewed on face-to-face so as to obtain in depth responses and opinions. Prior to data collection, official permission was sought from the institution.

3.4 Data Analysis

The data obtained from the interview guide was analyzed using qualitative analysis. Qualitative data analysis makes general statements on how categories or themes of data are related. The qualitative analysis was adopted in this study because the researcher was able to describe, interpret, and at times criticize the subject matter of the research since it's difficult to do so numerically. It also enabled the researcher make individualistic judgment on the research subject matter.

The qualitative analysis was done using content analysis. According to Mugenda,(1999) Content analysis is used to describe and systematically analyze written, spoken, or pictorial communication. It involves observation and detailed description of objects, items, or things that comprise the objects of study (Saunders and Thornhill, 2006). Among those who have successfully used content analysis in their research assignments include; ochola;(2011) when he conducted a study on the challenges of strategy implementation at Medical Research Institute; Nderitu (2011), when he did a study on the challenges of strategy implementation at East

African Cables ltd,Kenya; and, Ochieng (2011),when she conducted a study on challenges of strategy implementation at Eco Bank,Kenya.

The themes (variables) that were used in the analysis were broadly classified into two; challenges of strategy implementation, and; measures adopted in dealing with the strategy implementation challenges.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter discusses the findings, analysis, interpretation and presentation of data collected. The study intended to achieve two objectives; to determine the challenges faced by Jamii Sacco Society in strategy implementation, and to establish measures taken by the society to deal with the challenges to the strategy implementation.

The study employed a case study research design to bring a clear and in-depth understanding of the objectives. Data was collected by interviewing the management team of Jamii Sacco Society comprising the CEO, and managers in charge of Finance, Audit, IT, Procurement, FOSA and loans, and Operations because they are either involved in strategy formulation and implementation, and thus were in a position to provide insight into the strategy implementation in the organization. An interview guide was used to capture their responses for a more detailed content analysis. The researcher also relied on available secondary data from the organization's documented strategic plan 2011-2015, performance indicators reports, guidelines and policies and procedures.

4.2 Strategy Implementation at Jamii Sacco Society

Successful strategy implementation process includes executing certain managerial roles which include; building an organization with competencies, capabilities, and with resources to execute strategy successfully. It also entails instituting policies and procedures that facilitate strategy execution; adopting best practices and pushing for continuous improvement in organizational systems and processes; instilling a

corporate culture that promotes good strategy execution; and also providing strategic leadership to drive implementation.

The strategic intent of Jamii Sacco Society limited for the year 2011-2015 was to provide a road map towards the attainment of nine key strategic objectives which include: To attract ,develop and retain highly skilled and motivated staff; to enhance governance in the Sacco operations ;to increase institutional capital to above 8% of the total assets by 2015;Ensure effective policies ,processes and operating procedures are in place ;to grow deposits from the current Ksh.628.9m to Ksh.1.2bn by year 2015; to increase loan portfolio from the current 829.7m to Ksh.1.7m by year 2015;to develop and maintain a strong and recognizable brand and; to increase membership from the current 10,233 to approximately 20,000 by the year 2015.

The society has laid down various activities to be carried out to enhance the achievement of the nine goals which include; developing various action plans ,work plans, policies and short term objectives .There have also been various trainings, adoption of performance contracts by each department, and use of budgets by the organization to assign resources to various departments. The current strategic plan was developed through the input of an external consultant after holding number of meetings was held with the relevant stakeholders including Sacco members' representatives, board of directors, and the management

The study, in an effort to establish the challenges of Strategy Implementation in the organization asked the interviewees to give their views on various areas of challenges including; the organizational structure, organizational culture

,participation, resources ,communication systems ,organizational politics, resistance to change leadership, reward system, and other external forces.

According to the Interviewees' response ,the organization's structure has been reviewed from time to time and it presents no major challenge to Strategy Implementation .According to the C.E.O ' there has been a review of the structure ,various departments have been collapsed and lamped together so as to achieve a leaner organizational structure with an aim of circumventing bureaucracy' .All the interviewees reported that they have not experienced challenge brought about by the organization's structure.

On the question on whether there were challenges brought about by the organizational culture ,all the respondents were of the view that the organizational culture has positively contributed to the implementation of the strategic plan. They reported that the organization's culture is anchored on values such as; integrity, professionalism, equity, and team work, and that the organizations staff are always trained on these values when they are recruited in the organization.

The study also sought the views of the interviewees on whether participation or lack of it during strategy formulation and implementation has brought with it challenges during strategy implementation in the organization .According to interviewee's response ,there is often adequate participation by all the key stakeholders including senior staff , other employees, and the Board during Strategy formulation and Implementation, and this has made it easier for the organization to implement the strategic management plan as there are no challenges.

The interviewees' views were also sought on the area of organizational politics during strategy formulation and implementation, and whether it has often presented challenges during strategy implementation. All the respondents reported organizational politics has not been a challenge.

The interviewees were also asked to give their views on whether there have been resistance to change by the various organization's stakeholders during strategy implementation. They reported that because of involvement of stakeholders during strategy formulation stages, there has been little resistance to change by the such stakeholders, and so it has not been a challenge in strategy implementation in the organization.

On whether resources in the organization has been a challenge, all the respondents reported that although the organization strives to maximize on resources through proper budgeting, human resources has often been a challenge in terms of the capacity and the number of staff in the various departments. Majority were of the view that not many working under them possess the requisite know how to successfully implement the various departmental objectives.

On the issue whether communication systems in place during strategy implementation and monitoring impeded the implementation of the organization plan, all the interviewees confirmed that the communication system in place was clear, timely and posed no challenge to the implementation of the strategic plan. They reported that through meetings and memos the organization has been able to successfully communicate to all the departments during the strategy implementation process.

The interviewees, on the leadership and direction provided by the Board during the implementation process said that the Board has always offered strategic leadership in terms of facilitating the accomplishment of the organization's strategic plan ,provided clear and measurable goals and objectives by defining the various roles that facilitate the achievement of the strategy .They reported that through regular meetings with the board they are able to share their views on the best ways to realize the organization's strategic goals ,the challenges they do encounter, and ways of moving the organization forward.

The interviewees were also asked to give their views on the reward and incentives system in place and whether it could be a challenge as the organization implements the strategic plan .Majority of the interviewees reported that they were not satisfied with the reward system in place as there are no structures to annually asses and reward best performers .They confirmed that though the organization reviews staff salaries every three years this is not tied the implementation of the organization's strategic plan.

On the external factors presenting challenges to strategy implementation ,all the interviewees reported that strategy implementation challenges have resulted due to external factors such as; competition in the industry ,changes in regulations from the regulatory Authority(SASRA) ,fraud perpetrated by external parties, membership withdrawals due to loss of employment of members, changes in taxation regime ,policy changes from the ministry responsible for cooperatives, rapid changes in technology ,changing demographic profile of the Sacco membership as the society has an aging membership ,changing needs and expectations of the members, the new devolved governance structure as most of the country governments fail to remit members' dues to the Sacco in time.

4.4 Measures taken by Jamii Sacco Society to address the Challenges

The study findings revealed that Jamii Sacco society has put in place diverse interventions to address the challenges identified above.

To address the challenges of inadequate human resource capacity, the organization has put in place programs aimed at providing its staff with new skills in their roles. The society sponsors its staff to various institutions so as to acquire skills and competencies needed to move the organization forward. The trainings cover areas as; strategic planning, financial management, Sacco operations, Accounting and book keeping, among others.

In order to address the issues of remuneration of its staff ,the Sacco conducts periodic reviews of salaries and other benefits paid to its personnel. This is aimed at providing a competitive pay which can motivate the workers to realize their departmental objectives.

The study findings also revealed that the nature of competition in the industry has prompted the Sacco to review its membership policy. Previously, the Sacco membership were drawn from the civil servants working in Government departments. However, this policy was changed to allow for members from all sectors .The policy change has ensured that the Sacco's membership recruitment drives attract more members.

On the challenges occasioned by shifting needs and expectation of members, the Sacco has responded to this by developing new tailor- made loans and savings products. Over the years, new loans and savings products have been launched by the Sacco. These include Jamii housing loan scheme where members

are able to buy plots and take loans to build houses ,biashara loans ,education loans ,top up loans , Jamii junior saving accounts, among others.

The study also found that Jamii Saccos has embraced ICT and other latest communication technologies such as use of mobile money transfers services to serve its members .The interviewees reported that the Sacco has partnered and collaborated with other organizations such as cooperative bank and Telephone service providers such as safaricom to offer ATM and mobile money transfer services to serve the members through the platform of modern technology.

The Sacco also optimizes its human resource through performance contracting whereby all the employees have been put on performance contracts and are evaluated every year. This system enables the organization to monitor and track performance of every department as they implement the organizations strategic management plan. Through monthly, quarterly and annual reports it is able to monitor the performance of its staff in every department.

4.5 Discussion of Findings

The study findings reveal that one of the obstacles to effective strategy implementation at Jamii Sacco Society was the lack of clearly defined reward and incentive policy which is not properly tied to the organization's strategy implementation initiatives, and thus fails to adequately motivate staff in their endeavor to implement the organization's strategy. According to Hrebniask (2008), one of the key decisions to effective strategy execution is the development of effective incentives .He observes that successful strategy implementation requires the careful development of incentives to motivate and guide performance and support the key aspects of strategy execution. Decisions

such as salary increase, bonuses ,promotions, and merit pay should thus be clearly aligned to support the long term strategic objectives of an organization (O'Reilly et al. 2010; Pryor et al .2007; Hambrick, 1983; Durden, 2000.)The human resource department must therefore develop performance incentives that clearly link performance and pay to strategy (Olsen et al. 2005).

The Study also reveals that there is inadequate human resource development especially among lower - level employees .This impacted negatively on strategy implementation on the organization as many of the personnel lack key skills and competencies necessary in the achievement of the various departmental objectives. Noble(1999) observes that during strategy implementation it is important that managers match individuals aptitude with implementation tasks, and this can be achieved by offering career development to organization's personnel. (Durden,2000) also notes that it is essential that empowering individuals and teams working in organizations through training be incorporated in an organization's systems for successful strategy implementation .

The study findings on the challenges to strategy implementation in the organization also corresponds positively with the ideas of the Mckinsey 7Ss model which is based on the premise that for an organization to successfully implement its strategy, all the seven elements-staff, skills, systems, style, structure, shared values, and strategy, need to be aligned and mutually reinforced. The study found that lack of alignment between the strategy and few elements such as staff- in terms of how well they are motivated by the organization's incentive program, and skills, in terms of how well the organization's personnel posses key competencies, thereby impeding successful strategy implementation in the organization.

Among the key findings of the study was that various external pressures such as; nature of competition, changing needs of the organization's members, new governmental regulations, and changes in ICT has impacted on strategy implementation at Jamii Sacco. It was found that Jamii Sacco has responded to these pressures by instituting diverse measures such as; changing the organization's membership policy to allow membership for all individuals, development of new loan products tailor made for the members needs, changing the Sacco's by-laws and policies to comply with government regulations, and embracing the use of modern I.CT to deliver services to its members. These findings agree with those of the past studies. Jebukosia (2013) observes that Saccos are undertaking new business models such; the use of ICT and development of new loan products in order to gain competitive advantage. Galbralth (1994), Slater et al. (2001) note that changes in external forces translate into changes in consumers demands both for products and services. External forces affect the types of products developed and types of services offered. Identifying and evaluating external opportunities and threats enables organizations to develop and design strategies to achieve long term objectives. The study findings were that Jamii Sacco has embraced strategic planning which has allowed it develop new services and products to enable it remain competitive.

The findings also correspond positively with the ideas of institutional and contingency theoretical frameworks. Institutional theory is based on the premise that organizations and groups better secure their positions and legitimacy by conforming to the rules such as; new regulations from governmental agencies, and that certain external social, political and economic pressures influence

decision making as firms seek to adopt legitimate practices or legitimize their practices in the view of changes in the external environment (Noble,1999).

The findings reveal that various environmental changes such as technological changes, government regulations ,nature of competition , and changing needs of consumers , have all contributed to Jamii Sacco's change of business models including developing new loan products, embracing ICT to serve its customers ,changing its bye laws to conform with government regulations ,embracing open door membership policy to attract new members from other sectors.

The findings also compare well with the views of the contingency theory which state that there is interplay between strategy, organizational structure, and the environment, and so , to achieve excellence organizations need to build internal characteristics that contribute to their sought after success.The study revealed that certain internal characteristics of the organization such as poor human practices including inadequate training of the organization personnel, and lack of clear incentive policy are not well developed and may have contributed to the strategy implementation challenges at Jamii Sacco Society.

However the study findings failed to agree with the tenets of group theory framework which view power as the basis of business decisions, and that a CEO's interests is all about balancing internal group influences in strategy selection and implementation .The theory posits that there is a tendency of a group of people both within and outside of an organization to band together into coalitions on the basis of mutual interests(Burnes,2004). Thus strategy selection and implementation then becomes one of balancing the interests of such coalitions (Rapport et al. 2002) .The study findings is that at Jamii Sacco society

,strategy formulation and implementation is a joint initiative by the board, management employees , and members representatives and that there are no special coalition of groups which influence the strategic choices implemented. The study revealed that formulation and implementation of the strategic plan is due to the need to achieve excellence by offering better services to all the Sacco's stakeholders.

CHAPTER FIVE

SUMMARY AND CONCLUSION

5.1 Introduction

This chapter provides the summary of the findings, conclusion, limitations of the study, and suggestions for further study.

5.2 Summary of Findings

Strategy implementation is the process by which strategies and policies are put into action. It is the most challenging and delicate part of the entire strategic management process. The objectives were to determine the strategy implementation challenges at Jamii Sacco, and to establish the measures taken by the Sacco to address the challenges.

The study established that various challenges were experienced during the implementation process. The key challenges include; poor reward and incentive policy, inadequate human resource capacity to undertake the strategic objectives ,nature of competition in the industry ,rapid changes in technology ,changes in the regulatory framework, and demographic profile of the Sacco membership as most of the members are aging.

It was found out that the society has no clearly defined incentives policy which is explicitly tied to strategy implementation .As such, the reward system do not adequately motivate staff involved in the implementation of the strategic plan. Though there are salary reviews after every three years, this did not provide adequate incentives to the staff involved in strategy implementation.

It was found that there is inadequate human resource capacity to support strategy implementation .Although there has been concerted effort by the

organization to support training of its workforce in such areas such as financial management, Sacco management ,Credit management, among others, the study established that many of the lower level personnel have not benefited from such trainings .This therefore impede strategy implementation by some departments thus affecting the overall goal of the strategic management plan.

Jamii Sacco just like many organizations operating in an open market environment faces competition for membership from other Saccos and other micro financial institutions .The competitive nature of the market affects the performance of the organization because it has not been able to attract the membership it envisaged in its strategic plan. Again, changes in taxation policy by the government do determine the interest rates charged on loans by all the financial institutions including banks .This therefore means that due to challenges in the taxation policy ,some members of the Sacco opt for loans from Banks and avoid the Sacco loans. This invariably affects the income stream the Sacco gets from its loan products.

The rapid changes in ICT have also presented the organization with challenges as it implements its strategic plan. It has therefore been compelled to change its ICT platform periodically so as to serve its members, and this often requires resources.

Another challenge established was due to the constantly changing needs and expectations of the organizations members. This is due to the fact that the members are becoming more enlightened and always compare what other Saccos are offering.

The study established that the organization has put in place diverse measures to address the challenges of Strategy implementation .These include ;review of its

membership policy, review of salaries of its workforce after every three years, sponsoring its staff for various training programs, strategic partnership and collaboration with other organizations such as safaricom and cooperative bank to offer services to its clientele, involvement of stakeholders during strategy formulation and implementation, adoption of performance contracting and proper budgeting of its resources.

5.3 Conclusion

It is then concluded that Jamii Sacco Society has embraced strategic management plan as a strategic management tool with an aim of offering superior services to its members. The strategic plan was formulated with the input of external consultants and implemented by the Board of directors, senior managers and all employees.

The organization however experienced certain challenges as it implements the strategic plan. These include poor human resource practices such as failure to align remuneration policy with the strategy, inadequate human resource capacity to effectively implement the strategic plan, external challenges including; the nature of competition in the industry, changing needs of the members, changes on ICT.

The study found out that the measures Jamii Sacco has put in place to address the challenges include; incorporating various human resource practices such as embarking on capacity building of its staff through training, reviewing of staff salaries every three years, development of new loan and saving products for its members, opening membership to all Kenyans allowing members who have

retired from the organizations to continue with membership and forging strategic partnership with other organizations so as to offer better service to the members .

The business environment is experiencing continuous change, and hence Jamii Sacco is constantly studying the needs of its members as this study revealed. Jamii Sacco recognizes that the key to long term prosperity is to satisfy the needs and expectations of its customers. The study established that despite the challenges, Jamii Sacco constantly undertakes measures to enhance services delivered to its members. This supports the past findings that due to external influences, many saccos have changed their business models in order to serve their members better (Sebukosia, 2013)

The findings concur with the existing literature on factors that largely influence strategy implementation. According to Pryor et al. (2007), the challenges to strategy implementation often result from uncontrolled environmental factors such as new government regulations, technological changes, and introduction of a new products by a competitor, increased competition from other players in the industry, state of the economy of a country in which an organization operates, among others. Thus it is essential that organizations formulate strategies to take advantage of external opportunities and to avoid or reduce the impacts of external threats.

The study findings also compares well with the Mckinsey's 7Ss framework on the importance of aligning organizational dimensions such motivated organizational staff possessing relevant skills with strategy. At Jamii Sacco, it was found that majority of lower level the staff lack competencies necessary in strategy implementation, and that incentive program in place was not tied to strategy implementation.

5.4 Implications of the Study on Theory, Practice, and Policy

The findings of the study has implications on theory, practice and policy as it has validated the views of various theories, and confirm that certain internal practices impact on organizations.

5.4.1 Implication for Theory

The findings of the study have validated the views of various perspectives provided by the McKinsey's 7Ss model, contingency, and institutional theories. It has also broadened the views of the theories that successful strategy implementation requires careful alignment of various organizational aspects with the strategy, and also that there is interplay between strategy, certain organizational dimensions such as proper reward systems, capacity of human resource, and the environment, and therefore successful organizations must build their internal systems in order to realize the objectives of their strategies.

However, the study findings failed to validate views of group theory framework which places power as the basis of business decisions, and that a CEO's interests is all about balancing internal group influences in strategy selection and implementation. From the study, no coalition of groups aimed at influencing implementation of strategic decisions existed at Jamii Sacco. On the contrary, strategy formulation and implementation was for the overall good of the organization and for the members.

5.4.2 Implication for Policy

From the findings of the study, understanding the processes and challenges of aligning the various business dimensions such as developing proactive human resource practices, and certain internal processes such effective information systems

and aligning them with strategies provide a framework towards successful strategy implementation.

Also, careful analysis of the external environment plays a vital role in ensuring that a business entity not only operates successfully in a competitive market but also offers superior services to its clients. Thus Saccos, due to the many changes in their operating environment are under pressure to change their business models so as to offer excellent services and ultimately achieve competitive advantage. Therefore, investments in information systems and human capital can significantly contribute in ensuring that Saccos offer improved services to their members.

5.4.3 Implication for Practice

The findings of the study also validates the view that the key towards organizational success is for the Board of Directors and the management of organizations to carefully study the external environment, and develop various internal organizational systems aimed at developing new products and services so as to enable such organizations take advantage of opportunities brought about by changes in the external environment.

From the study findings, various human resource practices such as continuous professional training of staff and developing of a reward policy provide a powerful tool for organizational success as the people with the right skills who are well motivated ensures the success of any strategy implementation initiative.

5.5 Limitations of the Study

The study investigated the challenges faced by Jamii Sacco in Strategy Implementation and measures it has taken to cope with such challenges. However, there are other areas of strategic management such as strategy

formulation, evaluations and controls which were not covered but could have provided more insight for this research.

At the time of conducting the study majority of the interviewees were busy with routine activities. It took much time for the researcher to interview them. The interview and research time also was too short hence the discussion were not exhaustive.

This was a case study on the challenges of strategy implementation at Jamii Sacco Society limited, Kenya. It therefore cannot be generalized as organizations are unique from each other. This study could therefore not be generalized across the Sacco industry. Another limitation was that case study methodology requires intense exposure to the subject under study and this could cause bias in the findings of the study.

5.6 Suggestions for Further Research

Because this study only focused on the challenges faced by Jamii Sacco in Strategy Implementation and measures it has taken to cope with such challenges but never covered other areas of strategic management such as strategy formulation, evaluation, and controls, researcher therefore recommends studies to be conducted on these other areas of strategic management.

The conclusions made from the study are based on the statements of respondents of the interview. Unfortunately, only seven respondents were interviewed, and were all from the Sacco sub sector. This makes generalization of the findings difficult. Further research may therefore be necessary to include intense and qualitative research, and may include other sectors. A sample of more interviewees would go a long way to confirm the findings.

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APPENDICES

Appendix 1: Letter of Introduction



UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

KISUMU CAMPUS

Telegrams: "Varsity" Nairobi
Fax: 4181650
Kisumu, Kenya
Telex: 22095Varsity
Mobile: 0720348080
Email: ajaleha@uonbi.ac.ke

P.O Box 19134-40123
Kisumu, Kenya

Date: 22nd September, 2015.

TO WHOM IT MAY CONCERN

The bearer of this letter James Obewa

REGISTRATION NO: D61/71681/2008

The above named student is in the Master of Business Administration degree program. As part of requirements for the course, he is expected to carry out a study on "**Challenges of strategy implementation at Jamii Sacco Society Limited, Kenya.**"

He has identified your organization for that purpose. This is to kindly request your assistance to enable him complete the study.

The exercise is strictly for academic purposes and a copy of the final paper will be availed to your organization on request.

Your assistance will be greatly appreciated.

Thanking you in advance.

Sincerely,

MR. CHARLES DEYA
ADMINISTRATOR, SOB, KISUMU CAMPUS

Cc File Copy



Handwritten notes:
Approved
CSO
7/9/15

ISO 9001:2008

The Fountain of Knowledge

Appendix II; An Interview Guide

Please take a few minutes to answer the following questions from your personal point of view. The information you provide will remain confidential and the results will be analyzed and reported collectively.

SECTION A

Respondent's job title _____

Department _____

Number of years in the department _____

1. Does Jamii Sacco Society have a Strategic Management Plan?
2. What are the objectives of the current strategic management plan?
3. How would you describe strategy implementation at Jamii Sacco society?
Proactive/ Reactive?
4. Who determines the general strategy direction of the organization?

SECTION B

1. Has the organization developed policies, Action Plans, and short – term objectives to guide it in strategy implementation? Yes/No.
2. In your view, do you feel that the organization's Action Plans, Policies, and Short – term objectives adequately support the organization's strategy? Please explain.

3. In your view, how could each of the following may have hindered successful strategy implementation for the organization?
 - a) organization's Policies
 - b) Organization's Action plans
 - c) Organization's short – term objectives
 - d) Organization's work plan

SECTION C; Challenges to strategy implementation

1. Below are some of the challenges to successful strategy implementation. What is your view concerning them as an employee of Jamii Sacco Society?
 - i. Organizational structure.
 - ii. Organizational culture.
 - iii. Participation during strategy formulation and implementation.
 - iv. Organizational politics during strategy formulation and implementation.
 - v. Resistance to change by organization's stakeholders.
 - vi. Deployment of resources during strategy implementation (i.e. financial, human, technical, etc)
 - vii. Communication system in place during implementation and monitoring of the strategy
 - viii. Leadership and direction provided by the Board/ the executive.
 - ix. Reward and incentives in place to motivate employees during strategy implementation
2. What factors in the external environment affect the way strategies are executed at Jamii Sacco Society?
3. What other challenges have you faced in implementing the organization's strategy (specify)

SECTION D

1. While implementing Jamii Sacco society's organizational strategy, how has it been ensured that the following are compatible with and support the strategy implementation initiative?
 - i. Organizational culture
 - ii. Organizational structure
 - iii. Organizational policies
2. Which arrangements have been put in place to avail adequate resources for successful strategy implementation?
3. Which measures has Jamii Sacco society put in place to ensure effective Communication system of her strategy during the implementation process?
4. Which measures have been put in place to mitigate resistance by organization's stakeholders to strategy implementation in the organization?
5. Has the organization taken any steps to ensure adequate and skilled staff is available to enhance strategy implementation? Please specify.
6. Which measures has the organization taken to tie rewards/remuneration of employees to implementation of the strategic plans? (please specify)
7. Has Jamii Sacco developed tools to monitor and control strategy implementation (please explain)
8. What other measures or mechanisms are in place to facilitate successful strategy implementation at Jamii Sacco society?
9. How effective have the measures been? (please explain)

END

THANK YOU

Appendix III: Jamii Sacco Society Limited Key Performance Indicators Report

JAMII SACCO SOCIETY LIMITED												
KEY PERFORMANCE INDICATORS												
Performance Indicator	Unit	2010	2011	2012	2013	REVIEWED		2016	2017	2018	2019	2020
						2014	2015					
PROJECTIONS												
No. of Member	no.	10,233	11,758	13,522	15,550	17,883	20,565	23,650	27,197	31,277	35,968	41,364
Growth In Members per annum	%	11	15	15	15	15	15	15	15	15	15	15
Member Deposits	Kshs	628.9	654.8	780.6	912.9	1574.4	1823.2	2,109.2	2,458.6	2,860.4	3,322.6	3,854.0
Growth in Member deposits per annum	%	11	4	19	17	72	16	16	17	16	16	16
Member Loans	Kshs	829.7	1004.8	1151.6	1321.9	1699.6	1974.2	2,300.2	2,676.7	3,111.4	3,613.3	4,192.5
Growth in Member loan per annum	%	13	21	15	15	29	16	17	16	16	16	16
Total income	Kshs	107.9	115.2	137.4	157.5	180.8	207.5	398.0	459.8	519.7	587.7	680.6
Operating Expenses	Kshs	47.9	51.3	55	60.5	66.5	73.3	136.3	149.7	164.4	180.7	198.6
Operating Expenses as % of Total Income	%	44	45	40	38	37	35	34.23	32.55	31.64	30.75	29.18
Loan/Deposit Ratio	ratio	1.3	1.5	1.5	1.4	1.1	1.1	1.1	1.1	1.1	1.1	1.1
ACTUALS												
		2010	2011	2012	2013	2014	2015 TO JUL					
No. of Member	no.	9,413	11774	14,180	15,373	15,626	15,724					
Growth In Members per annum	%	7	25	20	8	2	1					
Member Deposits	Kshs	628.9	920.1	1,100.5	1,330.9	1,532.1	1,678.9					
Growth in Member deposits per annum	%	13	46	20	21	15	10					
Member Loans	Kshs	870.5	1,065.7	1,285.1	1,505.4	1,711.1	1,765.5					
Growth in Member loan per annum	%	9	22	21	17	14	3					
Turnover	Kshs	121.8	164.7	242.4	294.9	339.9	213.7					
Operating Expenses	Kshs	61.4	73.5	106.8	113.5	115.8	59					
Operating Expenses as % of Total Income	%	50.41	44.63	44.06	38.49	34.07	27.61					
Loan/Deposit Ratio	ratio	1.38	1.16	1.17	1.13	1.12	1.05					