

**THE ROLE OF EXTERNAL STAKEHOLDERS IN THE STRATEGY  
IMPLEMENTATION AT HIGHER EDUCATION LOANS BOARD**

**BY**

**OYIRO REBECCA ACHIENG'**

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## DECLARATION

This Research project is my original work and has not been presented for a degree in any other University.

Signed.....

Date.....

Rebecca Oyiro

D61/71253/2007

This research project has been submitted for examination with my approval as university supervisor.

Signed.....

Date.....

Florence Muindi

Lecturer

Department of Business Administration

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## **DEDICATION**

To my dear husband Kevin and adorable daughter Tarah, thank you for your unconditional love, encouragement and support.

## **LIST OF ABBREVIATIONS**

HELB Higher Education Loan Board

CRB Credit Reference Bureau

CEO Chief Executive Officer

KRA Kenya Revenue Authority

NHIF National Hospital Insurance Fund

EFT Electronic Funds Transfer

ICT Information and Communication Technology

SRII Stakeholder Relationship Improvement Index

BSP Business Social Performance

SBU Strategic Business Units

ROA Return on Assets

CSP Corporate Social Performance

GOK Government of Kenya

## **ABSTRACT**

Strategy formulation and development is the development of long term plans for the effective management of opportunities and threats in light of the organization's strengths and weaknesses. On the other hand strategy implementation is the process that turns implementation strategies and plans into actions to accomplish objectives. The study aimed at establishing the role of external stakeholders in strategy implementation at the Higher Education Loans Board.

Towards the realization of the same objective, a case study research design was adopted whereby the researcher interviewed six managers in HELB and one manager each from Kenya Revenue Authority and Kenya Commercial Bank. The respondents had different academic qualifications and years of experiences in dealing with implementation of the institutions strategies and also partnering with external stakeholders. The data was collected through the use of the interview guide that was prepared to guide the researcher on the research objective.

The findings of the study were that HELB depends a lot in the partnering with external stakeholders in the realisation of its strategic objectives. The role that the external stakeholders play in the strategic process of HELB were identified to include: assistance in the process of loan recovery and ensuring effective and efficient compliance to the HELB Act, facilitating institutional linkage between the stakeholders and the institution in such areas as creating electronic linkage between the partners and also devising of ways to mitigate against risk exposure to the organization. These activities were

identified as the core functions and therefore external stakeholders will have to be given a priority during the development and implementation of the institution strategies.

Strategy formulation and implementation process is recommended for the functioning of any organization. Therefore, an organization should put in place adequate mechanism of incorporating the views of all the stakeholders in the development of the strategies and that for a successful implementation of the same strategies, the organization should be able to identify the challenges that will hinder the successful implementation of its strategies. In addition, the management team should be able to build in a monitoring and evaluation mechanism of telling when the strategy objectives are not being realized. From this, the organization should be able to come up with appropriate measure to overcome the challenges early enough before they affect the realization of its objectives.

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## **CHAPTER ONE: INTRODUCTION**

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

The guiding principles in any strategic management process, whether in the public or private sector, is about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance. The difficulty in strategic management is the challenge of laying a foundation for success in the future while meeting today's challenges. Strategic planning is based on the premise that leaders and managers of public and nonprofit organizations must be effective strategists if their organizations are to fulfill their missions, meet their mandates, and satisfy constituents in the years ahead (Bryson, 1995).

Bartlett and Ghoshal (1987) noted that in all the companies they studied the issue was not a poor understanding of environmental forces or inappropriate strategic intent. Without exception, they knew what they had to do; their difficulties lay in how to achieve the necessary changes. Supporting this, Miller (2002) reports that organizations fail to implement more than 70 percent of their new strategic initiatives. Given the significance of this area, the focus in the field of strategic management has now shifted from the formulation of strategy to its implementation (Hussey, 1998; Lorange, 1998; Wilson, 1994). There are some commonly used models and frameworks such as SWOT, industry structure analysis and generic strategies for researchers and practicing managers in the areas of strategy analysis and formulation in strategic management. By contrast, there is no agreed-upon and dominant framework in strategy implementation. Concerning this,

Alexander (1991) has stated that: One key reason why implementation fails is that practicing executives, managers and supervisors do not have practical, yet theoretically sound, models to guide their actions during implementation. Without adequate models, they try to implement strategies without a good understanding of the multiple factors that must be addressed, often simultaneously, to make implementation work be in tandem with the changing business environment.

Corporate management evolves depending on new requirements and challenges. Business strategies therefore need to be in perfect alignment with ever-changing corporate goals and these goals dependent on business environments. Once a business has reconceived its own strategy it is ready to face up to a new kind of environment. It is not an easy task to formulate business strategies from the stakeholders' perspectives (Daboub and Calton, 2006). Typically, stakeholders show diverse business interests. The goals of the stakeholders may be in conflict with each other; they may threaten business organizations. The conflicts arising among the stakeholders, if well managed, can act as a synergy factor leading to a better cooperation and participation of the stakeholders. Corporations need to satisfy stakeholders' demands as an unavoidable cost of doing business. Rowley (2009) noted that the survival of the corporation depends on how well it satisfies its stakeholders. Therefore, the management of competing stakeholders has emerged as an important topic for formulating business strategies. The ideas of Freeman (1984) which culminated in stakeholder theory emerged out of an organizational context in which the company was perceived as not being self-sufficient and actually dependent on the external environment made up of groups external to the organization. Both systems theory and organizational theory focus upon the idea that organizations are open

systems that interact with diverse third parties and thus it is necessary to set out collective strategies that perfect the system as a whole beyond the actual recognition of all the relationships on which companies depend for their own survival.

### **1.1.1 Concept of Strategy**

The concept of strategy embraces the overall purpose of an organization. It is the determination of the basic long-term goals and objectives of an enterprise, adoption of courses of action and the allocation of resources necessary for carrying out those goals (Cole, 2005). Porter (1980) views strategy as the goals and policies an organization adopts to stay afloat amidst fierce competition. Strategy is about action which gives a firm its direction and from strategy emanates strategic management. The latter has got to do with the holistic actions that are geared towards realizing the future of the company. Strategy implementation is the vital link that completes the strategic management process.

According to Johnson and Scholes (2004), strategy is the direction and scope of an organization over the long term which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholder expectations. It is further explained that strategy of an organization is affected not only by environmental forces and strategic capability but also by the values and expectations of those who have power in and around the organization. Whether an organization is expansionist or more concerned with consolidation or where the boundaries are drawn for the organizations activities, may say much about the values and attitudes of those who influence strategy – the stakeholders of the organization.

Tampoe and Macmillan (2000), states that strategy envisages various important aspects which include among others: strategy as a statement of intent, where strategy is deemed as a clarification of a corporate purpose as may be defined in the company's mission and vision. Secondly, strategy is a fit between capabilities and opportunities where strategy is looked at as a factor that matches the capabilities of an organization and the organizational abilities to achieve success. Thirdly, strategy is regarded as a responsibility of leaders. Leaders define strategies that influence the daily operations of an organization.

Johnson and scholes (1993) in their view have given different approaches to strategy. These include a cultural approach where strategy has been viewed as a pattern of behavior arising from the culture embedded in the organization. Natural selection is the other approach as viewed by these scholars where the organization is pressurized to adapt to environmental changes. In this case, strategy is seen as being driven by changes in the environment. Their rational approach is where deliberate planning systems are put in place in determining organizational strategy. Finally, their political approach stipulates that strategy emerges from trade-ins of individual and organizational demands and interests to strike a balance.

### **1.1.2 Strategy Implementation**

Strategy implementation usually involves change as organizations and their environment are constantly changing. Implementation programs vary according to the nature of the strategic problems that the organization faces. Strategy implementation is an important component of the strategic planning process. It has been defined as “the process that turns

implementation strategies and plans into actions to accomplish objectives” (Pride and Ferrell 2003, p.574). It addresses then who, where, when, and how to carry out strategic implementation process successfully (Kotler et al., 2001). According to David (2003), both managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Elements that require consideration during the implementation process include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture. In developing policies during the implementation process, methods, procedures, rules, forms, and administrative practices are established.

Further, David (2003) suggests that strategies which are implemented within an organization should support the culture associated with the firm. The proposed strategy should preserve, emphasize, and enhance the culture, in accordance with the culture supporting the proposed strategy. Conflict management also plays an integral role within the implementation process and the human element of strategic implementation plays a key role in successful implementation and involves both managers and employees of the organization. Both parties should directly participate in implementation decisions and communication that plays a key role in ensuring that this occurs. Business performance is influenced by this human element of strategic implementation. Through providing performance incentives to employees during the implementation phase, it is suggested by David (2003) that business performance will be positively influenced.

Bartlett and Ghoshal (1987) noted that in all the companies they studied the issue was not a poor understanding of environmental forces or inappropriate strategic intent. Without exception, they knew what they had to do; their difficulties lay in how to achieve the necessary changes. Supporting this, Miller (2002) reports that organizations fail to implement more than 70 percent of their new strategic initiatives. Given the significance of this area, the focus in the field of strategic management has now shifted from the formulation of strategy to its implementation (Hussey, 1998; Lorange, 1998).

### **1.1.3 External Stakeholders**

According to Freeman (1984), the strategic importance of other groups and individuals to a company is very important. Different to the traditional groups of clients, suppliers, employees and shareholders, he saw the need of a firm to consider other stakeholders including local community, environmentalists and consumer defense organizations as well as government authorities, special interest groups and with even competitors and the media as legitimate stakeholders (Clement, 2005). Given there were so many stakeholder groups listed by Freeman (1984), over time the need to group them was encountered within the scope of efforts to reduce managerial complexity. For example, Gibson (2000) proceeded to group stakeholders into institutional (involving laws, regulations), economic (actors in the marketplace) and ethical (environment and social pressure groups) categories. Furthermore, according to Lepineux (2005), these became shareholders, internal stakeholders, operational partners and community.

According to Donaldson and Preston (1995), stakeholder-oriented policies are justifiable based upon the supposition that they do hold legitimate interests in the company activities

that should be taken into consideration by managers as, from Freeman's (1998) perspective, stakeholders should not be seen merely as the means of raising organizational performance. Research within this framework evaluates relationships in accordance with ethical and philosophic principles. Jones and Wicks (1999) propose stakeholder theory as a normative ethic that should approach which obligations from the stakeholder model rest upon the management, and particularly the level of importance of obligations attributed to some stakeholders over other stakeholder groups.

However, in accordance with Freeman and Liedtka (1997), stakeholder theory was bound up with an already long-standing tradition that perceived business as an integral part of society and not as some separate and purely economic institution. Radin (1999) affirmed that stakeholder theory means recognizing that organizations hold responsibilities towards people and entities beyond their stockholders. Stakeholder theory draws on analytical mechanisms from Systems Theory, for example, regarding the interdependence and integration of actors making up a system and in seeking to explain the interrelationship between them (Campbell, 1997).

#### **1.1.4 Higher Education Loans Board**

The Higher Education Loans Board (HELB) is a state owned corporation which was established in 1995 by an Act of Parliament. In its mandate, HELB administers the student loan scheme. This entails disbursement of loans, scholarships and bursaries to Kenyan students. It's also charged with loan recovery from past loanees. The board has the responsibility of establishing a revolving fund that would see it refinance itself from repayments and funds drawn from other sources. The loan advances to employees can be



dated back to 1973 the government introduced the university students loans scheme that too was not successful. The defunct scheme was mandated to extend loans to students at Makerere, Dar es Salaam and Nairobi universities. The failure of this loans scheme was associated with the manner in which it was constituted, as it lacked legal basis to pursue its major objective. This meant that recovery was not easy making it difficult for the fund to self-sustain as there was no continuous source of finance.

The government in 1995 established HELB in a bid to address the shortfall of the previous scheme and to pursue its fresh mandate. The board has had tremendous success but a fair share of challenges too. The successes of the board are evident in its improved loan recovery. At inception, the recovery rate was 3.3% as compared to the current over 30%, this is shown by the recovery outcome achieved during the 2009/2010 financial year when HELB recovered Kshs 1.93 billion. The board's lending capacity has also seen significant growth currently standing at kshs 3.6 billion for the 2010/2011 financial year with privately sponsored students now benefiting.

In the year 2003, HELB embarked on an ambitious corporate strategic plan intended to improve efficiency. The strategic plan set out the board's long-term goals and priorities over a period of 5 years. During the plan period (2002-2007), the board experienced an upsurge in demand for its loans due to government reforms in the education sub sector. HELB is in the process of implementing strategic plan for the period 2009-2014. By providing loans for higher education, the board contributes to the creation of a globally competitive human resource. It's also presumed that the document shall guide the

management to strategically deploy resources to realize efficiency and effectiveness to enhance competitive advantage. The rising demand for university education raises challenges for HELB in its loan management making it necessary for the institution to work closely with its strategic partners in an effort to seek alternative funding in form of loans, bursaries and scholarships for deserving students. HELB is further seeking to raise funds from the money markets as well as working together with other providers of loans for students to supplement its revolving fund.

## **1.2 Statement of the Problem**

Top managers of public organizations experience pressure in delivering expected results. They are caught up in a complex reality, where the political decision makers demand effective and visible solutions. Tax-payers require better service and value-for-money on their services. The media need action and transparency while the staff require sparring motivation and enthusiasm. In order to meet the demands of these diverse group of parties, government institutions develop strategies that will help them achieve their objectives and at the same time meet the needs of their stakeholders. Typically, stakeholders show diverse business interests. The goals of the stakeholders may be in conflict with each other; they may threaten business organizations (Fassin, 2008). The conflicts arising among the stakeholders, if well managed, can act as a synergy factor leading to a better cooperation and participation of the stakeholders. It is thus important to deal with stakeholders' demands. It is important to note that stakeholders' demands are considered for strategy formulation. Doing so increases the corporate collective strength and everyone's chance of winning (Greenwood, 2008).

The Higher Education Loans Board plays a critical role in administering the student loan scheme that entails disbursement of loans, scholarships and bursaries to Kenyan students. The institution is also charged with loan recovery from past loanees and the responsibility of establishing a revolving fund that would see it refinance itself from repayments and funds drawn from other sources. Towards the achievement of this critical task, HELB however has to enlist the services and support of various stakeholders ranging from the government, private organizations, financial institutions, Universities and others. This group of stakeholders plays a critical role in formulating legislations, offering advisory services, loan recovery and financing of the loan disbursement portfolio. The interest and role of this group of stakeholders will need to be considered while formulating and implementing the institutions strategy. A number of strategies have been initiated by the organization towards the achievement of its core mandate. These strategies include positioning HELB as agent for corporate bodies and donors for bursaries and scholarship grants, institutionalizing links with strategic partners and professional associations to collaborate on recovery strategies with stakeholders and lobbying for more funds from the Government to match student expansion. In order to achieve the set strategies within the set period ,the organization must recognize the role of external stakeholders.

Various scholars have carried out research on different aspects of strategy implementation in the private and public sector organizations in Kenya. The scholars include Awino (2000); Koskei (2003); Ochanda (2005); among others. However few studies have been undertaken on the issue of stakeholders and the realization of the organization objectives. Bariti (2009) undertook a research on the management perception of stakeholder involvement in reform and modernization programmes at the

Kenya Revenue Authority. While underscoring the importance of involving majority if not all of the stakeholders in formulating and implementing organizations strategies, the researcher did note that if a management team does not guard against the interest of these stakeholders implementation of new strategies and introduction of changes in organization will greatly be hampered and slowed down. This view is the same as that made by Savage et al., (2004) who noted that the influence of stakeholders in organizational strategy requires responses on behalf of the company reflecting the potential power, whether to threaten or to cooperate, of each stakeholder within a context of mutually exchanging interests and benefits. However, the researcher is not aware of a study on role of stakeholders in the success of an organizations strategy implementation especially in higher education. This therefore leads to the following research question: what is the role of external stakeholders in the success of HELB's strategy implementation?

### **1.3 Objective of the Study**

The study will be guided by the following objective:

To establish the role of external stakeholders in the strategy implementation process at the Higher Education Loans Board.

### **1.4 Importance of the Study**

The study will be important to Higher Education Loans Board as they implement future strategic plans since it will provide an in-depth analysis of how the strategy should be implemented and determine the role of different stakeholders of the organization. Secondly to the management and staff of HELB, this study will provide insight on some of the challenges that may be facing in the implementation of their strategic plans and

how they can avoid them. The authorities will strive to avoid the pitfalls and capitalize on the strengths. The study will also help the management in how to forge a cordial relationship with stakeholders from the realization of the fact that from the same position a strong synergy will be realized. Lastly scholars will find it important as the study will increase the body of knowledge in this area of stakeholders role in strategy implementation in organizations.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews the relevant literature in the context of the research that is, external stakeholder involvement in strategy implementation. The review will cover the Stakeholder concept, external stakeholders, strategy implementation and the role of stakeholders in strategy implementation.

### **2.2 Strategy Implementation**

Higgins (2007) describes strategy implementation as the process of allocating resources to support chosen strategies. This process includes the various management activities that are necessary to put strategy in motion and institute strategic controls that monitor progress and ultimately achieve organizational goals. Further, the studies point out that almost all the management functions—planning, controlling, organizing, motivating, leading, directing integrating, communication and innovation- are in some degree applied in implementation process.

Implementing strategies successfully is vital for any organization, either public or private. Without implementation, even the most superior strategy is useless (Alexander, 1991). The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented. Implementing would thus be perceived as being about allocating resources and changing organizational structure. However, transforming strategies into action is a far more complex and difficult task.

According to Olsen (2005), the first stage of implementation of the corporate plan is to make sure that the organization has the right people on board. These include those

individuals with required competencies and skills that are needed to support the plan. In the months following the planning process, it is important to expand employee's skills through training, recruitment or new hires to include and add new competencies required by the strategic plan. One of the reasons why strategy implementation processes frequently result in difficult and complex problems or even fail is the vagueness of the assignment of responsibilities. Cross-functional relations are representative of an implementation effort. This is indeed a challenge, because as already mentioned before organizational members tend to think only in their "own" department structures.

The budgetary resources should be marched with departmental operations. Effective implementation of any organization's strategic plan depends on rational and equitable resource allocation across the organization. Proper links should be developed between the strategic plan and operational activity at departmental levels in order to necessitate proper implementation of strategies (Birnbaum, 2000). Effective resource allocations ensure that strategies and activities are well funded and that there will be no deficit budgeting during the plan period and in future. In order to attain financial sustainability, during the planning period, it is necessary for institutions of higher learning to identify alternative sources of revenue to reduce dependency on one revenue line, streamline the collection and accounting for revenue and lobby for enhanced long term funding from the GoK, partners and communities (CHE, 2008).

An organizational structure is necessary for strategic implementation purpose, thus organizational structure is a major priority in implementing a carefully formulated

strategy (Hussey, 1998). If activities, responsibilities, and interrelationships are not organized in a manner that is consistent with the strategy chosen, the structure is left to evolve on its own. If structure and strategy are not coordinated, the results will probably be inefficiencies, misdirection and fragmented efforts (Hussey, 1998).

According to Miniace and Falter (1996), the suggestion that communication aspects should be emphasized in the implementation process seems to be a very simple one. Even though studies point out that communication is a key success factor within strategy implementation (Miniace and Falter, 1996), communicating with employees concerning issues related to the strategy implementation is frequently delayed until the changes have already crystallized. In this context, it is recommendable that an organization institute a two-way-communication program that permits and solicits questions from employees about issues regarding the formulated strategy. In addition to soliciting questions and feedback, the communications should tell employees about the new requirements, tasks and activities to be performed by the affected employees, and, furthermore, cover the reason behind changed circumstances (Alexander, 1991).

Successful implementation of strategy is a challenge that demands patience, stamina and energy from the involved managers. Whereas policy is a legislative function, strategy is an executive function (Chapman, 2004). The responsibility for formulating and implementing a corporation's strategies rests, therefore, with a company's senior management. The most important thing when implementing a strategy is the top management's commitment to the strategic implementation process itself. This is undoubtedly a prerequisite for strategy implementation. Therefore, top managers must



demonstrate their willingness to give energy and loyalty to the implementation process. This commitment becomes, at the same time, a positive signal for all the affected organizational members (Chapman, 2004).

### **2.3. Concept of Stakeholders**

Stakeholder theory was put forward by Freeman (1984) as a proposal for the strategic management of organizations in the late twentieth century. The objective of this concept was to delineate an alternative form of strategic management as a response to rising competitiveness, globalization and the growing complexity of company operations (Freeman, 1999). As time went by, the stakeholder concept has taken on greater importance due to public interest, greater coverage by the media, concerns about corporative governance and its adoption as a policy within the scope of the “Third Way” (Greenwood, 2008).

According to Friedman and Miles (2006), the term “stakeholder” has been deployed indiscriminately in the last two decades. The term is highly popular with businesses, governments, non-governmental organizations and even with the media. However, as they further noted, despite the widespread usage, many who adopt the term neither define the concept nor provide any particularly clear understanding of what they mean as regards what a stakeholder actually is. Even in academic circles, countless definitions of “stakeholder” have been put forward without any of those suggested ever gaining consensus, and hence there is no single, definitive and generally accepted definition (Beach, 2008). In general, there is a consensus in their various definitions that a company should take into consideration the needs, interests and influences of peoples and groups

who either impact on or may be impacted by its policies and operations (Frederick, et al., 1992). Hence, according to Clarkson (1995), the stakeholder concept contains three fundamental factors namely: the organization, the other factors and the nature of the company-actor relationships.

According to Jones and Wicks (1999) and Savage et al (2004), the basic premises of Stakeholder theory include among others; the organization entering into relationships with many groups that influence or are influenced by the company, i.e. “stakeholders” in accordance with Freeman’s (1984); the theory focuses on the nature of these relationships in terms of processes and results for the company and for stakeholders; the interests of all legitimate stakeholder are of intrinsic value and it is assumed that there is no single prevailing set of interests as Clarkson (1995) pointed out; the theory focuses upon management decision making; the theory explains how stakeholders try and influence organizational decision making processes so as to be consistent with their needs and priorities; and as regards organizations, these should attempt to understand and balance the interests of the various participants.

The concept of stakeholder management was developed so that organizations could recognize, analyze and examine the characteristics of individuals or groups influencing or being influenced by organizational behavior (Scott and Lane, 2000). Thus, management function in dealing with the stakeholders is carried out over three levels: the identification of stakeholders; the development of processes identifying and interpreting their needs and interests; and the construction of relationships with the entire process structured around the organization's respective objectives. On the other hand, stakeholders define their

expectations, experience the effects of the relational experience with the organization, evaluate the results obtained and act in accordance with these evaluations, strengthening their ties or otherwise with the company .

Within the broad context of the stakeholder theory, it may be stated that diverse stakeholder groups interact with a company. According to Clarkson (1995), these groups may be subdivided into two: the primary group – encompassing those stakeholders with formal or official contractual relationships with the company, such as clients, suppliers, employees, shareholders, among others; and the secondary stakeholders– those without such contracts, such as government authorities or the local community. However, over time the need to group further these stakeholders was encountered within the scope of efforts to reduce managerial complexity. For example, Gibson (2000) proceeded to group stakeholders into institutional (involving laws, regulations), economic (actors in the marketplace) and ethical (environment and social pressure groups) categories. Furthermore, for Lepineux (2005) these became shareholders, internal stakeholders, operational partners and community. However, in accordance with Freeman and Liedtka (1997), stakeholder theory was bound up with an already long-standing tradition that perceived business as an integral part of society and not as some separate and purely economic institution

Corporations need to satisfy stakeholders' demands as an unavoidable cost of doing business (Ruff et al., 2001). Indeed as Rowley (2009) noted, the survival of the corporation depends on how well it satisfies its stakeholders. He identified the rationale for stakeholders' claims by arguing that the corporation operates for its well-being. These

claimed rights or interests are the result of transaction with, or actions taken by, the corporation. Scholes and Clutterbuck (1998) proposed three criteria for prioritizing stakeholders' demands: potential to influence business fortunes, impact of activities, and alignment for sharing values.

According to Mitchell et al., (1997), the stakeholders attribute include power, legitimacy, and urgency. They further go to define power as a capability of one stakeholder to get another stakeholder to do something. Legitimacy is a generalized perception or assumption that the actions of a stakeholder are desirable, or appropriate within some socially constructed system of norms, and beliefs. Urgency is the degree to which stakeholder claims call for immediate attention. Another stakeholders' variable, stakeholders' salience, is the degree to which managers give priority to competing stakeholders' claims.

According to Johnson and Scholes (2004), it is therefore important to understand both the internal and external stakeholders expectations in detail, how the expectations may differ from each other and the extent to which they are likely to seek influence over an organization's purpose and strategies. HELB as an organization has both sets of stakeholders with examples of internal stakeholders being the different departments, board members and the employees in general. The external stakeholders in HELB comprise the financial institutions (banks), universities, employers, customers (students), government institutions e.g. NSSF, NHIF, KRA and suppliers. This study focuses mainly on the external stakeholders as expounded below.

## **2.4 External Stakeholders**

External stakeholders are groups or individuals who depend on the organization to fulfil their goals and on whom the organization depends outside the governance chain. Johnson and Scholes (2004) divides external stakeholders into three types depending on their relationship nature with the organization and how they might affect the success or failure of a particular strategy. Stakeholders from the market environment who have an economic relationship with the organization and influence the value creation process such as suppliers and competitors. Stakeholders from the social/political environment such as policy makers, regulators and government agencies who will influence the social legitimacy of the strategy. Stakeholders in the technical environment such as key adopters and owners of competitive technologies who will influence the diffusion of new technologies and adoption of industry standards.

According to Fassin (2008), there are the real stakeholders, essentially the classic stakeholders in the original narrow approach - those who have a concrete stake: the dedicated stakeholders with a real positive and (or at least expected) loyal interest in the firm. Next, there are those stakeholders, such as pressure groups, who do not really have a stake themselves but who protect the interests of real stakeholders, often as proxies or intermediaries. These he labeled stakewatchers. The group encompasses those stakeholders who look after a stake with care, attention and scrutiny. Good examples are unions guarding the stake of employees and workers; consumer associations defending the stake of consumers; investor associations protecting the shareholders; and activists watching the stake of the community and the environment.

Then there is another group containing those who are even further removed from the active, real stakeholders: the independent regulators, who have no stake in the firm but have influence and control. They impose regulations and constraints, while the firm has little reciprocal direct impact on them. These are called the stakekeepers who control and signal, they keep a stake for the stakeholders. Governments tend to be the major generic stakekeeper. Specific stakekeepers include courts, regulatory agencies, certification organizations and independent evaluation bodies. The press and media form another important grouping of stakekeepers. The actions of stakekeepers find their expression in laws, norms, analyses etc.

Relationships between corporations and their stakeholders vary from issue to issue and from time to time. Some issues are more important to one class of stakeholders than to another. Concerns and priorities change over time; new classes and configurations of stakeholders appear in response to changing circumstances. Long-term relations, favorable or unfavorable, with various categories of stakeholders are path-dependent; trust builds over time, and so does distrust and opposition. Hence, the stakeholder map for any particular firm is not a permanent chart in which each recognized interest has a fixed weight or priority, but rather a flexible vision of a dynamic situation, akin to a hologram.

According to Caux Roundtable (1994) corporations are keen to express their stakeholder interests. Individual corporations often state their commitment to stakeholders. For example, Novartis, a global pharmaceutical firm, published the following statement on its web site (1999): “We aspire to capture and hold a leadership position in all of our

businesses with a strong, sustainable performance based on continuous innovation. Our long-term success is founded on meeting the expectations of all our stakeholders—our customers, our people, our shareholders and the communities in which we live.” The purpose of such codes, statements, and policies is to codify the importance and role of stakeholders to the corporation. This idea was expressed by BellAtlantic CEO Ivan Seidenberg, who stated (1998, p. 11) that his firm (now called Verizon) was developing “new ways of behavior that give people—our customers, the government, our stakeholders and suppliers—confidence that we know how to act (to do what is right). . . . That marketplace confidence becomes our competitive edge.” The prevalence of these expressions is reported among major corporations in Europe (Wheeler and Sillanpaa, 1997) and Australia (Suggett, 2000) as well as the United States.

## **2.5 Role of Stakeholders in Strategy Implementation**

Stakeholder involvement is an integral part of a stepwise process of implementing strategies. At different phases, involvement may take the form of sharing information, consulting, dialoguing, or deliberating on decisions; it should be seen always as a meaningful part of formulating and implementing good policy (Lapenu and Pierret, 2005). Specific involvement initiatives may be seen as part of an ongoing relationship among the different societal partners who are concerned by issues. In addition, stakeholder involvement techniques should not be viewed as convenient tools for “public relations”, image-building, or winning acceptance for a decision taken behind closed doors.

According to Wolfe and Putler (2005), successful stakeholder involvement fosters strategic development of partnerships, results in collaborative problem solving (sharing of power) and ultimately results in broader support for decisions. He further states that emphasis is on external stakeholders and their involvement helps make sure that everyone's on the same page, external stakeholders communicate informally with friends and neighbors – give them accurate, credible, up-to-date information and integrate stakeholder involvement and risk communication processes into technical planning and resourcing. Lapenu and Pierret (2005) further contends that the advantages of an effective early stakeholder's dialogue will be mutual understanding of project goals and interests, early identification and dissolve of possible issues preventing costly incidents and juridical and regulatory conflicts leading to time and cost overruns. The establishment of shared agreement within the initiation will minimize surprises and provide a higher level of acceptance from the project team, client and stakeholders (Lapenu and Pierret 2005). In addition, the participation of stakeholders makes the initiative more credible and attractive for investing and financing.

Strategies may be categorized according to three distinct levels: corporate strategy, business strategy, and functional strategy. Some SBUs have homogeneous services or products that are independent from the other SBUs. Business strategy, a subset of corporate strategy, is defined as the basis upon which an organization achieves a competitive advantage; it has a direct and significant effect on business performance (Smith et al, 1999). Business strategy can help business leaders achieve business goals.



Business strategies can be formulated considering key factors such as resources or capabilities, SWOT assessments, new values, and stakeholders. Stakeholder demands play a vital role because in the current business environment, most businesses are confronted with powerful stakeholders having different goals (Lepineux, 2005). He for example stated that Business to business sites may be confronted with obstinate resistance from existing off-line channel suppliers, however, buyers and suppliers can reduce their cost via electronic procurements. Therefore, these sites need to formulate business strategies based on the conflicting demands of different stakeholders.

From a stakeholders' perspective, corporate performance can be assessed by the use of social or financial measures. Wood (1991) defined a corporate social performance (CSP) as an organization's configuration of social responsibility. Ruf *et al.* (2001) selected five dimensions for the CSP measurement — employee relations, products, community relations, environmental stewardship, and treatment of women and minorities. A corporate financial performance measures a firm's value as a function of growth and profitability and includes Return on equity and return on assets. Berman *et al.* (1999) used ROA to examine a strategic stakeholder management model and concluded that improvements in CSP have both immediate and continuing financial impacts. According to Smith *et al.* (2002), corporations may have several strategic business units (SBUs) and that business performance in each SBU is related with the capability to satisfy the demands of the major stakeholders. Thus, stakeholder's relationship affects business performance and improving the relationship between SBU and its stakeholders can enhance the business social performance (BSP).

Further, Beach (2008), observe that the current business analysis phase defines and analyzes SBUs and related stakeholders. The emphasis is on the analysis of stakeholders' demands. The strategy development phase offers strategic alternatives according to five guidelines: resolution, replacement, integration, reaggregation, and balance. Then, it filters these alternatives through core competences and weaknesses. In the strategy evaluation phase, the alternatives are evaluated by the stakeholder relationship improvement index (SRII). SRII estimates how the strategy can improve the relationships between a business organization and its stakeholders.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

The research design was a case study. A case study is an in-depth investigation of an individual, institution or phenomenon. The purpose of a case study is to determine factors and relationships among the factors that have resulted in the behavior under study (Mugenda and Mugenda). It is through an in-depth interview with some selected persons concerned with formulation and implementation of the organizations strategies that the researcher has been able to identify the role that stakeholders have on organizational strategies. As a result of this, a case study research design was deemed to be an appropriate design to be adopted towards the realization of the organizations objectives.

### **3.2 Data Collection**

The study made use of primary data which was collected through a face to face interview with the researcher. An interview guide was used to collect data on the role that external stakeholders have in HELB's strategy implementation. The interview guide consisted of questions that the interviewer asked the respondents. The respondents interviewed were those involved with the formulation and implementation of the organizations strategies. Specifically, the researcher interviewed senior managers and division heads in the Finance, Lending, Recovery, ICT and Audit departments; departments in which the researcher believes are instrumental in the development and implementation of the organizations strategies. Also interviewed were selected external stakeholders. The interview guide was made up of three sections namely; respondents profile, the management views on the role that external

stakeholders play in the implementation of specific strategies and the external stakeholders views on their influence in the organizations strategy implementation.

### **3.3 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 the same time criticize the subject matter of the research since it would be difficult to do so numerically. It also enabled the researcher to make individualistic judgment on the research subject matter. The qualitative analysis was done using content analysis. Content analysis is used to describe and systematically analyze the content of written, spoken, or pictorial communication. It involves observation and detailed description of objects, items or things that comprise the object of study. The themes (variables) that were used in the analysis were broadly classified into two: external stakeholders and organizational strategy as well as the role that external stakeholders play in HELB's strategy implementation.

## **CHAPTER FOUR:**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

The research objective was to establish the role of external stakeholders in the strategy implementation at the Higher Education Loans Board. This chapter presents the analysis and findings with regard to the objective and discussion of the same.

#### **4.2 Respondents Profile**

This section of the interview guide wished to establish the targeted respondent's academic as well as professional qualifications. In addition, their work experiences were also to be established. From their academic qualification backgrounds as well as work experience, the researcher will be able to assess their capacity to be able to answer questions on strategy implementation challenges as well as their responses to the same challenges.

The respondents comprised the senior managers in Higher Education Loans Board (HELB) and also external stakeholders specifically from KRA and Kenya Commercial bank. In total; the researcher interviewed all the eight targeted respondents. All the respondents interviewed had university degrees with six of them having a Masters degree as well. The interviewees had different educational backgrounds that ranged from, Accounting, Finance, strategic management, public administration, BA (Economics) and HR. With such academic and professional background the respondents were deemed to

be capable to analyse and critical identify and respond appropriately to the role of external stakeholders in the strategy implementation at HELB.

The work experience for the respondents ranged from two to ten years both within the organization and without. On average, the respondents had worked in the organization for three years. The job description of these respondents ranged from Manager Internal Audit, Lending Manager, Recovery manager, Legal services Manager and the senior Human Resources Officer. Having worked in the various positions for such a period, the researcher believes that the respondents will have firsthand experience on the role of external stakeholders in strategy implementation at the Higher Education Loans Board. With this solid background, it was felt that the respondents were knowledgeable enough on the research subject matter and thus of help in the realization of the research objective.

### **4.3 Involvement of External Stakeholders in Strategy Implementation**

This section of the interview guide aimed at establishing from the management of HELB the level of involvement of external stakeholders in strategy development and implementation in the organization. They noted that as the institution gears itself to effectively respond to the changed environment, it needs to become aware of the ever emerging conditions pertaining in the local and external economy that will affect its operations. One of these conditions and partners that are important in the strategic process of the institution are external stakeholders. On the question of whether the organization involves external stakeholders, all the respondents pointed out that indeed the organization involves a number of external stakeholders in the strategy implementation at several points. The interviewees further explained that the different

stakeholders involved include; public and private universities, the government through the Ministry of higher education and finance, banks and strategic partners.

The identified stakeholders are involved at different levels in the strategic process of HELB. The respondents pointed out that most of the external stakeholders are involved in strategy formulation while others are involved at implementation phase. They gave examples of the universities whose input is quite important at the formulation phase while during implementation the same stakeholder role will not be mostly needed unless some of the loan beneficiaries will have been employed by the same universities. Generally, the respondents observed that the institutional group, for example, government and universities are involved in strategy formulation. During this stage, the government will help in the development of appropriate legislative power on the level of loan advancement to students as well as the recovery of the same from the beneficiaries.

Another category of stakeholders were the economic group that consisted of banks, employers and other financiers. The respondents noted that though this group bring in a bit of input in the process of strategy formulation, they majorly play an important role in the implementation phase of the institutions strategies. These groups of stakeholders provide a channel where the students can receive the loans and the loanees can repay the same loans. In addition, it was also noted that the social group of stakeholders comprising of students representatives and the media play an important role in the evaluation of the institutions strategies. As a result of these critical roles that these stakeholders play, the interviewees did acknowledge that the external stakeholders are part and parcel of the strategic process and for effective realization of the same institutions vision and mission

making it a policy to consult the external stakeholders in situations where they will be affected during its implementation. In general therefore, the respondents noted that the economic category of external stakeholders are mostly involved in the institutions strategic process during formulation and implementation phase while the institutional stakeholders are involved during implementation and finally the ethical group will play a role during the strategy evaluation phase.

On the specific input that these stakeholders bring during HELB strategic process, the respondents noted that the institution has attained a position of leadership among peers in the African continent who are engaged in financing higher education. To this position, they lay claim to the cordial relationship existing between the institution and the stakeholders involved. The role that the external stakeholders play in the strategic process at HELB was identified to include: assistance in the process of loan recovery and ensuring effective and efficient compliance to the HELB Act, facilitating institutional linkage between the stakeholders and the institution in such areas as creating electronic linkage between the partners and also devising of ways to mitigate against risk exposure to the organization.

#### **4.3.1 Strategic Relationship with Development Partners**

This section of the interview guide aimed at establishing the level of relationship between HELB and external stakeholders as far as the level of agency relationship relates. On this area, the respondents did note that though the contracts between HELB and the donors was not permanent at any given time ,HELB is used as a body for channeling the donor funds to the deserving students as grants and loans. During its current strategic plan, the



respondents pointed out that HELB hopes to institutionalize links with strategic partners and professional associations. In order to realize this objective, HELB has to create electronic linkage between itself and strategic partners to identify loanees and also the same external stakeholders will need to collaborate on recovery strategies with the institution. Indeed the interviewees noted that since the year 2000 the institution has been able to increase its average monthly collection from 40 million per month to currently around 200million. This improvement was attributed to the improved relationship between the institution and its external partners.

Despite the improved loan recovery registered over the last decade, the respondents also observed that there is need to ensure that effective and efficient compliance to HELB Act is implemented. Towards the implementation of the same Act, external partners will be expected to play a critical role in the actualization of the same through facilitating networking with data centres/Credit Referencing Bureaus for information on students and guarantors/parents; prosecution of defaulters for non compliance (loanees and employers); linking the education management information system project in order to obtain the education history of student applicants and also enforcement of penalties to non-compliant employers and loanees. As a result of the above, the external stakeholders will to a greater extent affect the implementation and success of the institutions strategies.

The institutions ability to become an agent for corporate bodies and donors for bursaries and scholarship was also noted as having been strengthened as a result of the relationship between the HELB and the partners. The efficiency of notifying the students of their loan awards as well as distributing the funds to the beneficiaries has been improving over time

and this could be attributed to the partnering with institutions offering university bursaries and scholarship as well as a continuous review of the criteria for bursary and scholarship allocation. Effective evaluation and monitoring of implemented strategies has over the period been a core function of HELB management.

As a result of the relationship existing between the institution and external stakeholders, the respondents observed that indeed the external stakeholders have been able to influence HELB's strategic process. Examples were given of how external stakeholders have been able to influence the institutions strategic process. The government as a major stakeholder provides funds to supplement the one collected from the loan beneficiaries. As a result, the level of funding budgeted in a particular financial year will influence the number of students to benefit from loans in the same period. Hence the strategies developed and implemented by the institution will greatly be influenced by the level of funding from the government and the donors. The respondents noted that currently, the amount advanced to students is below what will sustain them throughout the semester and there is need to source for additional funding from the market and external donors to bridge the gap. There was a consensus among the respondents that the quality of service and operations has improved from the partnership existing between HELB and its external stakeholders. The other benefits that were identified to have accrued from the partnership include improved ICT which has brought about efficient ways of making loan repayments through for example Mpesa, the use of EFT in money transfers hence reduction of operating costs.

### **4.3.2 Role of External Stakeholders in Loan Recovery Process**

This section of the interview guide aimed at determining from the respondents how partnering with external stakeholders has improved the institutions loan recovery process and the effective and efficient compliance with the HELB Act. On this area, the respondents pointed out that the basis of the HELB educational financing is based on a revolving fund principle where those who have completed their studies having been financed by the scheme will be expected to make repayments to service the loan advanced. To achieve the loan recovery mandate, the institution has had to partner with external stakeholders. Employers are required by the Act to notify HELB of the graduates they have employed and if they benefitted from the scheme, then the same employers will be expected to facilitate the check-off system of loan repayment from the loanees in their employment. In order for the same to be enforced by the employers, the government and parliament require certificates of compliance with HELB Act from employers as part of the performance contract evaluation and for some job applications for individuals. In addition, data provided by external stakeholders such as KRA, NSSF and KPLC is also valuable in tracing some of the loanees and recovery of the loans advanced.

The respondents also noted that a number of strategies have been developed by the institution to improve its loan recovery and ensure effective and efficient compliance to the HELB Act. Some of these strategies include linking and automating all the operating information systems; networking with institutions, Embassies, Ministry of Immigration, NHIF, NSSF and employers to identify and reach out to defaulters; blacklisting of defaulters with publication of CRBs, defaulter prosecution; enforcement of penalties to

non-compliant employers and loanees and getting a link to the Education Management Information System project to obtain the education history of student applicants. In realization of these objectives, the respondents noted that HELB will have to consult and partner with the external stakeholders to implement the same.

Individual external stakeholders were also appreciated by the respondents to play an important role in the realization of HELBs strategic objective. The Credit Referencing Bureau has helped the institution in identification and blacklisting of defaulters. CRB blacklists defaulters and gives low credit ratings to non compliant loanees hence assisting HELB in loan recovery. In addition, the Registrar of persons provides the personal identifier for individuals i.e. the Identification number which is used by HELB for allocation of payments while KRA, NSSF and NHIF provide employment details of the loanees. Thus it can be appreciated that external stakeholders play a crucial role in facilitating the realization of the institutions strategy implementation process.

### **4.3.3 Institutional links with Strategic Partners and Professional Associations**

The researcher also wished to establish how the institutional links with strategic partners and professional associations helps the institution to implement its strategies. The respondents pointed out that HELB in its current strategic plan has the intention of attaching inspectors and auditors to strategic partners' offices. They noted that for this to happen, the strategic partners being the stakeholders in this case can come into some negotiations and agreement with HELB to allow and accommodate the said officers in

their premises. It was also noted that by so doing that the stakeholders will understand the institutions mandate and as a result offer more help. Data sharing will be fast and efficient in locating loanees and in a way breaking down the protocol.

To encourage the loanees to make prompt payment, HELB allows partial penalty waivers when making lump sum payments. However, they noted that a policy should be put in place that allows for an agreement on the amounts to be waived. In addition, the respondents noted that a student can at present access a postgraduate loan while repaying the undergraduate loan. This will encourage loanees to further their education while at the same time paying for the existing loan instead of waiting until the last loan is repaid to access a new one. This form of incentives help loanees to make early payments on their existing loans. The repayment of the loan by loanees can receive positive listing through the CRB to increase individual credit rating. Towards the realization of the same objective, employers can facilitate this by promptly channeling the loanee's payments via check – off.

Several gaps were pointed out to exist between the stakeholder involvement required to enhance strategy implementation as perceived by managers and the plan to implement the involvement at the institutional level. The respondents observed that employees and employers have not complied to the letter with the HELB Act and as a result not all the repayments have been made by the beneficiaries. Other shortcomings were pointed out to include the institutions capitalization by the government not being enough to meet the funding demand, HELB still lacks a database of all universities hence identifying

students is a major problem and there is no direct link between the strategic partners i.e. KRA, NHIF and the board and even the budget for the said link would be too expensive.

#### **4.4 Feedback from External Stakeholders**

This part of the interview guide wished to establish from two of the external stakeholders on some of the aspects touching on the role of external stakeholders in the strategy implementation at the Higher Education Loans Board. The two respondents that were interviewed came from the Kenya Revenue Authority to represent the corporate stakeholders and Kenya Commercial Bank to represent financial institutions stakeholders. On the question posed by the researcher on whether, the respondents were aware of their influence in the institutions strategic process, they answered to the affirmative and indicated that indeed HELB has in several occasions invited their input before a given strategy is implemented.

The respondents observed that since the operations and working system of HELB requires frequent consultations, sharing of information and participation of the external groups for the realization of the institutions objective, the external stakeholders should be part of formulating and implementing good policies in the institution. This point is the same as that of (Lapenu and Pierret (2005) who noted the need of a firm to consider other stakeholders and stakeholder-oriented policies are justifiable based upon the supposition that they do hold legitimate interests in the organization and their activities should be taken into consideration by managers.

The respondents also noted that apart from HELB inviting their input during the strategy development and implementation, they have been receiving regular input from the institution on the progress of the strategies and where changes are desired for effective realization of the intended objectives, then the same has always been communicated. The respondents feel that their input has been able to raise organizational performance and quality of service offered by the institution and this can be attested by various commendation awards received by the stakeholders from HELB. The respondent from the bank also pointed out that for HELB to administer well their funding to the students they need to liaise with the various universities about their opening dates. In this way HELB will be able to deposit the funds to each student account in time before the commencement of a new semester.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 Summary of Findings**

In summary, the study shows that the interviewees are aware of the role of external stakeholders in the strategy implementation process at Higher Education Loans Board. The knowledge about the operations of the institution was exhibited by the internal respondents by virtue of all of them having worked in the institution for more than three years on average and also due to the fact that all of the interviewees were engaged in the day-to-day management and operations of its strategy implementation arm of the institution. In addition, the respondents were found to be well versed with the subject matter of the study and had all solid academic background having attained a first degree. As a result of the above, the researcher felt that the results obtained from the respondents reflects the true position as in the organization.

It was found that as the institution gears itself to effectively respond to the changed environment, it needs to become aware of the ever emerging conditions pertaining to the local and external economy that will affect its operations. One of these conditions and partners that are important in the strategic process of the institution are external stakeholders. It was found out that HELB depends on its relationship with external partners who play one role or another during the strategic process of the institution. The role that the external stakeholders play in the strategic process of HELB were identified to include: assistance in the process of loan recovery and ensuring effective and efficient compliance to the HELB Act, facilitating institutional linkage between the stakeholders



and the institution in such areas as creating electronic linkage between the partners and also devising of ways to mitigate against risk exposure to the organization. Due to the improved linkage, it was found out that HELB has been able to improve its monthly collection from about 40 million shillings to approximately 200 million per month in the last ten years. This achievement has come from a close relationship between itself and external stakeholders.

A number of strategies have also been employed by HELB to encourage the loanees to make prompt loan repayments. Some of these strategies include allowing partial penalty waivers when making lump sum payments though the policy is not documented and in varies between recipients. In addition, the loanees can at present access a postgraduate loan while repaying the undergraduate loan. This encourages loanees to further their education while at the same time pay off the existing loan instead of waiting until the last loan is repaid to access a new one.

Several gaps were however pointed out to exist between the stakeholder involvement required to enhance strategy implementation as perceived by managers and the plan to implement the involvement at the institutional level. Employees and employers have not complied to the letter with the HELB Act and as a result not all the repayments have been made by the beneficiaries. Other shortcomings were pointed out to include the institutions capitalization by the government which is not enough to meet the funding demand, HELB still lacks a database of all universities hence identifying students is a major problem and there is no direct link between the strategic partners and the board and even the budget for the said link would be too expensive.

## **5.2 Conclusion**

From the research findings, some conclusions can be made about the study:

Strategy formulation and implementation process is very vital for the functioning of any organization. From the findings, it was established that the strategy formulation process in the institution is an all inclusive exercise where both internal and external stakeholders are involved. Since HELB relies to some great extent on external stakeholders for legislation or enforcement of the Act, it is imperative that it cultivates a cordial working relationship with these groups of stakeholders. In addition, the level and extent of the stakeholder involvement in strategy development and implementation will depend on the assessed level that the same stakeholder will affect the success of the same strategy.

An organization should take into consideration the needs, interests and influences of people and groups who either impact on or may be impacted by its policies and operations. Therefore stakeholder-oriented policies are justifiable based upon the supposition that they do hold legitimate interests in the company activities that should be taken into consideration by managers. Therefore managers should consider the interest and the influence of these stakeholders during the development and implementation of its strategies. It is expected that in the present day open society, the role of stakeholders in the implementation of an organizations strategy will grow in importance due to public interest, greater coverage by the media and also concerns about corporate governance.

### **5.3 Recommendations**

The study recommends that the government directs more resources to the financing of the education sector in the country. Currently, the government provides funds to HELB that is way below the students demand and the collections generated are yet to meet this gap. In consideration to the ever increasing student population seeking to further their higher education especially after the free primary education, there has been need for the education sector funding to be increased to meet this demand. In addition, the government can pass any other necessary legislation to enable HELB source for additional funding from the local financial market as well as from donors in order to bridge the funding deficit.

The important role played by various external stakeholders need to be highlighted and the critical role they facilitate in the realization of the organizations objective need also to be clarified. For employers and other organizations that play a role in the collection of repaid funds or notifying HELB on employees liable for deduction, the Act should be fully enforced. If all the beneficiaries of the fund were to honor their obligations, it will be possible for the collected funds to meet the needs of the current student population.

The management of HELB needs to appreciate the importance of external stakeholders in the realization of the institutions objective. The current level of partnership between the institution and stakeholders need to be enforced to capitalize in all the strengths accruing from this relationship. However, the institutions should be wary of external stakeholders

with excessive demands that might not be met and in such cases the HELB Act should be enforced. In addition, the management might perform better if they include a monitoring and evaluation officer in the strategy implementation process. This officer will be tasked with continuously monitoring and evaluating the progress of the strategies and if need be, a change of the implementation program will be necessitated to ensure that successful strategy implementation be made.

#### **5.4 Recommendations for Further Research**

The study confined itself to Higher Education Loans Board. This research should therefore be replicated in institutions especially Non-Governmental Organizations who liaise with different stakeholders in the provision of the services they deal with. This will facilitate a study on the role of external stakeholders in the strategy implementation of such organizations. Could the role of external stakeholders influence differently implementation of strategies of different organization undertaking different activities?

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## **APPENDIX: Interview guide**

### **INTERVIEW GUIDE**

The interview guide will seek to achieve the following objective;

Establishing the role of external stakeholders in the strategy implementation at the Higher Education Loans Board.

#### **Respondent Background Review**

- What is the highest level of education you have received?
- How long have you worked in this position?

#### **Interview Questions**

The following sections provide sample questions to be used in evaluating the role of external stakeholders in the strategy implementation at the Higher Education Loans Board.

##### **1.) Management of HELB**

- Does the organization involve external stakeholders in strategic decision making?  
If yes, please identify some of these stakeholders
- At what level do you involve the stakeholders in your strategic process? Do you think you will wish to expand the level of involvement? Please expound.
- If yes, what group of external stakeholders do you involve and also at what stage do you do the same?
- What form of external stakeholders' involvement do your organizations have with the stakeholders?

## **External stakeholders involvement in specific strategies**

### **a) Establish Relationship with development partners**

- i. What agency relationship exists between HELB and donors in becoming agents for grants, scholarship and concessionary loans?
- ii. How has external stakeholders helped you in putting in place proper control system?
- iii. What effect has this relationship had on implementation of effective budgetary control and monitoring instrument/method?
- iv. Have the external stakeholders influenced organizations' strategic process so as to be in tandem with their expectations? How have they made the same?
- v. In your view, do you think the organization value has been increased by involving external stakeholders? How?

### **b) Improvement of Loan Recovery and effective compliance with HELB Act**

- i. What role do external stakeholders play in identifying and reaching out on defaulters?
- ii. With defaulter prosecution for non-compliance, how do external stakeholders help in the achievement of the same?
- iii. How can the stakeholders help in carrying out intensive inspection of loanees and employers?
- iv. With the establishment of CRB how has such an agency assisted in the identification and blacklisting of defaulters?
- v. What role do data centres, credit reference bureaus and registrar of persons play in the achievement of your objectives?

**c) Institutionalize links with strategic partners and professional associations**

- i. With HELB intention of attaching inspectors and auditors to strategic partners' offices, how can the stakeholders help towards the achievement of the same?
- ii. How can the creation of electronic linkage with the stakeholders be hastened through such collaboration?
- iii. What incentive is there to attract loanees to make prompt payment and how can the stakeholders facilitate the same?
- iv. Has the organization insured the loan scheme program? How can this be done in case the same has not been done?
- v. What gap exists between the stakeholder involvement required to enhance the success of strategy implementation as perceived by managers and the plan to implement the involvement at the organization?
- vi. While implementing the stakeholder involvement program have the results obtained after the involvement enhanced the organizations competitiveness?
- vii. What are some of positive attributes that have arisen from the stakeholder involvement in HELB? Please identify and explain how the same has led to a positive attribute.
- viii. What are some of the negative attributes from the same stakeholder involvement at HELB?

## 2) Questions to External Stakeholders

- Are you aware of your influence to HELB's strategy implementation? If yes how do you influence the strategies?
- Have you been consulted during the strategy implementation process of the institutions?
- Have your views been incorporated in the strategic process of the institution?
- Do you believe that the influence of external stakeholders has been adding value to the strategic process of institution? If yes how has it been achieving this?
- Have you been receiving feedback of your involvement in strategy implementation in the institution?
- Has your relationship with the institution improved as a result of participating in the strategic process of the institution? How has the same been achieved?
- How has your involvement on the strategic process of HELB helped in avoiding and resolving of conflicts arising from the organizations strategies?