APPROACHES USED BY NOBLE COOPRATIVE SOCIETY IN UASIN GISHU COUNTY, KENYA TO ADDRESS CHALLENGES OF STRATEGY IMPLEMENTATION

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DECLARATION

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

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This Research project has been presented for examination with my approval as the University supervisor.

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DEDICATION

This research work is dedicated to my father Daniel Too, you are the rock; and to my Mother Esther too, may the almighty God bless you. It is through your support, prayers and selflessness that made my studies possible. I shall forever remain indebted to you.

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TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

ATM: Automatic Teller Machines

BOD: Board of Directors

C.E.O: Chief Executive Officer

CMC: Cooper Motor Corporation

FOSA: Front Office Services Activity

ICT: Information Communication Technology

NGO: Non-Governmental Organizations

SACCO: Savings and Credit Co-operative Societies

SASRA: Sacco Societies Regulatory Authority

SME: Small and Medium Enterprises

ABSTRACT

The purpose of this study was to achieve two objectives namely to determine the challenges of strategy implementation at Noble Sacco, Kenya and to establish the measures to deal with the strategy implementation challenges. This research was conducted through a case study design and the data obtained was analyzed by way of content analysis. The major findings were slow decision making, inadequate budgets, loss of income, resistance to change, and communication, lack of commitment and involvements, human capacity inadequacies, inadequate allocation of time during strategy implementation reviews among others were major obstacles to successful strategy implementation at Noble Sacco. In conclusion if the Sacco implements the proposed measures to deal with strategy implementation challenges, the Sacco will experience a robust growth and will enable her to achieve all the set strategic objectives at the end of the strategic plan period. To effectively implement strategy the study recommends the Sacco to involve all stakeholders in budgeting, strategy formulation and implementation, adequate allocation of resources, adequate time allocation during the periodic strategy implementation reviews, better communication systems, diversification of products and membership base among others.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

This Chapter highlights the major issues; it focuses mainly on the motivation of the study and the research problem. Objectives of the study are outlined in this chapter in line with the research problem. It is mainly intended to give the reader an overview of the value of this study.

An organization must have the right strategies in order to achieve the desired objectives. It is therefore important for any organization to monitor the strategy implementation process in order to remain relevant in the market as well as obtaining a competitive advantage. The environment turbulences greatly affect the strategy implementation process and require strategic thinking in order to cope with the dynamic environmental factors. Formulation of brilliant strategies does not necessarily result to successful brilliant strategy implementation and therefore the strategy implementation process is important as its formulation. According to Pearson & Robinson (1997), in order for an organization to achieve their goals and objectives, it is necessary for them to adjust to their environment.

According to the industrial economics theory before an organization enters the market it should first study the market structure, conduct and performance which are essential for an organization to position it in the market (Church and Ware, 2000). The systems theory holds that organizations are composed of several subsystems which are interconnected and they are in constant interactions with the environment (Betchtold, 1997).

Implementation processes involves significant changes in the organizations' structure, culture and systems. The motivation of the study is so as to have a good understanding the approaches that Noble Sacco society limited uses to address the strategy implementing challenges their experience in the process and how the implementation influences performance. Noble Sacco society limited develops strategies that are meant to direct their operations towards the attainment of their vision and mission with the aim of always improving their performance. It is therefore imperative for them to get it right at the implementation process which will be reflected in their overall performance.

Noble Sacco is operating on a strategic plan 2015-2019 which focuses on financial performance, operational efficiency, human resource management, products and services, marketing, credit administration and leadership and governance. The Sacco is experiencing a high level of defaulters, increased customer dissatisfaction, competition from bank and other financial institutions and continued failure to achieve its projected growth in the loan. This indicates that the organization may be facing strategy implementation challenges. It is of the essence to determine how Noble Sacco intends to achieve its strategic goals by identifying and dealing with the strategy implementation challenges.

1.2.1 Strategy Implementation

Steiner (1979) defines strategy as lo refer to the basic decisions that inform the direction of an organization including the purposes and the mission and also the actions that are important and necessary to accomplish these directions .Strategy is seen as a guide for a specific course of action despite the fact that the future is unknown and uncertain indicating that strategy is only an expression of intent and a kind of suggestion for a

passage connecting the current state and the desired end. Every organization has to embrace preparation for the future as well as today. Thus, every senior manager has the obligation of obtaining establishment's upcoming course, competitive ability, existence and progression (Wang, 2000).

Strategic implementation has been defined as the process of putting strategies formulated into action in order to achieve its objectives. Strategy implementation is among elements of strategic management and is a crucial process to effective management since it impacts every part of the organization's structure. Strategy execution is a vital component of strategic management process. According to Kweri (2011), Strategy implementation involves developing, utilizing, and integrate administrative arrangement, regulation systems, and matching values to the chosen strategy in order to enhance competitive advantage and better performance of the firms.

Strategic implementation entails communicating organizational strategy to both management and staff for understanding on the implementation required in order to attain company or organizational goals. It has also been emphasized that in order to execute business strategies, there is significant need to communicate effectively to all staff as well as embracing teamwork and cooperation between various team implementation leaders and management or employees (Pride & Ferrell 2013).

According to Oluoch (2011), execution of organizational rules and approaches is based on design and managing of systems for purposes of attaining best possible incorporation of employees, organizational culture, organizational arrangements, procedures and critical assets in realization of administrative stated objectives.

Strategy implementation involves collection and generalization of organizational actions used by people in various resources and follow policies laid down in accomplishing the stated objectives of the strategy (Johnson & Scholes, 2002). William (1991) describes execution as the accomplishment of strategies either internally or externally by organizations in order to move in the anticipated planned direction. Consequently, strategy execution entails translations of strategic plans and policies into outcomes. Strategic management development starts immediately when top management evaluates their present-day situation by considering mission, objectives and plans.

Through such evaluation, they are then able to do environmental scanning both external and internal for purposes of identifying strategic aspects in need of change. Additionally, inside or external actions might specify requirement to change firm mission and goals or formulating new strategies at corporate, commercial or departmental level. The ultimate phase in strategic management procedure represents execution of new strategies and putting them into actions (Richard, Kendrick & Vershinina, 2010).

Hrebiniak (2006) pointed out the significance of strategy implementation by demonstrating that a firm's poor performance generally stems from the execution of the plan, rather than the strategy itself. Strategic enactment is a central stride in revolving a company's vision of a plan into actuality. The importance of strategic implementation stage in strategic management needs representation involvement of teams drawn from all levels of management in the entire organization so as to act as the communicators of the strategic plan as well as the informers of whether the process is going on as scheduled (Grundy 1998)

While research studies have emphasized the importance of implementation phase, Miller (2002) pointed out that over 70% of organizations face numerous setbacks at the strategic implementation phase due to the challenges such as resources availability, corporate structure and organizational culture, communication breakdown, improper leadership which is not visionary, and lack of support systems which are commonly cited as the major hindrances to successful implementation, (Beer & Eisenstat, 2000).

1.2.2 The Sacco Sector in Kenya

According to Central Bank of Kenya Economic Survey 2015, Sacco's 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 Sacco's 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 Sacco's 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.

The survey observed that Sacco's 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 Sacco's 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 Sacco's (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)

1.2.3 Noble Sacco

According to Noble Sacco's 2011-2015 strategic plan, Noble 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.

The Sacco formulated its first strategic plan running from 2006 to 2010.The strategic plan was faced with numerous challenges such as failure to fully automate its ICT systems, high staff turnover, competition from banks, lack of development of ATM lobbies among

others. A second strategic plan for 2011 to 2015 was formulated on which it is operating. In third year of the strategy implementation there are challenges such as high level of defaulters, increased customer complaints, competition from bank and other financial institutions and continued failure to achieve projected growth in the loan among others.

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.

In view of the changes in the operating environment, Noble 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: Growing 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 8 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.

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 9 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 constraints 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) conducted a study on the challenges of strategy implementation among Sacco's in Nairobi and found out that among the challenges affecting strategy implementation among the Sacco's 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 Sacco's operating in Nairobi County, and that it could have been enriched by getting the views of middle level managers of Sacco's 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 Noble Sacco Society ltd, Kenya in Strategy Implementation?

1.3 Research Objectives

This study had two objectives:

i. To determine the challenges of strategy implementation at Noble Sacco, Kenya

ii. To establish the approaches to deal with the strategy implementation challenges

1.4 Value of the Study

There is a need to undertake a research to establish whether the people in charge of strategy implementation process in organizations understand the various concepts in the strategy implementation, a comparative study in Sacco's operating in different sectors of the economy and a replication of this study would be ideal after a certain period of time to find out whether there have been any improvements on challenges of strategy implementation. These studies assist the researcher to identify whether the challenges experienced at Noble Sacco are unique to the Sacco or they can be replicated to organizations in other industries. In addition, future researchers should adopt different methodologies while undertaking research on the area under study to identify whether different methodologies give different results or vice versa.

The regulatory bodies and government rely on this study in order to come up with the required legislation and policies to address the challenges facing strategy implementation in Sacco's. Due to the high rate of default the development of credit and collateral policies will borrow heavily on this study to address the challenges in credit administration. The government also needs to come up with measures to address the economic and political factors which are likely to affect investment of donors in NGOs working in the country.

This will reduce the level of default by members of Sacco's who draw their income from the NGOs. The study provided vital information to Noble Sacco management on how to successfully implement its strategies such as adequate allocation of resources, involvement of all stakeholders in strategy implementation process, diversification of Noble operations, allocation of more time during the strategy implementation process, improved communication among others

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This Chapter highlights the major issues relating to the strategy implementation and the challenges thereof. The chapter will provide a detailed literature review on theories. It underpins the study, strategy implementation, challenges of strategy implementation and measures to deal with challenges in strategy implementation.

2.2 Theoretical Foundation

Implementation of strategy has its theoretical underpinning drawn from two major theories namely the industrial organization economics theory and the open system theory. Theories provide a foundation of how an organization interacts with environment. The theories also provide valuable information to parties interested in strategy formulation, implementation and evaluation.

2.2.1 Industrial Organization Economics Theory

The Industrial organization economics theory suggests that before an organization enters the market it should first study the market structure conduct and performance of the market (Jacquemin, 2000). He further suggests that under the market structure organization should study the number of competitors who operate in the relevant market and their market shares, conditions of entry and exits, product standardization and proximity to suitable goods, interdependent between upstream and down quality of information controlled by partners and the degree of risk involved. Under Conduct, the organization should study the role of price and non-price strategies and level of corporation established over times.

Lastly it should look at the performance this is how the organizations are evaluated. This is because when the organization enters the market it will be in constant interaction with the environment and all these factors will affect its performance. These can only be visible at the strategic level point of view if they cannot be imitated; are valuable; rare and if the organization can mobilize them for strategic advantage (Hrebiniak, 2006).

2.2.2 Open Systems Theory

The interaction with others factors is illustrated in the open systems theory. Betchtold (1997) open system theory refers to the concept of organizations being strongly influenced by the environment. He further defines systems as a set of parts that interact with each other and function as a unified whole in an organization. An organization is seen as a sub-system of a large macro- system which may be identified as a sector industry or an economic zone. Jacquemin (2000) notes that an organization is therefore believed to be in constant interactions with the micro – system for it to survive it should formulate and implement strategies that will render it relevant in the market. Jacquemis notes further that open systems are a subject of differentiation and integration.

Under differentiation the organizations subsystems are required to remain connected in order to sustain cooperate identity whereas under integration, the action parts are supposed to work together in order to achieve synergies. There are new developments in the open systems theory that show that organizational survival is dependent on the environment. This is evident in the chaos and complexity theories (Jacquemin, 2000).

2.2 Strategy Implementation

Strategic implementation is a process that puts plans and strategies into action to reach desired goals (Wheelen and Hunger, 2008). It is an action driven administrative task that cuts across many internal functions of an organizations (Thompson and Strickland, 2007). Strategy implementation is the process through which strategy is translated into action and results are achieved. 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-vie the opportunities in the External Environment (Wheelen and Hungar,1996).

Strategy implementation often involves day-to-day decisions in resource allocation; there is an overriding need to align the organization's internal processes with strategy. Thompson and Strickland (2007) view that strategy implementation has to be custom-tailored to the organization taking into account the organization's setting. Aosa (1992) classified the elements into two broad categories namely; structure and process and noted that structure incorporates leadership, culture, resources and other administrative procedure.

Thompson and Strickland (2007) asserts that whatever the circumstances effective leadership will reflect attributes that include; staying on top of what is happening through close monitoring, promoting a culture of spirit de corps (mobilizing employees) and motivating them to high performance levels, keeping the organization responsive to changing conditions (learning organization), exercising ethical leadership thus "do what you say" and taking timely corrective action when change is apparent (Lingard et al., 2012) .

Performance in an organization reflects the results of effects of implementation of various strategies adopted by a firm. High strategic developments are essential for successful implementation. Strategic leadership is essential in implementation process (Hasbison and Meyes, 1959). The leadership should serve to motivate, "push" and guide the organization, they should also have superior managerial skills to balance different political and cultural differences. They should ensure that there is proper communication and make the employees own the strategy by cascading the tasks down to the lower level.

Training is crucial in implementing strategy; regular training and updating of the systems bring the organization up to date as a whole. Recruiting and retaining people with the needed experience, skills and intellectual capital are a sure way of successful strategy implementation (Thompson and Strickland, 2003). The leadership of the organization should create an environment that connects the employees to the organization and make them feel comfortable. They should create some positive and negative consequences for achieving or not achieving the strategy. When corporate structure is aligned to strategy, people tend to appreciate hence less resistance (Aosa, 1992).

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

2.3 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 includes 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) .

16

Such data are essential for effective coordination, appraisal, and planning so necessary in carrying out the basic goals and policies, and 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).

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) stated 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).

2.4 Approaches to Deal with Challenges in Strategy Implementation

Once strategies have been developed, they need to be implemented. Bryson (1995) states that the most important outcome that leaders, managers and planners should aim from successful strategy implementation is real value added through goal achievement and increased stakeholders' satisfaction. According to Kweri (2011), when culture influences the actions of the employees to support current strategy, implementation is strengthened. According to Thompson and Strickland (2003), it is the strategy implementer's task to bring the corporate culture into alignment with the strategy and keep it there once a strategy is chosen.

It is important to align strategy with organization resources. Once a strategy option has settled upon, management attention turns to evaluating the resource implications on strategy (Campbell et al, 2002). It is therefore possible to implement strategies with resources available and it is not possible to implement strategy which requires more resources than can be made available. As much as possible, the leadership of the organization should fill relevant positions with qualified people committed to the change efforts (Bryson, 1995). According to Koske 2003, leadership is considered to be one of the most important elements affecting organizational performance. Leadership ensures unity and direction in goal attainment.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the various steps that were deemed necessary in executing the study, thereby satisfying the study objective. It outlines the general methodology used in conducting the study. It presents research design, target population, data collection techniques and the method of data analysis used

3.2 Research Design

The Research Design was a Case Study. Mugenda and Mugenda (1999), it states 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 Noble Sacco faces in implementing its strategies. Because of this a case study was found to be the appropriate design.

3.3 Data Collection

The study employed primary data in seeking answers to the research question. The data will be collected using an interview guide. According to Mugenda and Mugenda (2003) Interview guide method is a suitable tool for collecting information.

The guide was developed in line with the objective of the study. The respondents of the study were drawn from all levels of management (Directors, Supervisory Committee, C.E.O, Management and operations staff) since they have been fully involved in the implementation of strategies at Noble. From the corporate level the C.E.O, Directors and Supervisory committee members were interviewed. All the managers were interviewed and selected number of staff was also interviewed. The data was recorded by writing the responses as provided by the respondents.

3.4 Data Analysis

The data obtained was analyzed by way of content analysis. This involved the analysis of meanings and implications emanating from respondents' information coupled with documented data regarding strategy implementation. The data was compared with theoretical approaches cited in the literature review. This was because the study was seeking to solicit data that is qualitative in nature and given that respondents were drawn from a single Sacco but from different levels of management, each group of respondents responded to different sets of questions.

Similar approach was used by Machuki (2005) when carrying out research on challenges to strategy implementation at CMC Motors Group Limited. Data from various levels of management was compared against each other to enable the study establish congruency or otherwise of the challenges with respective level of management.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The study was conducted in order to achieve two objectives. The first objective was to determine the challenges of strategy implementation at Noble Sacco, Kenya and the second objective was to establish the measures to deal with strategy implementation challenges at Noble Sacco. This chapter presents the findings of the study with regard to the said objectives and discussions of the same.

4.2 Strategy Implementation at Noble Sacco Ltd

This study tried to establish how Noble Sacco implements its strategic plan. In order to achieve this, the research studied on the strategies which are put in place to ensure that the strategy plan is implemented. It was realized that the Sacco has a very clear organization structures which guides the implementation of the strategy. In order to achieve the objectives of the five-year strategic plan, at the beginning of each financial year the Sacco prepares an annual work plan through a process which is all inclusive of all staff, management, directors and the supervisory committee. During such forums the various objectives and activities are discussed to ensure that there in congruency when it comes to strategy implementation.

The study found out that the Sacco has very clear and elaborate process on training. This ensures that all stakeholders are adequately trained in order to implement the strategies properly. The Sacco have in place mechanisms to ensure that all staff, managers and directors are trained on annual basis on areas which are related to the operation of the Sacco as a whole and not necessarily specifically related to strategy implementation.

4.4 Challenges of Strategy Implementation at Noble Sacco Ltd

The nature of Noble Sacco membership poses a great challenge in the operations of the Sacco. The study also observed that the challenges are either as a result of external factors or internal factors. This section presents the challenges of strategy implementation at Noble Sacco. The study identified that different levels of management have different types of challenges. However, some challenges cuts across all departments of the Sacco. The various levels form the basis under which the challenges get noticeable and have been used to develop the sub headings under which the challenges would be analyzed and discussed.

4.4.1 Challenges at Board of Directors Level

The directors at Noble Sacco are answerable to the general membership on the implementation of the strategic plan. Through the CEO the Board ensures that the strategies are implemented as expected. However, the implementation of the strategy is not always a smooth process and the Directors face several challenges during strategy implementation. The work environment where the Sacco draws its membership is very fragile. Most of the organizations are donor funded and donor funding is normally affected by political and socio-economic conditions of the country. In the recent past a lot of donors have withdrawn their support for several projects in the country and more so on NGOs where Noble draws its membership from.

To make the matter worse several institutions where the Sacco draws huge membership have been affected leading to increase of loan default as a result of the loss of employment income by the Noble Sacco members. This has also led to massive withdrawal of

members thus making the Sacco not able to achieve the expected growth in loan book, increase in savings and increased rate of non-performing loans.

All the respondents noted that lack of Directors commitment in the strategy implementation is a major challenge in the strategy implementation. The research identified situations where certain decisions which are critical in achieving the objectives take a long period of time before they are agreed upon. There is also tendency of differing approvals to subsequent meeting due to time constraints.

The study identified instances where there is lack of clear leadership when it comes to strategy implementation. No action is taken well in advance when the directors realize certain objectives are not being implemented as expected or when certain external factors are known to affect the strategy implementation. The Board tries to play its oversight role without engaging in operational issues which leads to a leadership gap. Lack of a good balance between the two has made the strategy implementation leadership left to the management. Where the strategy implementers lack proper guidance from the key decision makers a strategy cannot be implemented as expected during its formulation.

The study also identified lack of a fully-fledged ICT system as a great challenge in the implementation of strategy. The implementation planning and profiling of the user requirements of the ICT system was not properly done which led the new system requirements being made as the implementation process was ongoing. Failure to recruit a systems administrator at the beginning of the system implementation led to a lot of avoidable teething problems being experienced by the Sacco. The study identified that during the implementation period of the new system there was a high staff turnover

which contributed to the system not working as expected. The study identified that one of the major challenges leading to low demand for loans as use of guarantors as the only collateral.

In this situation the researcher found out that a loan applicant is required to have enough guarantors to guarantee the loan amount he intends to borrow. The practice deters members from saving a lot of money if their colleagues or friends are not saving as they are since when it comes to loan borrowing the loan applicant who have saved more will borrow more and the loan amount must be fully guaranteed by guarantors.

4.4.2 Challenges at Supervisory Committee Level

Supervisory committee as the name suggests provide supervisory role in the affairs of a Sacco. The committee draws its mandate from the general membership and its reports are reported directly to the members during the Annual General Meetings. It is therefore important for the committee to review all the operations of the Sacco including but not limited to strategy implementation.

This study established that the major challenge that this committee faces is lack of implementation of the decision made by various stakeholders such as the committee its self, internal auditor, Board of directors among others. Lack of ownership or commitments by the implementers to implement the decision have largely affected the strategy implementation process. As much as the Board acknowledges the importance and the quality of the supervisory committee reports, the directors have not very firm in ensuring that management implements the decisions of the committee.

The study found that the implementation of policy decisions and the strategic objectives are left to the management to a very great extent. Failure to follow up on the strategy implementation periodically by the Board results to a situation whereby the management review the strategy when the board requests for such reports and it is normally too late for any corrective measure to be done in order to enable the Sacco achieve the set annual plans.

Resources are very important in strategy implementation process; however, the resources must be adequate for the strategy implementation to be a success. The study identified that inadequate budgeting has delayed implementation of certain objectives such as branding, efficiency in customer service, marketing among others which require enormous capital budgets. When the budget is prepared by few individuals in the organization some of the important budget elements necessary to achieve the strategy are omitted or forgotten. Constrained budgets have also demotivated employees due to the delays in improvement of an efficient and effective human resource capacity.

The Sacco conducts strategy implementation reviews twice a year i.e. at the beginning of the year when setting the annual plans and mid of the year to check on the strategy implementation progress. The study established that the strategic reviews are not given adequate time and in most cases the objectives of the reviews are not fully met. The study found out that the committee has identified one of the great challenges in the implementation of the strategy as lack of funding of the strategy activities.

The cause of this funding crisis was identified as failure of the Sacco to have an all-inclusive budget. The other reason is that when formulating the annual budgets, the strategic objectives are not taken into account and when time comes to strategy implementation there is no adequate budget or the available budget is inadequate.

Where budgeting is done the Sacco in some instances provides budgetary allocation without taking into account the expected actual cost of such capital expenditures. Legislation and industry regulation affect the operations of an organization. Changes in legislation affect the operations of the Sacco to a great extent. The changes in laws have affected the strategy implementation process especially where such changes have cost implication on the Sacco. Some other legislation especially in taxation brings a mixed reaction to Sacco in determining whether to implement them or not whereas failure to implement may cause the Sacco to pay penalties and interests.

4.4.3 Challenges at Management Level

Head of departments are the link between the staff and the Board of directors, the HODs plays a vital role in disseminating information to their subordinates since they are involved in implementing the strategic objectives on their day to day basis. The study established that the managers were knowledgeable and highly competent in their respective areas of responsibilities but since strategy implementation is not a smooth process, they too face a number of challenges. Some of the challenges include inadequate budget, perception of staff and directors, deviation from the set strategies, inadequate human resource among others.

The study found that inadequate budgeting is a key challenge in the strategy implementation. All the departments experienced a challenge in the adequacy of resources allocated to each department. This was due to the reason that the budgeting process is not all inclusive of each department proposals. The budget preparation period is normally short and therefore all stakeholders are not able to meet to discuss and critic the budgets before the budget is presented to the Board for further review. The study found that the budgeting does not provide adequate allowances for price increase, inflation among other macro and micro economic factors.

Since the ICT department is a newly created department stakeholders are yet to understand the importance and the value addition of the department to the Sacco. It is therefore difficult to convince the capital expenditure budgets to the Directors since the cost benefit analysis of certain ICT expenditure cannot be quantified. The study also established that inadequate budgeting greatly affects the operations of the ICT department. The study established that there is a slow decision-making process in the Sacco by the Directors which affects delivery of strategic objectives in time. Although some of the causes of slow decision making is due to inadequate information being given by management to the board to make a sound decision, other causes are due the bureaucracy in the approval process which make the decisions take time before they are agreed upon.

Although the Sacco reviews it strategic plan semi-annually, the study noted that inadequate time is allocated to review the strategic plans. The time inadequacy limits the stakeholders to discuss all the issues that need to be addressed for a successful efficient strategy implementation process. There are also some instances where the stakeholders

deviate during forums to discuss the strategic plans to other unrelated issues. This leads to the failure of the strategy review forums to meet the expectations.

The study established that managers face resistance from staff when implementing the various strategies. This is normally caused by the failure of the managers to have inclusiveness in the decision-making process. Due to the lack of involvement of staff they are not able to own the processes or decisions and thus the resistance. The perceived staff perceptions towards certain decisions also contribute to the resistance to change. The resistance to change is also experienced from the directors during their decision making; the study found that there are instances where directors do not want to change the status quo.

The study established that managers due to the use of guarantors as collateral are unable to meet their loan targets as well as a ninety nine percent loan recovery rate. The use of guarantor ship as the key security have posed a major challenge especially when members over guarantee each other. The study identified that over guarantor ship have made the Sacco not able to collect all of its loans due to the weak nature of the guarantor ship as a mode of security. As a result, since majority of members are losing the source of income as a result of closure of projects due to lack of donor funding, retrenchment among others and therefore the rate of default is increased and the portfolio at risk is increasing at a high rate.

On the human resource the study identified challenges such as high staff turnover has greatly affected the strategy implementation and therefore there is lack of continuity of some strategic objectives. An attitude towards change was another impediment in the

strategy implementation; the study found that staffs are unwilling to take up new challenges in the work environment. Failure by management to induct new staff on the strategic objectives of the Sacco has contributed to the challenges in the strategy implementation since they are not made aware of the strategic direction of the Sacco.

4.4.4 Challenges at Operational Level

This is the level where the plans are translated into action and then results. This study treated this level as the people who know what happens on the ground and they fully understand what goes on. It is for this reason that the study sought detailed information from this level. The study identified the major challenges that this level faces as communication, lack of inclusiveness in decision making; weak bottom up communication system, lack of a clear organization structure among others. For strategy implementation to be successful there must be high degree of collaboration and consultations among the various stakeholders.

The study identified that majority of staff are not involved in the strategy formulation and strategy implementation process and the lack involvement makes them not own the decisions passed on to them for implementation. The implementation process is normally reviewed by the board and the head of departments. The study found that there a clear lack of ownership when implementing the set strategies.

The study also found that strategies are not communicated effective fully by the managers to the staff. This makes the strategy implementers not fully aware of how to implement the decisions and their impact on the overall Sacco strategic objectives. The managers were found not to fully support a bottom up approach in order to address the

strategy implementation. In addition, the feedback mechanism was poor since it takes time for staff to receive response on the decision made by top management.

Even if the majority of the challenges are internal there exist a few external challenges in the strategy implementation. Failure by some employers to recover the members' dues from the payroll posed a great challenge in the recovery of loans. Where some members are retrenched some organizations fail to inform the Sacco and in other instances, they inform the Sacco about the retrenchment but fail to deduct the Sacco dues from the member's final dues leading to high level of default rate. In summary, the study found that failure by the member organization to fully cooperate with Noble Sacco pose a great challenge in achievement of the Sacco strategic objectives.

The study observed that failure of the Sacco management to implement the strategic objectives in time has led to most of the internal challenges the Sacco is facing. This was evidenced by for examples decisions which would have been made in order to for the Sacco to establish its FOSA by 2015.

According to the current strategic plan FOSA was to be one of the mainstream sources of income and little efforts if any have been made towards the realization of the same. Resources are very important in strategy implementation process; however, the resources must be adequate for the strategy implementation to be a success. The study identified that inadequate budgeting has delayed implementation of certain objectives such as branding, efficiency in customer service, marketing among others which require enormous capital budgets. When the budget is prepared by few individuals in the organization some of the important budget elements necessary to achieve the strategy are

omitted or forgotten. Constrained budgets have also demotivated employees due to the delays in improvement of an efficient and effective human resource capacity

4.5 Measures to Overcome Strategy Implementation Challenges at Noble Sacco Ltd

This study would have been incomplete if it did not focus on the measures to overcome the strategy implementation challenges. This study sought to provide measures which can be adopted in order to improve the future strategy formulation and implementation processes at Noble Sacco. The study identified challenges which were cutting across all the levels of the organization and departments while other challenges were specific to certain levels of the organization or departments. This section presents a detailed analysis on how to overcome challenges encountered on each level.

4.5.1 Measures to Overcome Challenges at Board of Directors Level

The study was able to identify that the current strategic plan has many pillars and keeping track on all of the pillars remains a challenge especially the pillars which are qualitative in nature. In order to improve the strategy implementation, the Sacco need to consider having fewer pillars for ease of implementation.

The strategy formulation process should adopt realistic strategies which are challenging but achievable in instead of being overly ambitious. The strategic thinkers need to make everyone in the Sacco to own the strategies. This will increase the level of commitment and passion in ensuring the strategy implementation process is a success. In order to ensure that the strategy is well implemented the various Board sub-committee need to provide strong leadership in the strategy implementation process. The implementation should not be all left alone to the management and therefore the Board need to engage the

strategy implementers to ensure that strategy implementation is successful through constant communications and reviews. The various committees should also ensure that the management understands the strategic objectives and expected results clearly.

The Board need to improve the follow up mechanism on the strategy implementation progress since lack of constant follow up on the implementation is one of the main causes of the unsuccessful strategy implementation. The performance evaluation needs to be done in relation to the overall strategic direction of the Sacco and also be done using the 360 degrees dimension. The strategy implementers need to be mentored in order to utilize their full potential and use their potential to success of the Sacco.

In order to address the challenge of loan default, it is the high time the Sacco consider measures such as use of other collaterals, limiting of loan repayment period to an employee's contract, improved efficiency in the loan recovery and prompt follow up on loan defaulters. The committee in charge of credit administration needs to be proactive in seeking loan defaulter's status report periodically say once a week, this will ensure that the management is proactive in recovery of loans as well as ensuring that communications are done in time to the loan defaulters.

The study established that having a fully-fledged integrated financial management system will greatly improve the Sacco's service delivery. The Sacco also needs to have as a matter of urgency an operational online module which can assist the members' access basic information such member personal accounts, loan application among others through a web portal, mobile banking and other modern technologies that can improve the

interaction with the members will have a great positive effect in reducing most of the internal challenges.

On the policy formulation, the Board needs to consider the input of consultants to ensure that the policies meet the industry requirement as well improving on the internal control procedures. The policies need also to be summarized to enable the stakeholders understand the major policy matters easily. Approval of a collateral policy will reduce significantly the issue of low loan uptake due to lack of guarantors as other collaterals will substitute the use of guarantor ship.

4.5.2 Measures to Overcome Challenges at Supervisory Committee Level

Good strategies can be formulated but if the strategy implementation is not effective the good strategies become bad strategies. The study established that the Sacco need to invest heavily in terms of funding and time on the strategy implementation and more on the strategy implementation reviews. The Sacco need to consider allocating more time to review the strategy implementation to enable her achieve the set objective and, in some cases, change of a strategy when need arises.

Constant effective and constructive review of the strategy implementation will also in a great extent assist in addressing the challenges facing strategy implementation. The strategy implementation reviews need to be an all-inclusive process by incorporating the actual implementers in the strategy implementation review process.

Resources play a great role in the implementation of a strategy and without resources it is very difficult to implement the strategy objectives. In this regard, the study established that the budgeting process need not only all be an inclusive process but in addition proper

analysis of the cost of all expenses need to carried out be budgeting. The Sacco should consider in the training budget allocation for training on emerging issues and not necessarily structured training programs by the various training providers. This will ensure that the Sacco employees are able to get adequate training on new legislation, laws and other emerging issues that affect the operations of the Sacco.

4.5.3 Measures to Overcome Challenges at Management Level

The study established that the Sacco need to introduce activities that will improve the motivation of the Sacco employees which will in turn make Noble an employer of choice for example training, staff loan products among others. Mentoring though it is a continuous process will also play a key role in instilling a positive attitude in the strategy implementers. Team building sessions will play a key role in enhancing team work at the Sacco. Departmental heads need to come up with forums to interact with their staff and disseminate information to them in time.

Loan default pose a great challenge in strategy implementation at all level of stakeholders interviewed. This challenge cannot be dealt with in totality since it's caused by both external and internal factors. Internally this challenge can be conquered by ensuring proper systems are in place to recover loan promptly and where loans are underpaid, communication are made promptly to the members in order to recover the unpaid amounts. To minimize the level of default continuous improvement of relationship with the human resource managers and payroll officers of member organizations will be of great help.

The study established that the marketing of the Sacco is not adequate and therefore the Sacco needs to provide funds for aggressive marketing programs. Collaborations with the various stakeholders such as human resource departments of member organization in marketing of loan and savings products, inclusion of Noble Sacco as part of their induction programme among other forms of collaborations will play a significant role in marketing the Sacco.

The study identified that the management have been improving in preparation of dash boards that show the strategy implementation process and the reports forwarded to the Board. In order to reap all the benefits of strategy implementation review the Board need create time to have in depth discussions on such dashboards. The budget should also be adequate to implement the various strategy activities set in a particular financial year. In a way of improving timeliness in decision making process the management should ensure that they provide complete information necessary to assist the Board in making informed decisions. Implementation of recommendations from internal audit department and supervisory committee needs to improve so as to strengthen the internal control systems.

Due to the dynamic nature of the ICT developments, there is need for the board to have a committee which will be looking into all ICT related investment issues. The committee will be able to focus on the certain aspects of the Sacco ICT systems and come up with recommendations to the Board. This will reduce the resistance of the approval of ICT budgets which are most of the time qualitative in nature. The committee will also be appraising the board on progress and adequacy of the Sacco ICT systems.

4.5.4 Measures to Overcome Challenges at Operational Level

The respondents provided the measures to overcome majority of the challenges of strategy implementation. In order for the whole strategy implementation process to be a great success, all staff must be involved in its formulation as well as implementation. This will enhance the ownership of the strategy and therefore ensuring that the strategies are well understood by all parties. The involvement will ensure that the formulation of strategy is done bearing in mind on the timeliness and on how realistic the strategies.

Budget plays a key role in the operationalization of the strategy, inadequate budgets or limited resources hinders the implementation of strategy and therefore the budgeting process need to be all inclusive and consultative as much as possible. The finance department should call for presentation of the budget needs by the various departments in good time. At the department level the department's heads should request the staff to provide their budget needs. Through such a process the budget proposals will be minimize the chances of omissions. In addition, the budgeting unit should request for clear justification on the budget proposals and where necessary seek for cost benefits analysis.

In order to address the human resource capacity, the Sacco should embark on job evaluation exercises by independent consultants. This will assist in assessment of the staff needs in line with the strategic plan and ensuring that there is no job duplication or wastage of human resource capabilities. A clear organization structure needs to be documented to enable the staff understand the chain of command.

In order to improve the Noble brand, the Sacco should consider use branded materials based on the products and services offered and not necessarily the Sacco logo only. Through the budgeting process, consideration should be made in advertising Noble Sacco in mainstream media to enhance her visibility as well marketing Noble to a wide network of people. The management should encourage a bottom up communication mode. This will enable the strategy implementers to won the implementation process. The work environment should be friendly to promote communication from staff to their supervisors. The managers should also ensure that decisions are implemented in time in order to achieve success in strategy implementation.

4.6 Discussion of the Findings

The findings of this study on challenges of strategy implementation are well aligned to previous studies (Aosa, 1992; Koske, 2003; Muthuiya, 2004; Machuki, 2005; Gichema, 2012) which confirms that strategy implementation strategies cut across various industries and that what varies is the degree of impact and extent of each challenge. As earlier seen in the literature review, strategy implementation challenges affect all industries whether profit making or not for profit making business.

According to the open systems theory it was very evident from this study that a strategy cannot be fully implemented if there are no adequate resources. In adequate resources posed a great challenge in the strategy implementation at Noble Sacco. The same scenario was experienced by (Thompson & Strickland (2003); Koske, 2003) where they found out that depriving strategy-critical groups of the funds they require in executing their pieces of the strategy can undermine the implementation process.

Adequate resources need to be provided for a strategy to be implemented and therefore budgeting process should be an all-inclusive process to ensure that the process is consultative as much as possible as well as to avoid omissions of budget lines which are paramount in effective strategy implementation.

Since organizations operate in open systems the environment affects their strategy implementation. According to the study, political and socio-economic factors are some of the things that affected the strategy implementation at Noble Sacco, this finding in agreement with Aosa (1992), the settings in which managers operate differ and environmental factors influences strategy implementation within and without the organization. Environmental factors have led to member's loss of income and therefore management need to come up with ways of dealing with the environment and more so the external environmental factors.

The study established that Noble Sacco have not fully utilized the dynamic capabilities that complements the premise of the resource-based view of the firm. The organization has not fully utilized the potential of its human resource, ICT capabilities among others. Therefore, there is a need of the Sacco leadership to utilize its resources to realize their full potential. According to Johnson and Scholes, 2002, an organization is viewed as a bundle of resources and capabilities, dynamic capabilities underline the processes of transforming firm resources and capabilities into outputs in such forms as products or services that deliver superior value to customers.

The study established that there was a good organization structure which supported the strategy implementation and therefore structure was not a challenge in strategy implementation at Noble Sacco. The study was in agreement with (Galbraith and Nathanson, 1978; Koske, 2003; Machuki, 2005) that well managed organizations apparently have distinctive cultures that are, in some way, responsible for their ability to successfully implement strategies.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The objective of this study was to identify the challenges facing strategy implementation at Noble Sacco, Kenya and measures to overcome the strategy implementation challenges were studied. In this chapter, the findings of the researcher are summarized and conclusion drawn. The chapter also includes recommendations for policy and practice and suggestions for further research.

5.2 Summary

One of the objectives of this study was to determine the challenges of strategy implementation at Noble Sacco. The study revealed major challenges such us nature of Noble Sacco member's source of income, inadequate budgeting, and lack of commitment from the top management, communication, culture and attitudes, lack of ownership. Others include low levels of consultations, implementation taking too long than anticipated, setting of ambitious strategic objectives among others. Minor challenges include lack of induction on strategic objectives and implementation status, in adequate skills for some staff.

The second objective was to establish measures to overcome the strategy implementation challenges. The results of the study show that the majority of the measures to overcome the challenges are internal and are not greatly affected by the external environment. Some of the measures to overcome challenges in implementation include use of alternative form of loan guarantee such as collateral, allocation of adequate time during strategy

implementation progress reviews, preparation of all-inclusive budgets with allowances for price increases.

5.3 Conclusion

Noble Sacco is facing challenges in credit administration, slow decision making, inadequate budgets and failure to integrate the ICT systems, lack of passion and commitment to fully monitor the strategy implementation successfully among others. It can be therefore be concluded that if the Sacco implements the proposed measures to deal with strategy implementation challenges, the Sacco will experience a robust growth and will enable her to achieve all the set strategic objectives at the end of the strategic plan period.

The main challenge affecting the Sacco is high loan default which is due to loss of member's source of income. This is occasioned by either the employment status of the Sacco members where most members are employed on short term contracts whose renewal is not guaranteed or lack of consistency in donor funding in many projects which have led to retrenchment leading to loss of income and by extension increase of loan default. Lack of involvement of all stakeholders in strategy implementation decision making have greatly affected the implementation success of the set strategies. The study identified that the operational level staff are not involved in the decision making yet they are the one who implement the decision and therefore they do not own the implementation process.

The management should effectively communicate with the operational staff. If the communication is not effective the operations staff does not clearly understand the expectation of the management and therefore there are instances where the strategy is not achieved due to poor communication. Management should also promote bottom up communication and enhance a feedback mechanism by communicating to the staff on the decision made by management or the board of directors.

Inadequate budgeting was identified as a challenge affecting the strategy implementation at Noble Sacco. The study established that budget making process is a finance department functions are there is minimal or no consultations at all with the operations staff when during the budget formulation process. This has led to exclusion of budget lines which are vital in strategy implementation.

5.4 Recommendation of the Study

The study has recommended the Sacco to evaluate its failures and come up with a course of action which will assist it in achieving the strategic objectives. The Sacco should consider full implementation of the measures to overcome the strategy implementation strategies. The study has established that loss of employment by Noble Sacco members due to projects closure due to lack of donor funding and the employment nature of the NGO's employees which is normally on short term contract is one of the major threats in the growth of the Sacco.

The Board therefore needs to come with ways of addressing this threat by considering fast tracking the opening of a FOSA in order to tap income from banking transactions rather than remaining on the traditional back office operations. The FOSA will also assist

in mobilization of funds to finance the back-office operations. Diversification strategies need to be developed urgently to counter this threat in order for the Sacco to realize its full potential.

Noble Sacco should consider involving all stakeholders in the strategy formulation and strategy implementation. All staff especially the implementers must be fully involved in the strategy formulation so that they can own the implementation process. Non-involvement of all staff may be the reason why documented strategies are not fully implemented. The management should also consider Sacco's strategies as part of induction of new employees. This will ensure that new staff understands their role in achievement of the overall organization goals.

Inadequate budgeting has in many instances posed a challenge in the strategy implementation process. The Sacco should embrace the principle of consultation especially in budgeting. All stakeholders must be involved in the budgeting process. The process should also consider the strategic objectives, changes in pricing and cost of all the proposed expenditures to ensure that they are no instances of under budgeting. The issue of strategic implementation reviews needs to be given great attention in terms of commitment to process, time and resources to conduct the strategy implementation reviews. The reviews need to be done periodically and all stakeholders should always be proactive in the strategy implementation process. Adequate allocation of the above will ensure that the reviews of the strategy implementation are successful. Procrastination should be avoided at all cost to ensure that the strategy implementation is timely.

Although the study has come up with measures to overcome the strategy implementation challenges it is worth to note that loss of members' employment income remains a great threat in growth of the Sacco. To successfully implement the strategies, Noble Sacco needs to manage the implementation process properly and ensure the measures to deal with the challenges are implemented.

5.5 Implication on Policy, Theory and Practice

The study has a strong influence in the policy formulation and the results of this study will go along a way in ensuring effective policies are developed. The study provides a great resource base especially in the field of strategy implementation and strategic management as a whole. The policies should be developed and by ensuring that policy related challenges facing strategy implementation a resolved.

The study was in concurrence with resource the theoretical underpinning of this study and emphasized the need and the role of resources, structure, dynamic capabilities and open systems theory. The study identified that the above theory plays a great role in strategy implementation effectiveness. The study will also guide future scholars in the advancement of the theories and management practice.

5.6 Limitation of the Study

The study was focused on the concept of challenges of strategy implementation and measures to deal with the challenges. The study did not focus on other concepts that affect operations of an organization. The findings of this study cannot apply to other organization in general. Therefore, replication of the findings of this study in other organization cannot work effectively since different organizations or industries have their own unique characteristics.

The methodology used had minimal limitations such that some of the respondents were unable to differentiate between the strategy implementation challenges and operational challenges, in other cases the respondents gave their personal view instead of the organization perspective. In addition to the strategy implementation challenges most operation staff would include other challenges affecting their day to day operations which are not anchored in the strategic objectives of the Sacco. The methodology used was unable to provide a comparative study on the area under study.

5.7 Suggestions for Further Research

A replication of this study would be ideal after a certain period of time to find out whether there have been any improvements on challenges of strategy implementation. These studies will assist the researcher to identify whether the challenges experienced in this study are unique or they can be replicated to organizations in other industries. Future researchers should adopt different methodologies while undertaking research on the area under study. This will identify whether different methodologies give different results or vice versa. There is also a need to undertake a comparative study in Sacco's operating in different sectors of the economy.
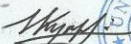
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APPENDICES

Appendix I: Letter of Introduction

UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES & SOCIAL SCIENCES
SCHOOL OF BUSINESS

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P.O. Box 594 - 30100
Eldoret, KENYA

06 September 2018

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTORY LETTER FOR RESEARCH
LIMO KIPKOSGEI ABEL – REGISTRATION NO. D61/79230/2015

This is to confirm that the above named is a bona fide student in the Master of Business Administration (MBA. Strategic Management) option degree program in this University. He is conducting research on *"Approaches to Strategy Implementation Challenges By Noble Sacco Limited"*.

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the research project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

Thank you.

Dr. John Yabs
Co-ordinator,
School of Business
Eldoret Campus

JY/MK

Appendix II: Interview Guide

A: Corporate Level

The Board of Directors

1. Does Kimisitu have BoD strategies?

2. In an effort to implement them, what action plans are put in place?

3. Does the achievement of the strategies pegged to individual directors' performances?

4. How often does the BoD review the implementation of strategy?

5. Does the BoD assist in development of work plans? If (yes) How often?

6. Does the BoD reward on the achievement of the set objectives?

7. Does the BoD provide leadership in implementing process?

8. What Processes are employed in implementing action plans?

9. As a Director, what challenges do you face in implementing overall Sacco strategy?

10. What suggestion(s) would you give that will help Sacco's avoid or minimize strategy implementation challenges?

11. Please give any other comment you may have regarding the subject of research?

12. Supervisory Committee

13. Does the committee have strategies?

14. How does the committee evaluate the strategy implementation?

15. What specific action plans that the Committee comes up with to ensure successful implementation of strategy?

16. What process (es) do you adopt in executing these action plans?

17. What challenges do you meet during execution?

18. As Supervisory Committee, what challenges do you face in implementing overall Sacco strategy?

19. What suggestion(s) would you give that will help Saccos avoid or minimize strategy implementation challenges?

20. Please give any other comment you may have regarding the subject of research?

21. C.E.O

22. Does the Sacco have documented human resource strategies?

23. In an effort to implement them, what action plans are put in place?

24. Does the Sacco have a recruitment Policy? How does the policy (if any) support strategy implementation?

25. When recruiting new employees, how does the human resource team assess their competency so that they are compatible with the new strategy?

26. Does the Sacco have a performance evaluation system? How does the system (if any) support strategy implementation?

27. Doe the Sacco have a training program for its employees? How is this program geared towards strategy implementation?

28. Are the Sacco staffs given technical skills needed for the implementation of the new strategies? How is this done to ensure congruence?

29. How would describe the rate at which training programs has increased to enhance their ability to implement new strategies? What is the justification of such a rate?

30. Database for existing staff

31. As the C.E.O, what challenges do you face in implementing the overall Sacco strategy?

32. What suggestion(s) would you give that will help Saccos avoid or minimize strategy implementation challenges?

33. Please give any other comment you may have regarding the subject of research?

34. B: Management Level

Credit Manager

1. What role do you play in Kimisitu strategic planning?

2. Does your department have an annual work plan that it always refers to when planning to execute its activities?

3. Is the senior management team of the Sacco in the forefront in providing leadership to enable strategy implementation?

4. How do you describe the support of your departmental staff in terms of their skills towards enabling successful strategy implementation?

5. What will you comment on the Sacco structure in terms of its support of the strategy implementation process?

6. What will you comment on the overall Sacco culture in terms of its support for strategy implementation?

7. Do you find the resources allocated to your department adequate for successful implementation of the department's strategies?

8. As a department what specific action plans do you put in place so as to implement the overall Sacco strategy?

9. What process (es) does the department adopt to ensure successful execution of the action plans?

10. As a department, what challenges do you face in implementing both divisional and overall Sacco strategy?

11. What suggestion(s) would you give that will help Sacco's avoid or minimize strategy implementation challenges?

12. Please give any other comment you may have regarding the subject of research?

Finance and Administration Manager

13. What role do you play in Kimisitu Strategic planning?

14. Do you have documented financial strategies?

15. Are the strategies (if any) general or specific to each department?

16. Does the Sacco maintain financial management systems to ensure proper utilization of funds, accountability, financial monitoring and efficient reporting, all geared towards strategy implementation? Comment briefly on how each of these aspects is ensured.

17. In order to achieve the strategies mentioned/documented, what are the action plans that are to be executed?

18. How do you implement these action plans (if any)?

19. What is your general comment on overall resource mobilization in terms of access to and utilization of the resources to enhance implementation of strategies?

20. What challenges do you encounter in the process of implementing them?

21. What suggestion (s) would you give that will help Saccos avoid or minimize strategy implementation challenges?

22. Please give any other comment you have regarding the subject of this research

Internal Auditor

23. Does the Sacco have strategies on how to manage its risk and compliance?

24. What specific action plans that the Sacco comes up with to ensure successful implementation of its risk management and compliance?

25. How do you evaluate the strategy implementation process?

26. What process (es) do you adopt in executing these action plans?

27. What challenges do you meet during execution?

28. What suggestion(s) would you give that will help Sacco's avoid or minimize strategy implementation challenges?

29. Please give any other comment you have regarding the subject of this research

Marketing and customer care Officer

30. Do you have marketing strategies that would enable Sacco achieve its goals and objectives?

31. Are the strategies (if any) spelt out in action plans?

32. What are the main focus areas of the action plans (if any)?

33. How do you implement the above-mentioned plans or how do you ensure that they are successfully implemented?

34. What challenges do you face when implementing them?

35. What do you comment on how you find each of the following factors acting as a

source of strategy implementation challenges in your department?

   a) Economic factors

   b) Competition

   c) Members

   d) Political factors

   e) Socio cultural factors

   f) Labour markets

36. Are these strategy implementation challenges widespread among most players in the Sacco sector or only few Sacco's face them? What could you attribute such a scenario?

37. What suggestion(s) would you give that will help Sacco's avoid or minimize strategy implementation challenges?

38. Please give any other comment you have regarding the subject of this research

Systems Administrator

39.   Does the Sacco have strategies on how to manage its technology?

40.   What specific action plans that the Sacco comes up with to ensure

       Successful implementation of its technological change?

41.   What process (es) do you adopt in executing these action plans?

42.   What challenges do you meet during execution?

43.   What suggestion(s) would you give that will help Sacco's avoid or

        Minimize strategy implementation challenges?

44.   Please give any other comment you have regarding the subject of this research

Operational Level

45. What is your level of involvement in the strategy formulation process?

46. To be specific what areas have you been involved in the strategy formulation Process?

47. Are the strategies effectively communicated to you?

48. Do you receive guidance on the implementation of the strategy in your day to day work?

49. Are you involved in the strategy implementation process? If (yes) in which aspects are you involved in?

50. Are you adequately trained on the implementation of the strategies?

51. Does the Sacco allow a bottom up approaches in raising issues relating to strategy implementation?

52. What challenges do you meet during strategy implementation?

53. What suggestion(s) would you give that will help Saccos avoid or minimize strategy implementation challenges?

54. Please give any other comment you have regarding the subject of this research