

**CHALLENGES FACING NATIONAL SOCIAL SECURITY  
FUND SACCO  
KENYA IN THE IMPLEMENTATION OF STRATEGY**

**BY**

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## **Declaration**

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

Signed.....

Date.....

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**D61/71179/2008**

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

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## **Dedication**

This project is dedicated to my parents – my father Kisulu and mother Margaret and to my Sisters Florence, Caroline, Doreen, Faith, Brother Alex, my fiancée Alice and friends Christopher Leparan, Bill Kibuye and Christopher Githinji mbugua for their support, encouragement and prayers.

And to God Almighty, who brought all these people my way for this purpose and has seen me through it.

## **Abstract**

Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objectives. Organizations face various challenges while implementing strategies and these include: competing activities that distract attention from implementing the decision; changes in responsibilities of key employees not clearly defined; key formulators of the strategic decision not playing an active role in implementation; problems requiring top management involvement not communicated early enough; key implementation tasks and activities not sufficiently defined; information systems used to monitor implementation are inadequate; overall goals not sufficiently understood by employees; uncontrollable factors in the external environment; advocates and supporters of the strategic decision leaving the organization during implementation and implementation taking more time than originally allocated. The main barriers to the implementation of strategies include lack of coordination and support from other levels of management and resistance from lower levels and lack of or poor planning activities.

The purpose of this study was to establish the challenges facing the National Social Security Fund SACCO in the implementation of strategies. Data for this study was obtained from seven senior and middle level managers within the SACCO since because they have taken part in strategy implementation within the SACCO and therefore had adequate and reliable information. The qualitative data obtained from the study was logically arranged into themes and presented in prose.

The findings of the study revealed that the SACCO has not put in place proper management system to ensure the effective implementation of strategies, this has made the strategic goals and objectives of the SACCO appear ambiguous to some of the staff involved in their implementation. Poor management system within the organization has contributed to lack of accountability, efficiency and transparency. The changing environment at within the SACCO as a result strategic plans was also noted as a major challenge that the staff experience as a part of their working life as a result of implementation of strategies.

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# **CHAPTER ONE**

## **INTRODUCTION**

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

Organizations, whether profit making or non-profit making, private or public, in recent years, have found it necessary to engage in strategic management in order to achieve their corporate goals. The environments in which they operate have not only become increasingly uncertain but also more tightly interconnected. This requires a threefold response from these organizations. They require thinking strategically as never before, need to translate their insight into effective strategies to cope with their changed circumstances and to develop rationales necessary to lay the ground work for adopting and implementing strategies in this ever changing environment (Bryson, 1995).

#### **1.1.1 Strategy Implementation**

Strategy is the pattern or plan that integrates an organization major goal policies and action sequences into a cohesive whole whilst determining the strategy of an organization is only one of the functions of management. It may be the most significant form of management decision-making. Chaffee (1985) calls management as the control of management activities that are undertaken to achieve the objectives of an organization. To achieve these core functions of management the manager then need to plan their activities in the strategic plan.

Strategy implementation has attracted much less attention in strategic and organizational research than strategy formulation or strategic planning. Alexander (1991) suggests several reasons for this: strategy implementation, people overlook it because of a belief that anyone can do it; people are not exactly sure what and where it begins and ends. Furthermore, there are only a limited number of conceptual models of strategy implementation.

Organizations seem to have difficulties in implementing their strategies, however. Researchers have revealed a number of problems in strategy implementation: e.g. weak management roles in the implementation; lack of communication; lacking commitment to the strategy; unaligned organizational systems and resources; poor coordination of responsibilities; inadequate capabilities; competing activities; and uncontrollable environmental factors; (Alexander,1991;Giles, 1991; Galpin 1998 Lares-Mankki,1994; Beer and Eissentant, 2000).

Strategy implementation has usually been regarded as being distinct from strategy formulation and as a matter of adjustment of organizational structures and systems (Galbraith 1980; Hrebiniak and Joyce, 1984; Higgins, 1985; Thomson and Strickland, 1987; Pearce and Robinson, 1994). It seems that this approach is limited and a number of new prospective to this problematic phenomenon has emerged.

Pettigrew's (1987) framework for strategic change also sheds some light on analysis of strategy implementation. Pettigrew contends that the content, the context and the process are intertwined and affect one another. This is an important impact on strategy implementation research. In order to understand implementation, which is close to the process in Pettigrew's model, also the content of strategy and the context in which it takes place must be understood.

Reed and Buckley (1988) discuss problems associated with strategy implementation identifying four key areas for discussion. They acknowledge the challenge and the need for a clear fit between strategy and structure and claim the debate about which comes first is irrelevant providing there is congruence in the context of the operating environment. They warn that, although budgeting systems are a powerful tool for communication, they have limited use in the implementation of strategies as they are dominated by monetary based measures and due to their size and the game playing associated budget setting "it is possible for the planning intent of any resource redistribution to be ignored" (Reed and Buckley, 1988, p. 68). Another problem is when management style is not appropriate for the strategy being implemented, they cite the example of the "entrepreneurial risk taker may be an ideal candidate for a strategy involving growth, but may be wholly inappropriate for retrenchment" (Reed and Buckley, 1988, p. 68). Goal setting and controls are also recognized as problematic, identifying co-ordinated targets at various levels in the organization is difficult and the need for control is heightened as uncertainty and change provide a volatile environment, a point supported by Tavakoli and Perks (2001).

### **1.1.2. National Social Security Fund Sacco**

SACCOS are defined as –Saving’s and Credit Cooperative Societies and is internationally called credit union. A credit union is a financial co-operative (Schroeder 1989) name such as “Savings and Credit,” or “savings and credit society” which combine two main functions of these organizations. Although “savings” is part of the name, it does not always get as much attention as it should. Credit unions usually have title difficulties in getting people who would want to borrow money from them. However, special efforts must be made to encourage people to save money and to deposit such savings with a credit union. This is what is referred to as savings mobilization.

A traditional credit union is a unique business organization. It is founded on the “Not for Profit, not for charity, but for service” Principle (Baushcke, 1980). This means people working together to improve their social and economic status by pooling resources together. Credit union makes credit available to its members when they need it. What makes these organizations unique is that while members are whole consumers of the credit union products, they are also owners of the same (Schroeder, 1989).

In Kenya, SACCO societies started way back in 1964 as thrift co-operative societies with the objectives of mobilizing domestic saving from members and consequently lending them for welfare and productive purposes. In 1966 the government through ministry of Co-operative Development enacted a new law, that is, co-operative societies Act and thrift societies were renamed Co-operative Savings and Credit Societies (SACCO).

The National Social Security Fund Sacco (NASSEFU) was registered in August, 1990 with a mission to mobilize resources, provide timely credit and other financial services to customers through sound management practices and systems to ensure optimum returns to members and stakeholders. At the time of registration its membership was about 281 members. To date, the membership has grown to over 5000. The Sacco draws its membership from Employees of National Social Security Fund Kenya and has opened for membership from other registered companies and group’s .By the end of September 2010 the Sacco had a share capital of ksh 600 million.

## **1.2 Statement of the Problem**

The strategic management process is not an empty box that contains only elements modeled (Johnston and Scholes, 1993). Ansoff (1992), notes that the additional non model elements in the strategic managers appreciations of the interdependence of the elements. However, Mc Ginnis (1984) suggests that the integration of analysis and institutions was the key to successful management. Today's organizations have a challenge to achieve results within the environment in which they operate and this calls for sound systems of strategic planning and implementation. All organizations face the challenge of the ever-changing environment in which they operate.

There are a number of challenges facing Co-operative Societies. Some challenges are within the institutions themselves and others are without/outside the institutions. While the institutions can easily deal with the internal challenges like organization structure, people skills and culture, procedure and processes, external challenges that are mainly political, legal and economic are outside the institutions control (Koske, 2003).

Co-operative Societies have operated under a very dynamic environment and are left with the option of adequately dealing with challenges associated with strategic business plans implementation within the institution, to align themselves to the changing environment and mitigate against the external factors which are outside their control. The ability and mechanism for changing assumptions, as the environment changes and upgrading capability are challenges that must be dealt with together with exposing reality and acting on it. There is also the capacity challenge by way of lack of comprehensive understanding of the co-operatives and most of the organizations are operating on the learning curve (Mc Cracken 2002).

Although strategic management has been widely researched by management scholars in Kenya such as Kangoro (1998); Gekonge (1999); Bwimbo (2000); and Awino (2001); only a few studies; Koseke (2003); Muthuiya (2004); and Machuki (2005) have been done on the component of strategy implementation in Kenya. While research into operations strategy has investigated leading practices in determining strategic content, it is only recently that challenges facing strategy implementation in organizations such as SACCOS have begun to be examined (Brown and Blackmon, 2005; Ketokivi and Schroeder, 2004; Minarro -Viseras et al., 2005). Strategy implementation has been studied from a single management perspective such as project

management (Bryson and Bromiley, 1993; Minarro-Viseras et al., 2005), or as a component of performance management or strategic control (Chenhall, 2003; Langfield-Smith, 1997). This study was therefore aimed at bringing out the importance of the discipline of execution that will be useful to SACCOs in addressing the challenges and the problem of strategic business plan implementation. Execution is a new management discipline that is taking the corporate world by storm although it has been practiced for ages by many successful organizations. Its only recently it systematically analyzed documented and explained (Mutua, 2005)

### **1.3 Research Objective**

The objective of the study was to establish the challenges facing National Social Security Fund SACCO in implementation of strategy.

### **1.4 Significance of the Study**

The findings of this study were to be beneficial to the managers of National Social Security Fund SACCO in reinforcing implementing of strategic plan. It was also intended to provide additional knowledge to existing and future institutions intending to undertake strategic planning, the stakeholders whose knowledge will be enhanced on strategy for better results in the future. Scholars who may wish to research on the process of strategic implementation will be able to get information from this research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviews literature on strategy, strategy making modes, and the challenges of strategy implementation.

#### **2.2 Strategy**

Understanding what strategy is has been complicated by the proliferation in the number of schools of strategic thought and by the undisciplined, even reckless, use of the term (Mintzberg, Ahlstrand, Lampel 1998). Understanding strategy has also been made more difficult by the popularity of the resource methods that Donaldson and Hilmer (1998) call the techniques du jour. Porter (1996) addresses this in "What is strategy?," where he protests that the: . . . remarkable number of management tools and techniques: total quality management, benchmarking, time-based competition, outsourcing, partnering, reengineering, and change management . . . have taken the place of strategy.

Understanding strategy has been hurt by the tendency to view strategy as a stand-alone phenomenon, rather than as a causally linked element in the PSR Troika. In theory, the concept of strategy is difficult to sustain without a means-ends dichotomy. In practice, it is extremely difficult, if not impossible, for executives to make strategic decisions without knowing what is the end goal or objective. For example, choosing between Porter's "low cost" or "differentiation" generic strategies, or deciding to develop a non-generic third option, is almost impossible without applying policy as the dependent variable in the decision-making process.

Strategy is driven by its purpose, and its purpose is to achieve policy. Strategy must include a plurality of inputs, a multiplicity of options, and an ability to accommodate more than one possible outcome. But where policy is ignored or where there is no end-means linkage between policy and strategy, strategy has no means-end object. In these situations, strategy suffers from being a means without an end, an end in itself, or a means of achieving an operational end, rather than being a design or plan for achieving the company's policy goals and objectives (Porter 1999).

### **2.3. Strategy-making modes**

Some explanation is now given of strategy-making mode, which was to emerge as an important variable in the study. Hart (1992) produced a typology of five strategy-making modes which has gained wide acceptance as a theoretical model. The typology has implications for SMD in outlining alternative processes for strategy formulation with which SMD might interact, and identifying strategy-making modes which engage multiple levels of management. In the Command Mode strategy is made by a strong individual leader supported by a few top managers. Analysis and option evaluation is used to provide deliberate, fully formed, and ready to implement strategies. Other people in the organization are “good soldiers” who execute the strategy. This might work in an industry environment that is relatively simple and hence can be understood by one or a few people. The organization will probably be relatively small, so that one person can still maintain effective control.

In the Symbolic Mode top management creates a clear and compelling vision, which gives meaning to the organization’s activities and provides a sense of identity for employees. This long-term vision can be translated into specific targets and there is an implicit control system based on shared values. Speeches, persuasion, new projects and recognition provide focus and momentum to guide the creative actions of individuals. The flexibility of this mode is said to suit dynamic environments, and larger more differentiated organisations which may be growing or re-orienting through proactive strategies (such as prospector or analyser (Miles and Snow, 1978)).

In the Rational Mode there is a more comprehensive system of formal strategic planning with written strategic and operating plans. There is upward sharing of data and a high level of information processing and analysis. Detailed plans and well-developed control systems are seen. It is likely to be found in larger firms defending established strategic positions in relatively stable environments (defender strategies).

The Transactive Mode employs strategy making based on interaction and learning rather than the execution of a predetermined plan (which is precluded by the inability of top management to understand a complex environment fully). Features of this mode are cross-functional communication, feedback and learning, and dialogue with key stakeholders, thus necessitating an

iterative approach to strategy making. Initiatives such as just-in-time (JIT), total quality management (TQM) and customer focus provide vehicles for these transactions. Top management is concerned with facilitation and linking outcomes over time to determine strategic direction. This is said to suit large mature firms operating in complex environments, e.g. following analyser strategies aimed at incremental product or service improvement. Finally, the Generative Mode has features that were also highlighted in the work of Burgelman (1983), and Wooldridge and Floyd (1990). New ideas emerge upwardly from “intrepreneurship”. Top managers mainly encourage experimentation and select and nurture high-potential proposals. New strategies are germinated by separating innovative activity from the day-to-day work of the operating organisation. Product champions, who can link new ideas with organisational resources to make them a commercial reality, are important. The strategy is continuously adjusted to reflect the pattern of high potential innovations that emerge from below. This mode is said to suit turbulent environments, and prospector strategies in complex and fragmented markets.

Hart’s later empirical work (Hart and Banbury, 1994) produced evidence that the more an organisation was able to develop competence in multiple modes of the strategy-making process, the higher its performance. Modes may combine sequentially, e.g. symbolic vision from senior management followed by generative invention and implementation from middle managers. These findings were theoretically associated with the resource-based view of strategy. Firms able to accumulate more complex resources and capabilities in strategy making should be more successful at sustaining competitive advantage than those firms with simpler or less-developed capabilities (Barney, 1991, cited in Hart and Banbury, 1994).

## **2.4 Strategy Implementation**

Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objectives (Pearce and Robinson, 2003). Thompson and Strickland (1989) viewed implementation as acting on what has to be done internally to put the chosen (formulated) strategy into place to achieve the targeted results. Hunger and Wheelen (1995), see implementation as the process by which management translates strategies and policies into action through the development of programs, budgets and procedures. This process



might involve changes within the overall culture, structure and/or management system of the organization. Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies throughout the relevant system (Bryson, 1995).

Strategy implementation includes consideration of who will be responsible for strategy implementation; the most suitable organizational structure that will support the implementation of strategy; the need to adapt the systems used to manage the organizations (Johnson and Scholes, 2002); their key tasks to be carried out and desirable changes in the resource mix of the organization as well as the mandate of each department in the organization and the information systems to be put in place to monitor progress and resource planning (Pearce and Robinson, 2003). Implementation may also take into account the need for retaining the workforce and management of change (Johnson and Scholes, 2002).

A brilliant strategy that cannot be implemented creates no real value. Effective implementation begins during strategy formulation when questions of “how to do it” should be considered in parallel with “what to do”. Effective implementation results when organization resources and actions are tied to strategic priorities, when key success factors are identified and performance measures and reporting are aligned. Implementation strategy is largely an administrative activity and successful implementation depends on working through others, organizing, motivating, culture building and creating strong fits between strategy and how the organization does things (Thompson and Strickland, 1989).

Transforming strategies into action is a far more complex and difficult task. Implementing strategy is a tough, more time consuming challenge than crafting strategy. It entails converting the strategic plan into action then into results. Similarly, it is more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation). Implementation therefore does not automatically follow strategy formulation; it exhibits its own resistance that can invalidate the planning efforts. (Ansoff and McDonnell, 1990). Implementation is successful if the company achieves its strategic objectives and targeted levels of financial performance. What makes it too demanding is the wide sweep of managerial activities that have to be attended to, the many ways managers can tackle each activity, the skill that it takes to get a variety of initiatives launched and moving and the resistance to change that has to be overcome (Thompson and Strickland, 1989). The key decision makers should therefore

pay regular attention to the implementation process in order to focus attention on any difficulties and on how to address them.

According to Okumus (2001) there continues to be a lack of framework for strategy implementation both in literature and in practice and identified key variables that are important for the success of strategy implementation. These are strategy formulation, environmental uncertainty, organizational structure, organizational culture, operational planning, communication, resource allocation, people, control and outcome.

Pettigrew (1987) suggests that there should be continuous monitoring of both the internal and external environment of the organization. Employees should know that they are seen as valuable and they should feel that the organization trusts them. He further argues that there should be effective leadership within the organization that creates the right climate for change by coordinating activities, steering and setting the agenda for the right vision and values. There should also be an overall coherence of the strategy. This means that the strategy should be consistent with clearly set goals, constant with its environment, provide a competitive edge and be feasible.

## **2.5 Challenges of Strategy Implementation**

Challenges that occur during the implementation process of strategy are important because even the best strategy would be ineffective if not implemented successfully. The most important problem experienced in strategy implementation in many cases is lack of sufficient communication. Aaltonen and Ikavaiko (2001) state that the amount of strategic communication in most organizations is large. Both written and oral communication is used in the form of top down communication. However a great amount of information does not guarantee understanding and there is still much to be done. According to Wang (2000), communication should be two-way so that it can provide information to improve understanding and responsibility and to motivate staff. Also, he argues that communication should not be seen as a once-off activity focusing on announcing the strategy. It should be an on going activity throughout the implementation process. In many cases it is not so and therefore communication still remains a challenge to strategy implementation process.

Before any strategy can be implemented, it must be clearly understood. Clear understanding of a strategy gives purpose to the activities of each employee and allows them to link whatever task is at hand to the overall organizational direction (Bayers et al., 1996). Lack of understanding of a strategy is another obstacle of strategy implementation. (Aaltonen and Ikavaiko, 2001). They point out that many organizational members typically recognize strategic issues as important and also understand their context in generic terms. However, the problem in understanding arises when it comes to applying strategic issues in the day-to-day decision-making.

Al-Ghamdi (1998) identified barriers to strategy implementation which include: competing activities that distract attention from implementing the decision; changes in responsibilities of key employees not clearly defined; key formulators of the strategic decision not playing an active role in implementation; problems requiring top management involvement not communicated early enough; key implementation tasks and activities not sufficiently defined; information systems used to monitor implementation are inadequate; overall goals not sufficiently understood by employees; uncontrollable factors in the external environment; advocates and supporters of the strategic decision leaving the organization during implementation and implementation taking more time than originally allocated.

Meldrum and Artkinson (1998) identified two problems of implementation: a flawed vision of what it means to be in a strategic position within an organization and a myopic view of what is needed for successful management of operational tasks and projects within a strategic brief. Studies by Okumus (2003) found that the main barriers to the implementation of strategies include lack of coordination and support from other levels of management and resistance from lower levels and lack of or poor planning activities. Freedman (2003) lists out a number of implementation pitfalls, which are: strategic inertia; lack of stakeholder commitment; strategic drift; strategic dilution; strategic isolation; failure to understand progress; initial fatigue; impatience and not celebrating success.

Sterling (2003) identified reasons why strategies fail as: unanticipated market changes; lack of seniors management support; effective competitor responses to strategy; application of insufficient resources; failure of understanding and/or communication; lack of timeliness and decisiveness; lack of focus and poorly conceived strategy business models. Sometimes strategy

fails because they are ill conceived. For example, business models are flawed because of misunderstanding how demand would be met in the market.

Awino (2001) identified four problems areas affecting successful strategy implementation: lack of fit between strategy and structure; inadequate information and communication system and failure to impart new skills. Koske (2003) observes that there are many organizational characteristics that act to constrain strategy implementation. He identified most challenges as: connecting strategy formulation to implementation; resource allocation; match between structure with strategy; linking performance and pay to strategy and creating a strategy-supportive culture.

While the strategy should be chosen in a way that it fit the organization structure. The process of matching structure is complex (Byars et al, 1996). The structure that served the organization well at a certain size may no longer be appropriate for its new or planned size. The existing structures and processes in the organization support the current way of doing things if the strategy indicates that the organization need to behave in different ways, there is likely to be problems should the existing structures be used to implement the changes (Campbell et al, 2002). The current structures may distort and dilute the intended strategy to the point where no discernable change takes place. According to McCarthy et al (1996), creating that structure and the attendance behaviour changes is a formidable challenge. The fundamental challenge for managers is the selection of the organization structure and controls that will implement the chosen strategies effectively.

Cultural impact underestimation is yet another challenge on strategy implementation. The implementation of a strategy often encounters rough going because of deep-rooted cultural biases. It causes resistance of implementation of new strategies especially in organizations with defender cultures. This is because they see change as threatening and tend to favour “continuity” and “security” (Wang, 2000). It is the strategy maker’s responsibility to choose a strategy that is compatible with the Sacred or unchangeable parts of prevailing corporate culture (Thompson and Strickland, 1989). Lack of compatibility between strategy and culture can lead to high organizational resistance to change and de-motivation which can in turn frustrate the strategy implementation.

Insufficient resources is another common strategy implementation challenge. David (2003) argues that allocating resources to particular divisions and departments does not mean that strategies will be successfully implemented. This is because a number of factors commonly prohibit effective resource allocation. These include: overprotection of resources, great emphasis on short-run financial criteria, organizational policies, vague strategy targets, reluctance to take risks and lack of sufficient knowledge. Also established organizations may experience changes in the business environment that can make a large part of their resource base redundant and unless they are able to dispose off those redundant resources, they may be unable to free sufficient funds to invest in the new resources that are needed and their cost base will be too high ( Johnson and Scholes, 2002).

Changes do not implement themselves and it is only people that make them happen (Bryson, 1995). Selecting people for key positions by putting a strong management team with the right personal chemistry and mix of skills is one of the first strategy implementation steps (Thompson and Strickland, 1998) assembling a capable team is one of the cornerstones of the organization building task. Strategy implementation must determine the kind of core management team they need to execute the strategy and then find the right people to fill each slot. Staffing issues can involve new people with new skills (Hunger and Wheelen, 2000). Bryson (1995) observes that people's intellect, creativity, skills, experience and commitment are necessary towards effective implementation. However, selecting able people for key position remains a challenge to many organizations.

Organizations often find it difficult to carry out their strategies because they have executive compensation systems that measure and reward performance in a way that ignores or even frustrates strategic thinking, planning and action (McCarthy et al, 1996). Most incentive programs are designed only for top management and lower levels of management and operative employees normally do not participate (Byars et al, 1996). If strategy accomplishment is to be a real top priority, then the reward structure must be linked explicitly and tightly to actual strategic performance (Thompson and Strickland, 1998). Bryson (1995) asserts that people must be adequately compensated for their work.

Strategy is about managing change and resistance to change can be considered the single greatest threat to successful strategy implementation. The behaviour of individuals ultimately determines

the success or failure of organizational endeavours and top management concerned with strategy and its implementation must realize this ( McCarthy et al, 1996). Change may also result to conflict and resistance. People working in organizations sometimes resist such proposals and make strategy difficult to implement (Feurer, et al, 1995)

Organizational politics remains another key challenge in strategy implementation. Organization politics are tactics that strategic managers engage in to obtain and use power to influence organizational goals and change strategy to further their own interest Stacey (1993). Wang (2000), states that it is important to overcome resistance of powerful groups because they may regard the change caused by new strategy as a threat to their own power. Top-level managers constantly come into conflict over what correct policy decisions should be. According to them, the challenge organizations face is that the internal structure of power always lags behind changes in the environment because in general, the environment changes faster than the organization can respond.

Formulation of a particular strategy can only be examined reactively, i.e. by examining the strategy outcome after a period of time (Eden and Ackerman, 1993; Ramanujam et al., 1986). However, practitioners need greater confidence that their chosen strategic management decisions are going to lead to successful results. The proactive assessment of strategic management remains a valid problem for both researchers and practitioners. In the light of this discussion, the purpose of this paper is to build and demonstrate a tool for the proactive assessment of strategy formulation processes that ensures high quality in process and outcome.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

The chapter presents the research design and methodology of the study. It describes the way the study was designed, data collection techniques, and the data analysis procedure that was used.

#### **3.1 Research Design**

This was descriptive case study aimed at investigating the challenges National Social Security Fund Sacco face in the implementation of strategy. According to Cooper and Schindler (2003), a study concerned with finding out who, what, when, where and how of a phenomenon is a descriptive study, which was the concern of the study.

#### **3.2 Data Collection Procedure**

Data was obtained from the seven senior managers at the National Social Security Fund Sacco because they have taken part in strategy implementation within the organization and therefore have adequate and reliable information. An interview guide was used to collect data from the respondents.

With an interview guide, a respondent's response may give an insight to his/her feelings, background, interests and decisions and give as much information as possible without holding back.

#### **3.3 Data Analysis**

Data was checked for completeness, accuracy, errors in responses, omissions and other inconsistencies. The data was analyzed using content analysis since this study was to solicit for qualitative data. A comparison of data collected with theoretical approaches and documentaries cited in the literature review was done. Further, data obtained from various managers was compared against each other in order to get more relevant on the issues under study.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION**

#### **4.1 Introduction**

This chapter presents the findings of the study and the analysis of data collected using the interview guides that were distributed to the senior and middle level managers at Nation Social Security Fund SACCO.

#### **4.2 Demographic Information**

The researcher sought to investigate the demographic information of the respondents based on gender, ages, and the number of years the managers have worked at the National Security Fund SACCO.

##### **4.2.1. Respondents' Gender and Ages**

Data on gender of the respondents revealed that out of the seven managers who have been involved in the implementation of strategies at the SACCO, five were male while only two were female. This clearly shows that there is imbalance in the gender distribution in management positions at the SACCO. The findings also revealed that five of the managers involved in strategy implementation are aged between 46-50 years and the remaining two are aged between 36-40 years. Four of the managers have worked at the SACCO for a period of five to ten years. This implies that the researcher targeted the right respondents with several years of experience in strategic management especially within the SACCO who are well versed with issues pertaining to the strategy implementation and thus they provided the right information on the challenges facing the National Social Security Fund SACCO.



### **4.3 Strategy Implementation at National Social Security Fund SACCO**

The researcher sought to find out whether the National Social Security Fund SACCO has a formal and documented strategic plan, the findings revealed that the organization has a strategic plan covering a span of five years and the strategic plans have been implemented successfully. This clearly indicates that the organization is keen on implementing strategies for improved performance. To achieve the documented strategic plans, the organization has put in place implementation strategies that include: dissemination of information to various departmental managers' performance appraisal system, performance contracting and carrying out inspections. The organization has also put in place various action plans so as to implement the set strategic plans, these include: carrying out inspections to ensure compliance, sensitizing the staff on the strategies in order to ensure rapid implementation.

The researcher sought to determine the degree to which the strategic plan is aligned across the entire organization, the findings revealed that the organization's strategic plan is not aligned well with the organization core business because the degree of alignment of the strategic plan is 70 % ,this clearly indicates that the organization can not achieve its objectives.To achieve its objective the organization should review and re align its strategic plan with its goals and objectives and continuously monitor any changes to environment to ensure effective implementation of strategies within the SACCO.

The researcher sought to investigate the effectiveness of strategy implementation within the SACCO, out of the seven respondents; five indicated that it is fair while the remaining two indicated it is effective. This can be attributed to the fact that the communication within the organization on the strategies are not very effective, poor planning, lack of support from the board of directors, inadequate finances resources and lack of adequate staff

The findings further revealed that the communication system within the SACCO has affected strategic plans since staffs are not told what is expected of them in regard to the strategies and information on the strategies is also not passed to them in time. The respondents indicated that information within the SACCO takes long to reach the intended destination hence more response time than would be deemed necessary.

The researcher also sought to establish the major challenges that the management has encountered during the past one year and the action that has been taken, the findings revealed that there has been a high turnover of key staff in the organization. To respond on this the management has recruited to replace those staff and a programme aimed at motivating staff rolled out to reduce staff turnover. The other challenge was that of a poor ICT system that is not able to support the operations of the organization. The action taken by the organization is acquisition of a new system which is in the progress that will be able to support the organization, this indicates that these challenges of staff turnover and poor ICT system was a big challenge for the organization to implementing its strategy, but the actions adopted by the organization if implemented will enable the organization implement its strategic plan.

#### **4.4. Challenges of strategy implementation at National Social Security Fund SACCO.**

The major objective of this study was to investigate the challenges facing the implementation of strategy at National Social Security SACCO. The challenges discussed in this section were noted from the findings of the study. Management systems focus on the implementation of the strategies and attainment of goals of an organization. The findings of the study revealed that THE SACCO has not put in place proper management system to ensure the effective implementation of strategies, this has made the strategic goals and objectives of the SACCO

appear ambiguous to some of the staff involved in their implementation. Poor management system within the organization has contributed to lack of accountability, efficiency and transparency.

The managers interviewed indicated that the staffs have frequently faced change in their working environment as a result of the strategic plans within the SACCO. The changing environment at the SACCO as a result strategic plans is a major challenge that the staff has to experience as a part of their working life. However, the rate of change presently is considerably higher. While there is acceptance that change is inevitable there are differences in attitudes towards it. This indicates that change is positive and is 'embraced'. However, other staff members perceive the change negatively and therefore they are not willing to participate in the implementation of strategies within the organization. The SACCO has not put in place measures to properly manage change that is as a result of the strategic plans put in place within the SACCO. Perhaps more importantly it needs to be seen as having benefits and driving the organization in an appropriate direction. If it is believed that change is for the betterment of all and given time to establish itself it is less likely to be resisted. This study revealed strong evidence that the employees at the SACCO are resistant to strategy implementation. However, there is evidence that they have undergone so much change that is perceived to be unsuccessful and/or to suit political aims that they have become more passively resistant. Hence they do not reject the change but are reluctant to offer their full investment in terms of participating in this change initiative. This supports the notion that for change to occur the individual is at the centre: if they do not actively make the decisions and behaviors necessary to initiate change then it will not be successful.

Public sector culture is characterized by rational rules and procedures, structured hierarchies and formalized decision making. The findings of this study revealed that the public sector culture is a

major challenge for effective implementation of strategies within the SACCO. The public sector culture has a major impact when an organization is facing change especially during the implementation of new strategies. Although the Sacco's environment is dynamic it is not especially complex. There is no strong focus on the strategic plans, and the organization's activities are focused in financial services rather than being diversified. Therefore the executive directors are not able to monitor environmental trends and competitive action and make the key strategic decisions needed.

To address the problems of strategy implementation at the SACCO, the respondents suggested the following as appropriate solutions: Provision of enough resources and finances, employment of adequate staff and creating a democratic kind of leadership within the organization to ensure equality among the staff. The challenge facing strategy implementation within SACCO such as the inability of departments to redefine and redevelop the competencies which because of public ownership confer an advantage either in terms of efficiency or effectiveness over the private sector. The departments have not ditched those activities and skills which, while important in the past, do not confer an advantage in the future or which while still valuable and valued do not require public ownership (but perhaps public subsidies) for the achievement of this advantage; so too is the acquisition or renewal of skills and knowledge needed for the core that remains after redefinition of the scope and nature of strategies.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1. Summary

The objective of the study was to determine the challenges facing the implementation of strategy implementation at the National Security Fund SACCO. The study employed a descriptive research design. The target respondents for this study were seven senior and middle level managers at the SACCO. The researcher employed self administered interview guide to gather data and information for the study. Findings and observations revealed that;

The SACCO has documented a strategic plan covering a span of five years and to achieve its goals and objectives. The SACCO conducts research activities; dissemination of information to respective departments; and mainstreaming research findings among the stakeholders. The findings demonstrate how employees frequently face change and this is now a part of their organizational culture and an expected feature of their working life. Despite this broad acceptance of change, there are suggestions that currently the pace of change is too rapid and the lack of stability adds further difficulty when a new strategy is implemented.

It is important that those who are implementing a new strategy view the change as positive and “buy-in” to the proposed change. In this case study the interviewees believed that it should help those who require their support and felt that it was important to them personally, demonstrating a strong empathy with the public-sector culture.

## 5.2. Conclusions

Strategy implementation in an organization involves an increase in both psychological and physiological effort on the part of the managers, and this is strongly reflected in this study. Therefore it is necessary that where any change is evident steps need to be taken to evaluate the extra workload this may create. The interviewees suggest that the policy makers are unaware or unconcerned of these efforts and expect any new scheme to be implemented quickly and easily. This of course is not the experience of those on the ground who interface with the new initiatives. Service organizations are facing new competitive and environmental realities. While some of these organizations appear to respond to these changes by implementing strategy, this is not the case for most organizations. Organizations in some service industries appear to be more willing to implement such strategies than their counterparts in other industries. For organizations, which implement quality strategies, the extent of effectiveness tend to vary in relation to both the industry and the type of strategy implemented. However, operational and strategic outcomes due to the implementation of different types of quality improvement strategies are, in general, positive across different industries. The willingness of service organizations to adapt a customer-orientation supported by quality improvement strategies aim at improving service quality is critical toward competitiveness in an increasingly competitive service operational environment.

It is possible that an organization with a low commitment to strategic management will be in a slow-changing environment, or in one that has only recently experienced an increase from low to higher levels of dynamism and/or complexity. Therefore as the level of environmental turbulence (dynamism and complexity) increases it is likely that the organization will need to move to higher levels of commitment to strategic management. An alternative explanation for low commitment to strategic management might be that such organizations have so far pursued

strategies which are associated with lower levels of strategic management commitment and/or capability, for example, the reactor and defender styles of Miles and Snow (1978).

### **5.3. Limitations of the Study**

The first limitation was that the researcher had to continually remind the respondents to fill in the questionnaire because most of the times they were away on meetings and also their busy schedules but eventually, most of them filled and returned the questionnaire. The researcher also faced a challenge of finances and time. Another limitation was that every organization has its codes of conduct that restricts the employees even the senior employees to divulge confidential information to the public (secrecy of the company).

### **5.4 Recommendations**

Managers should consider the importance of the internal context of the organizations in order to create and maintain a receptive context to change. To achieve this, organizations need to change their individualized and bureaucratic structures to more closely resemble “network” forms. This can create an internal context where conflicts between functional areas and management levels can be positively harnessed. In large organizations, many strategies appear to be implemented simultaneously and/or complementarily. Therefore, while developing and implementing a strategy, previous current and future impact should be explored. In addition the implication of the intended strategy on the organization’s operation should also be evaluated. A further issue is that managers should learn to work under complex and dynamic conditions rather than aiming to achieve “fit” among the implementation variables.

### **5.5. Recommendations for future Research**

Future research should be done to provide in-depth explanations about how multiple strategies can be implemented effectively in large organizations. Finally future research can provide further explanations about how organizations are actually implementing their strategic decisions.



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## APPENDICES

### Appendix I: Letter of Introduction

University Of Nairobi,  
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Department of business Administration,

P.O Box 30197  
NAIROBI

September 20, 2010

Dear respondent,

I am a post graduate student at the University of Nairobi, at the faculty of commerce. In order to fulfill the degree requirements, I am undertaking a research project on strategic practices In the cooperative societies in Kenya .

I would like to base my study on your organization which fall within the population of interest .Therefore I kindly request you to assist me to collect data by according me an opportunity to contact an interview to your senior managers in your organization.

The data will /information will be used exclusively for academic purposes. My supervisor and I assure you that the information you give, will be treated in strict confidence.

A copy of the research of the research project with suggestions will be made available to your organization on request

Your cooperation will be highly appreciated

**Saidi Mwendwa Kisulu**  
MBA Student

**Dr John Yabs**  
Supervisor and Lecturer UON

## Appendix II: Interview guide

### Section A: Demographic information

1. Gender (Please tick)

Male

Female

2. Age

25-30

31-35

36-40

41-45

46-50

50 and above

3. Position held in organization (Please tick)

Manager

Assistant Manager

Supervisor

Junior Staff

4. Number of years worked in the SACCO (Please tick)

Below 5 years

5 – 10 years

10 – 15 years

16 – 20 years

21 and above

**Section B: Information on Strategy Implementation.**

5. Does the SACCO have a formal Business Strategy or Strategic Plan?

Yes, Covering .....Years

The Strategy/Plan is in progress or being written

No Strategy or Plan in place

6. If yes, how have the strategic plans been successfully implemented in the SACCO?

Yes

No

7. How would you rate the effectiveness implementation of strategies developed by the SACCO ? (Please tick)

Very Effective

Effective

Fair

Poor

Very Poor

8. What is the degree of alignment of the strategic plans across the entire organization with the Business/Strategic Plan?

(Please indicate approximate percentage.).....%

9. How would you rate the communication system within the organization?

Very Effective

Effective

Fair

Poor

Very Poor

10. How has the communication system within the SACCO affected the strategic plans implementation?

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11. Suggest how management strategies can be improved to enhance service delivery in the SACCO.

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12. What major management challenges have been encountered during the past year and what actions were taken to meet those challenges?

Challenge 1:

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Actions Taken:

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Challenge 2:

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Action Taken:

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Other Challenges and Actions:

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13. What are your organization's top three internal resources for future strategy implementation success?

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14. Please explain the extent to which the challenges listed below affects strategy implementation within the SACCO.

a) Shortage of staff

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b) Lack of good communication channel

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c) Adapting New Technologies

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d) Lack of clear objectives

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e) Inadequate funds

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15. What are the critical strategic needs in the SACCO?

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16. Do you feel that the management is committed to the Strategic Plans and their implementation within the SACCO? (Please elaborate).

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17. What other strategies/plans do you suggest the SACCO should implement?

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