STRATEGIC MANAGEMENT PRACTICES AT MENTOR SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD IN MURANG'A, KENYA

BY:-

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DECLARATION

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

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This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This research project is dedicated to my mother HellenWanjaNderu, wife Phyllis WaithiraMbaki and children Victor NderuMbaki, HellenWanjaMbaki and Alex NderuMbaki for their love and encouragement throughout the studies and above all the Almighty God for giving me good health, strength and wisdom to undertake and complete the course.

ABSTRACT

Strategic management concept involves making decisions which assists to achieve long term targets and goals in the best interest of an organization. Strategic management is very important to an organization because it assists to gain competitive advantage. In other words it acquires or develops an attribute or a combination of attributes that allows it to outperform its competitors as it improves efficiency and effectiveness. The organization is therefore able not only to attract potential customers but also retaining them. It enables an organization to fight of any completion as it is able to adapt quickly to any changes. This ensures that it stays ahead of the completion. The purpose of the study was to establish strategic management practices at mentor savings and credit cooperative society Ltd. Further the study was to establish the benefits arising from adoption of strategic management practices. In addition the study was to find out the challenges encountered in implementation strategic management practices. The research design adopted a case study method in which eighteen (18) respondents including the Chief executive officer, senior management staff, Board of directors and supervisory board were targeted. The choice of the respondents was informed by the fact that they are the ones involved in strategic management practices. The study used both primary and secondary data. Primary data was collected using interview guide questions while secondary data was collected from existing documentation reviews on Mentor Sacco. The data was analyzed using content analysis method. The study established that Mentor saving and credit cooperative had strategic plan in use. The study also established that strategic management planning was mainly the work of an external consultant in liaison with top management and the board of Directors and Supervisory board. However it was found that other cadres of staff examples; middle level managers and the rest of the staff do not take part in the planning process. There is therefore need for more inclusiveness by involving other stakeholders. The study further established that the strategies were implemented through annual budgets and annual performance contracts. Monitoring was done annually through performance appraisal and monthly, quarterly, semiannually and annually through management reports to the board. All the respondents were involved in development of top management organizational structure. The results indicated that Mentor Sacco was going through transition from a closed membership to business oriented and focused on exceeding customer expectation. The study established that the challenges facing Mentor included projects lagging behind schedule and under allocation of resources. The study recommends that the process be representative of all the employees, adequate allocation of resources to support implementation of strategies be done and prior planning in training staff and especially in the highly specialized areas be carried out before the beginning of strategic management implementation process. Finally future research is suggested in other savings and cooperatives in order to compare the findings and results of this study with others in an effort at arriving at a decision on where what is learnt in this study can be replicated elsewhere.

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ABBREVIATION AND ACRONYMS

SACCO	-	Savings and Credit Co-operative
SASRA	-	Savings and Credit Co-operative Societies Regulatory Authority
KUSCCO	-	Kenya Union of Savings and Credit Co-operatives
CBK	-	Co-operative Bank of Kenya
CIG	-	Co-operative Insurance Group
FOSA	-	Front Office Savings Activity
PESTEL	-	Political, Economic, Social, Technological Environmental, Legal
KNUT	-	Kenya National Union of Teachers
CEO	-	Chief Executive Officer
GOK	-	Government of Kenya
ICT	-	Information Communication Technology

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

A cooperative is an autonomous association of persons coming together in a jointly owned enterprise for economic, social and cultural purposes. The first Co-operative Society was started in 1944 in England at a place called Rochdale. It was formed out of sheer necessity as a defense measure to fight prevailing injustices. Private traders were charging exorbitant prices and sold adulterated stuff. Ouma(1990). The Rochdale brothers who were dealing with cotton are said to be the mother of modern co-operative movement.

The Co-operative movement in Kenya was started in 1908 bythe European settlers. They started a Dairy co-operative society atLumbwa in Kipkelion District of Kericho County. The first co-operative for African population was founded immediately after the Second World War. A Commission by Campbell set by the colonial administration recommended it was important for the development of the Colony for Africans to enter the market economy, hence justifying Africans participation in Co-operative activities. As a result of the recommendation and in order to further promote Co-operatives a department of co-operative was established in 1946 headed by a registrar (now commissioner for co-operative development). (Ouma, 1990).

The period that followed up to the 1970"s was a period of many opportunities. Firms were mainly concerned with how to expand and grow. There was minimal competition among firms as the opportunities were many and the external environment was stable. From 1980s competition intensified and the external environment became very dynamic and unstable. The opportunities and resources became scarce and this prompted stiff competition. The above challenge brought the need for the cooperatives to adopt strategic management practices in order to gain competitive advantage .Competitive advantage occurs when on organization acquires or develops an attribute or a combination of attributes that allows it to outperform its competitors. The attributes can include access to natural resources such as high grade ores, inexpensive power, access to high trained and skilled personnel human resources and new technology.

Competition has forced cooperatives among them Saccos to look for strategies to ensure their survival, sustainability and growth. In the financial sector where Savings and credit co-operatives belong there has been a paradigm shift in the way business is done. The banks dictated who they want to bank with them by raising the minimum balances in the savings account in the 90's.This opportunity provided itself to the savings and credit cooperatives and entrenched themselves especially in the rural areas. They came up with front office saving activity (FOSA) as a strategy to fight off competition. Today banks pitch tent doing marketing to attract potential customers. They are marketing similar products to the ones provided by Saccos like personal loans against salaries without requiring potential customers to save with them unlike in Saccos. Savings and credit cooperatives as a matter of necessity found it important to look for strategies to counter the competition. Richard (1995) defines strategy as the commercial logic of a business that defines why a firm can have a competitive advantage. It is what a company does and how it actually positions itself commercially and conducts the competitive battle. According to Johnson, Scholes and Whittington strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stake holdersexpectations.

By 1954 there were 200 primary co-operatives and 539 by 1963.The first decade after independence saw the number exceed 1000 and a membership of half a million families.In 1987 – 1989 it reached its highest level in Africa with assistance from the Nordic Countries, government, co-operative movement and other development agencies. (Turtiainen, 1992).In Kenya Co-operatives have continued to play a very important role in the Social economic, cultural as well as political development. They have offered a wide variety of economic and social services including credit facilities, insurance, housing, education, building and construction, mining, land purchase, agriculture and transport.

It is estimated that 63% of Kenyans depend on Co-operative related activities, for theirlivelihood. The Sacco subsector has mobilized overKsh400 billion in savings which is 33% of national savings. It has an asset base of 300 billion Kenyan shillings and provides savings and credit services to many unbanked Kenyans. This was revealed by the Cabinet Secretary for industrialization and enterprise development during International Co-operative day 2013. In addition the Sacco subsector has offered jobs to many Kenyans hence contributing immensely to improvement of their standard of living.

The government realizes this enormous contribution and the subsector is expected to play a critical role in savings mobilization for investment and attainment of the goals of vision 2030. Currently the Co-operative movement has a membership of over 13 million and has mobilized 490 billion according to the principal secretary ministry of Industrialization and enterprise development.. The registered Co-operative Societies are now standing at more than 15000. The financial sector where SACCOs are key players is very competitive as they compete with banks and other financial institutions. The motive of any business is to win over the customers. Strategic management practices are about getting a competitive advantage. This leads to superior performance and hence winning and sustaining the customers.

1.1.1 Concept of strategy

Strategy involves setting goals, determining actions to achieve the goals andmobilizing resources to execute the actions. It describes how the ends (goals) will be achieved by the means (resources). Senior leadership is tasked with determining the strategy of an organization. Strategy can be intended or can emerge as a pattern of activity as the organization adapts to its environment. According to Chandler (1962) strategy is the determination of the basic long term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. Porter (1980) defined strategy as the broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to achieve those goals and the combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there. Mintzburg defined strategy as a plan, a pattern, position, ploy and as a perspective.

1.1.2 Strategic Management Practices

Strategy is the direction and scope of an organization over the long term which achieves advantage for the organization through configuration of resources within a changing environment and to fulfill stakeholders' expectation. The concept and theories of business strategy have their antecedents in military strategy.

The term strategy derives from the Greek word strategia meaning "generalship" itself formed from stratus, meaning "army" and ago "to lead". Strategy is the overall plan to deploying resources to establish a favorable position. Strategic decisions are important as they involve a significant commitment of resources and are not easily reversible. It is the determination of the long term goals and objectives of an enterprise and theadoption of courses of action and the allocation of resources necessary for carrying outthese goals. Alfred Chandler defines strategy as a pattern of objectives, purposes or goals and the major policies and plans for achieving these goals, stated in such a way as to define what business the company is in or is to be. Strategy is aboutwinning according to Grant. Its primary role is to guide managementdecisions towards superior performance through establishing competitive advantage. According to (Kotler and Keller 2006). It is the ability to perform in one or more ways that competitors cannot or will not match. It acts as a vehicle for communication and coordination within an organization. It is a link between the firm and its business environment which provides the foundations for further learning about how to formulate winning strategies. Success cannot be attributed either exclusively or primarily to luck hence the need for successful strategies. In order to have successful strategies the goals ought to be simple, consistent and long term. There have to be a profound understanding of the competitive environment a firm is operating. There must be an objective appraisal of resources and an effective implementation. A strategic fit is achieved when a strategy is in consistent with the firms' goals and values. Its external environment, with its resources and capabilities and with its organization and systems.

In the modern business practices, strategic management is adopted to gain competitive advantage. Strategy is about winning over competitors. Its primary role is to guide management decisions towards superior performance through establishing competitive advantage. It acts as a vehicle for communication and coordination within an organization. It is a link between a firm and its business environment which provides the foundations for further learning about how to formulate winning strategies.

For a strategy to be successful, it has to establish a strategic fit. It must be consistent with the firm's goals and values, its external environment, with its resources and capabilities and with its organization and systems.

1.1.3 Savings and credit cooperatives in Kenya

There are several types of Savings and credit cooperatives in Kenya e.g. Urban, Rural, Transport and community based Saccos. Some rural and urban Savings and credit cooperatives operate Front Office Service Activity (FOSA). Only a few of themhave adopted strategic management practices. This is despite efforts to introduce the concept of strategic management in all Co-operative societies. Some consider strategic management to be out of reach owing to scarcity of resources and their size while others have not found out the importance of its adoption despite their immense contribution to economic and social welfare of many Kenyans. Saccos are the financial co-operatives while non-financial co-operatives include those dealing with farm produce marketing and others like housing, transport, and investment co-operatives. The saving and credit cooperative subsector have witnessed faster growth than other subsectors.

The Savings and credit co-operative societies Act 2008 places licensing, supervision and regulation of deposit taking Saccos under the Sacco societies regulatory Authority (SASRA). Prior to this all co-operative societies were governed by the co-operative societies Act Cap 490. The new Act was introduced to guide Savings and credit cooperatives growth and development as the premier Act was found to be inadequate especially on prudential standards and investments. The inadequacies persisted despite several attempts to amend it given the dynamism in Sacco operations.

Other shortcomings of co-operative societies Act included, failure to specify qualifications of the board members which lead to their election being based on popularity rather than on skills, to bring out rules that limit risk exposure and specify disclosure norms, specify liquidity reserves, state the audit report standards and establish the provision for writing off non-performing loans.

There are a number of stakeholders with a role to play in promotion of the Sacco subsector in Kenya. The ministry of industrialization and enterprise development is where the co-operative movement is domiciled at the national level. Since the co-operatives are a devolved function the department is also there at the county level. Issues of policy and a conducive legal environment are dealt with at the ministry level. The co-operative alliance of Kenya (C A K) is the mouth piece of the co-operative movement in Kenya and represents the movement internationally. Sacco society's regulatory authority (SASRA) licenses and regulates deposit taking Savings and credit cooperatives. Kuscco is the union for savings and credit co-operatives while Kerussu is the union for rural Saccos and give secondary services to Savings and credit cooperatives. Finally the co-operative bank is the main financial supporter of the co-operative movement in Kenya.

1.1.4 Mentor Savings and credit cooperative society in Murang'a

The idea to form Mentor Savings and credit cooperative (former Murang'a teachers' Sacco) was mooted towards the end of 1976. It was difficult to get financial assistance from commercial banks as they required collateral which many teachers did not have. The idea was therefore widely supported as a means to uplift the economic and social well-being of teachers. What started as an initiative of teachers of Weithaga location spread throughout Murang'a district (now Murang'a County). This culminated to a meeting in February 1977 at Murang'a Country Club for the whole district. The Kenya national union of teachers (KNUT) and the Kenya union of savings and Credit Co-operatives (KUSCCO) played a pivotal part in formation and nurturing the Savings and credit cooperative. On March 3rd 1977 the Sacco was finally registered and an official from Kuscco was seconded to the then Muranga teachers saving and credit cooperative to ensure it was functional.

The Sacco started with members contributing a minimum of 3 shares of Ksh 20/= per share. It has grown steadily and has a share capital of over 1.97 billion. The loan portfolio has also grown to over 1.93 billion and membership had reached 12,826 by September 2013. Today Mentor Savings and credit cooperative is the one of the deposit taking Sacco's with two branches at Murang'a (Headquarters) and at Kenol Town. In addition, it has three branch offices at Ithanga, Kangari and kiria-ini. It has the intention of opening branch offices at all Sub county headquarters and plans to upgrade the branch offices to full branches once they satisfy the conditions necessary to become FOSA branches. The society has a workforce of 40 employees. It is headed by a Chief executive officer (CEO). Mentor savings and credit cooperative has a board of directors of nine members and a supervisory board of three members. The Sacco has been run generally well in its history apart from between 1988 – 1991 when it was under commission.

The performance of Mentor Savings and credit cooperative has been good and has always declared good dividends. However, with competition dividends were at its lowest in 2006 at 7.8%. Attempt to introduce front office service Activity (FOSA) met resistance from members. This was mainly fuelled by competitors who used to get a lion's share of teachers' salaries channeled from teachers' service commission. However members came to finally agree on starting of FOSA. This has assisted in Savings mobilization, reduced borrowings from external sources, improved effectiveness and efficiency and reversed the trend of decline in surplus and dividends. The society has been on strategic plans of 5 years since 2006 and is on its third strategic plan.

1.2 Research Problem

Few Savings and credit cooperatives have adopted strategic management practices despite their enormous contributions to savings mobilization and advancement of credit. Currently, savings have reached 490 billion Kenya shillings which is about 33% of the national savings. However there exist knowledge gap as to the contribution of strategic management to the growth of Savings and credit cooperatives. This research is therefore necessary to bring its contribution to light and hence enhance its adoption. At the same time it will enable Savings and credit cooperatives to respond to threats or challenges posed by changes in the environment with adequate skills and abilities. Although research on strategic management practices has been done in many organizations, there exists knowledge gap in the Sacco subsector. Since there is no single approach to strategic management, it is necessary to study strategic management in Savings and credit cooperatives, the benefits accrued from strategic managementpractices and the challenges encountered in implementing strategies. The research question which needs to be answered is; - "What are the benefits and challenges of strategic management practices in Mentor Savings and credit cooperatives?

1.3 Research Objective

The objective of the research is to investigate the benefits and challenges of strategic management practices in Savings and credit cooperative societies.

1.4 Value of the study

The study will be valuable to various stakeholders as follows:-

The study will be of much value to practitioners e.g. Savings and credit cooperatives managers, employees, Board of directors and the supervisory board. It will improve understanding of strategic management process from formulation, implementation, monitoring and control. In addition it will bring up challenges encountered in the strategic management process. It will further help practitioners to appreciate the need to adopt strategic management practices in their endeavor to survive, sustain and grow. In order to achieve the above, strategic management practices leads organizations to superior performance in the dynamic, turbulence and ever competitive environment through establishing competitive advantage.

The researchers will find it valuable as it will contribute to growing knowledge in strategic management in Savings and credit cooperatives. Increased information and knowledge will increase awareness of importance of strategic management practices. This would in return increase its adoption and hence increased contribution of savings and credit cooperatives in Savings mobilization, credit advancement and better outreach to the many unbanked Kenyans. Researchers will also find it valuable as a reference to future research to be undertaken in this very important subsector. The study will also be valuable as it will add more reading materials for future students.

The study will also be valuable to the government now and in future. In its endeavor to improve the standards of living of its people, it will assist in formulating policies to increase savings mobilization for credit in order to enhance investments for wealth creation and employment. It will further assist in coming up with legislations that can guide the sector to further growth in order to achieve its desired goals. This would provide an enabling legal and political environment to spur economic growth.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will examine literature related to strategic management by other scholars and some theories on strategic management. In addition, it will cover the concept of strategy, strategic management and strategic management practices.

2.2 Theoretical basis of the study

A business strategy of a firm manipulates the various resources over which it has direct control and has the ability to generate competitive advantage. This leads to superior performance outcomes and hence ability to stay ahead of present and potential competition and ensure market leadership. Powel (2001 P. 132) views business strategy as the tool that manipulates the resources and creates competitive advantage. A viable business strategy may not be adequate unless it possesses control over unique advantage. Competitive advantage is therefore a key determinant of superior performance to ensure survival and prominent placing in the market. According to (Porter 1985) competitive advantage is the ability of a firm to earn returns on investments consistently above the average for the industry. Competitive advantage is achieved when a firm implements a value creating strategy that is not simultaneously being implemented by any current or potential competitors. Competitive advantage according to resource base view is dependent on the valuable, rare and hard to imitate resources that reside within an organization (stiles and kulvisaechana, 2004).

Every firm continuously looks for competitive advantage in order to achievesuperior performance which is the ultimate goal. It is for the above reason the study of strategic management has attracted profound interest due to issues regarding superior performance levels of firms in the present competitive market conditions. The study will therefore add to the existing knowledge on competitive advantage theory especially in regard to Savings and credit cooperatives. It will show whether strategy enhances competitive advantage in saving and credit cooperatives and whether it leads to superior performance. Secondly the study will contribute to the theory of comparative advantage. According to Meso and Smith (2000), sustained competitive advantage results from strategic assets that are internally controlled and permit the firm to formulate and implement strategies that expand its efficiency and effectiveness. Comparative advantage is dependent on the resources that are not available or not available cost effectively such as minerals, technology, skills, location, infrastructure and other assets. The study will add to the growing knowledge on comparative advantage theory of a firm, and its effects on Savings and credit cooperatives as they strive to achieve ultimate goal of improving the Social economic welfare of their members and obligations to other stakeholders. The concept of strategy is important because the resources available to achieve goals are usually limited. Mintzberg defined strategy as a "pattern in a stream of decision" to contrast with a view of strategy as planning. Strategy is about shaping the future and is the human attempt to get to desirable ends with available means.

Strategic management analyses the major initiatives taken by a company's top management on behalf of owners, involving resources and performance in internal and external environments. Andrews (1986) describes competitive advantage as the ability to perform in one or more ways that competitors cannot or will not match. Strategic management practices are important to both large and small farms. Organizations being environmental dependent have to constantly adopt activities and internal configurations to reflect the new external realities and failure to do this may put future success of an organization in jeopardy (Aosa 1998). Strategic management is implemented effectively with a proper structure, culture, resources, leadership and other administrative factors in line with strategy being implemented (Aosa, 1992).

Implementation happens to be a difficult task and goals realized cannot be directly as a result of effective strategic management**.** In management theory a distinction is often made between operational management and strategic management. Operational management is concerned primarily with responses to internal issues such as improving efficiency and controlling costs. Strategic management is concerned primarily with responses to external issues such as understanding customers' needs and responding to competitive forces. Porter have identified three principles underlying strategic positioning namely creating a unique and valuable position, making trade – offs by choosing what not to do and creating a "fit" by aligning company activities with one another to support chosen strategy. Strategic management provides overall direction to the enterprise and is closely related to the field of organizational studies.

The starting of front office service activity (FOSA) was strategic in retaining and mobilizing savings as well as recruitment and retaining membership even beyond retirement. There have been considerable literature and research in strategic management like Auma (2012) strategic management practices in G O K funded Youth small and medium enterprises, Amakoye (2010) strategic management practices in Maseno Mission hospital, Gitari (2010) management strategies by trade unions, Onyango (2012) strategic management practices of Kenya bureau of standards, Gichangi (2011) strategic responses by Safaricom to dynamic business environment, Ngijabe (2011) strategic responses by public bus companies on Nairobi Mombasa route. The studies by different researchers on different organizations point to strategic management in these organizations but they differ across them.

2.3 Concept of strategy

Adoption of strategy will enable savings and credit cooperatives to position themselves in the market. The Saccos will define their direction and scope in the strategy. This will enable them to emphasize on attributes that will ensure that they perform better than their competitors given their resources and the ever changing and dynamic environment. Johnson and Scholes (1999) defined strategy as the direction and scope of an organization over the long term, which achieves competitive advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations. Hax and majluf (1996) define strategy as a framework through which an organization can simultaneously assert its vital continuity and facilitate its adaptation to a changing environment. There is agreement that strategy is concerned with the match between a company's capabilities and its external environment. Analysis however disagrees on how this may be done.

Chandler (1962) defines strategy as an establishment of long term goals and objectives of an organization, including the process of taking action and allocating resources for achieving goals. Since resources are scarce, the strategy that is chosen should optimize resources in the pursuit of organizational goals and objects. In one perspective strategy is equated to planning where information is gathered and sifted, analyzed and managers decide what the best course of organization is. In the second perspective strategy is seen as a process of management to facilitate the capability of the organization to respond to an environment that is essentially unpredictable and therefore, not subject to planning approach.

2.4 Strategic Management

Boyne (2004) describes strategic management as an organizational attempt to influence its future by forecasting changes in the organization and its environment, setting objectives and developing strategies for the achievement of these objectives.

Berry (2001) defines strategic management as a systematic process for managing an organization and its future direction in relation to its environment and in accordance with the demand from its stakeholders. Bryson (1988) describes strategy as a disciplined effort to produce fundamental decisions and actions that define what an organization is, what it does and why it does it. Bozeman and Straussman (1990) assert there are three major features of a strategic approach in managing an organization, defining goals and objectives, developing an action plan that mediates between an organization and its environment and designing effective methods of implementation. Porter (1981) describes profit maximization and competition based theory. It is based on belief that organizations main objective is to maximize long term profit and developing sustainable competitive advantage over other competitors in the market place. Barney (1995) explains the resource based theory which stems from the principle that firms' competitive advantage lies in their internal resources as opposed to their positioning in the external environment.

2.5 Strategic management practices

According to Zanneti and Cunningham (2000) strategic management is the function of the top organizational leadership. It begins with the development of organizational strategic management model or plans. Vinzant and Vinzant (1999) argue that strategic management is a process carried out at the top of the organization which provides guidance, direction and boundaries for all aspects of operational management. The organization must create a feedback loop in which implementation of strategic plans

are reconnected to organization mission and goals through monitoring and evaluation.

2.5.1 Strategic planning

Pearce and Robinson (2007) defines strategic management as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objective. According to Burnes (1996) long term planning was geared towards achieving growth targets based on financial targets and budget controls. Bennett (1996) describes the planning process as being both formal and informal processes are well thought and reflect goals of an organization but are unwritten hence no mechanism of communicating planning decisions. Planning and implementation is therefore adhoc.

Formal planning process establishes a set of rules on how plans are determined and hence well-coordinated. Berry (2001) acknowledged there are many models of strategic planning, where none is superior to the other. Effective strategic planning process for an organization is uniquely designed for that particular organization to meet its needs. Bryson et al (1988) developed a 6 – point strategic planning process said to be applicable to public organizations. It starts with agreement of the need to plan in an organization. It creates a sense of why strategic planning is necessary. The second stage identifies the organizations mandate which answers why the organization exists. Thirdly is to develop the organization's mission, vision and values. This is central to the long term organizational success. A clear mission statement leads to creation of organizational goals and objectives. The fourth step will be to deal with understanding the organizations strengths, weaknesses, opportunities and threats (SWOT). Fifth is weighing options to choose the best alternative(s) for implementation. Finally the last step is to implement the best chosen option(s).

2.5.2 Strategy implementation

Strategy implementation is critical in coordination of goals and tasks, resources and control. The outcome of the process is determined by the manner of coordination Boyne (2004) define strategy implementation as a dynamic interactive and complex process which is comprised of a series of decisions and activities by managers and employees. Pearce and Robinson (2007) describe strategy implementation as the action phase also referred to as actualization or execution phase of strategic management.Pearce and Robinson (1996) notes that formulating a consistent strategy is a difficult task but implementing it throughout the organization is more difficult. Different factors will affect organizations differently for example the Mckinsey 7 – S interrelated Organizational variables of strategy, structure, style, systems, staff, skills and shared values. The success will ultimately depend on how these factors are utilized. According to Porter (1991) organizational structure is generally known as a fundamental part of effective strategy implementation.

Culture is critical in strategic implementation. A good culture helps in achievement of goals and objectives while a bad one curtails the achievements. Culture echoes the prevailing management style as managers tend to hire people just like themselves thus ensuring continuation of the culture of new entrants. Efforts to change an organization must consider organizations culture, leadership and existing power network. (Ansoff1984). Information and communication technology (ICT) systems support and enhance every activity in the organization. According to Higgins (1990) technological change, especially information technology is among the most important forces that can alter the rules of competition since most activities of organizations generate and utilize information.

Poister (2010) argues that managers depend on getting the right information at the right time to make good decisions. Failure of strategy implementation is due to lack of support system to facilitate learning, lack of management support and understanding poor organizational structure, organizational culture and lack of innovation and adoption of strategy (Bakerjan 1994). Another reason for failure of strategy implementation is resistance to change for example reluctance of individuals to change roles (Riis et al 1997 Cooke, 2000). Inability to create dissatisfaction with present situation (reason to change) (Ireland and Dale, 2001) and inability to change organizational roles and culture (Lawrence, 1999)

2.5.3 Monitoring and Evaluation

This refers to the tools and techniques used to check whether the company is on track with the set strategy. Where it is not, it is re-directed as appropriate. Clark and Sartorius (2004)states that there are several tools and techniques for monitoring and evaluation. They can be used independently or in combination. Some are performance indicators, formal surveys, theory based evaluation, cost benefit and cost effectiveness analysis, impact evaluation and many more. The choice of an evaluation and monitoring tool that an organization uses largely depends on the purpose of the evaluation, stakeholders' interest, urgency of the report and cost.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with how the research was carried out. It further deals with how data was collected. Finally it concludes with how the data was analyzed after collection.

3.2 Research design

The researcher adopted a case study method to collect data from the respondents. The method is effective when it comes to data collection and in most cases, the data collected is viable. The researcherprepared interview guide questions that were distributed to the respondents. The interview guide questions were open ended to give respondents the much needed flexibility to bring forward the success and challenges of Mentor Savings and Credit Co-operative Society. It is a valuable method in taking decisions on several management problems. (Schilder, 2001)

3.3 Data collection

Primary data as well as secondary data were collected for the study. Primary data was collected by interview guide from all the respondents which included Managers, Board of directors and the Supervisory board.Secondary data was collected from Sacco documents, journals, newsletters, annual reports and audited accounts etc to determine performance trends. The interview guide contained questions on the general information of the respondents, opinion on the extent strategic management practices are employed in the Sacco, and their effects on the Sacco performance. The interview guidecomprised of open ended questions. This gave respondents liberty in expressing their opinions of a situation presented to them. In addition it helped to improve the response rate (Churchill, 1987).The data collected was of qualitative nature. Before administering the interview guide, the interview guide questions were pilot tested with few mentor savings and credit cooperative managers to determine its accuracy, suitability and clarity. This ensured its validity and reliability as an instrumentof research study was preserved.

3.4 Data analysis

Content analysis method was used to analyze the data collected. The process of interrogation and interpretation tells you something about the mass data collected. Content analysis method allows in depth understanding of qualitative data.Holsti (1969) defined content analysis as any technique for making inferences by objectively and systematically identifying specified characteristics of messages. It involves studying written documentation and survey response data and making objective inferences on the strategic management practices.

CHAPTER FOUR

DATA ANALYSIS,RESULTS AND DISCUSSION

4.1 Introduction

This Chapter outlines the analysis of the findings in relation to the objectives of the study of establishing the strategic management practices at Mentor savings and credit co-operative society Ltd. Primary data was collected by interviewing the Board of Directors, Supervisory board and Senior Management staff using an interview guide questions. Secondary data was collected from the Sacco documents for example journals, newsletters, annual reports, audited accounts, board of directors reports to the Annual general meetings and members education days and managements reports to the Board of directors.

4.2 Profile of the informants

The informants for the survey were the Board of directors, the Supervisory board, the Chief executive officer, Deputy Chief executive officer and all the managers who head various departments totaling eighteen. The informants were chosen as they are the ones involved in the formulation, implementation, monitoring and evaluation of strategic management practices in Mentor Savings and Credit Co-operative Society Ltd. The group is highly literate as it comprises of teachers, most of them head teachers and senior manager in the society. Most of the informants had also been in the society for quite some time and so understood the concept of strategic management practices.

4.3 Strategic Management Practices at Mentor Savings and Credit Co-operative Society Ltd;

The study sought to determine the strategic management practices at mentor Sacco society Ltd. It also sought to establish the benefits and challenges of strategic management practices in the Sacco. The findings are presented as here under:-

4.3.1 Strategic planning

The study established that there was strategic planning at Mentor Savings and credit Society Ltd. The Co-operative society was on its third strategic plan and the first one was from the year 2006 to 2010. The second one was to end in the year 2015 but the set targets were achieved earlier. This necessitated the current one which was formulated in January, 2014. It operates on five year strategic plans and hence the current one will take them to the year 2018. It was noted that individual departments had no strategic plans of their own. What involves individual department in the organizations strategic plan is cascaded to thedepartment.

The interviewees were asked how they do strategic planning at Mentor Sacco. The study established that the respondents were involved in strategic planning with the help of a consultancy known as Co-operative and insurance Agency Ltd, a subsidiary of co-operative bank of Kenya. The strategic plans are usually done at a planning workshop and the last one was done between 27th and 31st January at Pasenic Hotel Embu town. In addition it was established that prior to such planning meetings, members opinions are sought either at members information days or special workshop where selected members are invited to give their views especially on new products and services being introduced or realignment.

The first strategic plan 2006 – 2010 was done through consultancy of KUSCCO Ltd. However it was found that they did not do follow up as the client would have wanted. The second strategic plan was done with the help of co-operative consulting services the precursor of co-operative consultancy and insurance Agency Ltd.

4.3.1.1 Vision and mission

The study sought to determine the Vision and mission of the organization. According to the interviewees the vision is to be the most innovative and reputed Savings and credit co-operative in Kenya and beyond. On the mission of the organization, the interviewees indicated it was to mobilize savings from members and develop credit products that are affordable and puts them ahead of the pack towards achieving financialindependence and prosperity.

4.3.1.2 Values of Mentor Sacco

The organization has the following as its values; Integrity, Equality, Equity, Respect, Professionalism, Commitment, Transparency and Accountability.On the planning process of the implementation of the strategy, the researcher established that the plan is broken into annual work plans which are budgeted for in resource allocation. This work plans are cascaded to individual departments. The heads of departments then cascade the same to the staff under them. The researcher established that the staff had not seen the strategic plan document even after being finalized which was inappropriate as it should be a point of reference for all staff.

The interviewees were asked to state the core business of the organization. The study established that the core business of the Organization was to mobilize savings and offer credit for investment to improve the social economic welfare of its members. One respondent said the core business was to mobilize funds and offer credit at affordable rate of interests as banks and other micro finance institutions charged a high rate of interest. All the respondents indicated that indeed the organization conducted environmental scanning. It was done both internally and externally through market survey, customer survey, telephone, bench marking with other Saccos, tours to other co-operatives, Swot analysis and employee survey. According to all the respondents environmental scanning was part of data collection for the strategic plan, Swot analysis and Pestel.

4.3.2 Strategy implementation

On strategy implementation the interviewees were required to indicate how Mentor savings and credit co-operative implemented and monitored strategies. All the eighteen interviewees indicated that the strategic plans were broken into annual work plans. They were then cascaded to the managers who head various departments who in turn cascaded them to individual employees. The activities are budgeted for through the annual budgets. Resources are then allocated to carry out the activities. One interviewee indicated that the implementation is not satisfactory as many employees are not aware about the strategic plans. They are given targets to meet for example to recruit a certain number of members but the employees are not aware the targets are part of the organizational strategic plan. There is therefore a disconnect as they are not able to relate well as to why they have been given the targets. If they are made aware of the strategic plans they will relate with the overall objective and do more to offer more satisfactory services which would help not only to retain members (customers) but also to attract other potential customers into Mentor Sacco society Ltd.

On monitoring twointerviewees said it was done through site visits, all said it was done through monthly and quarterly reports. All the eighteenindicated it was also done semiannually and annually. Monthly it was through management reports to the board of Directors and also quarterly through the joint management board and supervisory board meetings. Semiannually it was through the joint senior staff and Board of directors meeting. On annual monitoring, it is done through the Board of directors and all the staff meetings.

The study sought to determine the roles played by various levels of staff in the implementation of strategy. The eighteeninterviewees indicated that the top management provided leadership and direction through education and training. The senior level management also guides the staff under them through training and then giving them targets to meet. The results show that it is only the Chief Executive officer, who usually has the strategic plan document. The senior managers use the information they gained during planning and the targets cascaded to them to implement strategies. The rest of the employees strive to achieve the targets cascaded to them at times having no knowledge of the presence of a strategic plan.

Interviewees were asked to indicate the importance of strategy implementation. All the eighteen said it was a very important phase of strategic management; reasonbeing that this is the phase that strategic plans are actualized. In its absence it would be as good as the strategic plans were not there. One interviewee said it is at this phase that the Sacco is able to gain more resources through membership recruitment, mobilization of savings, satisfaction of the loan demand and increase of income arising from interest on loans and higher dividends resulting from better turnover. One interviewee also indicated that without this phase the resources put to planning would go to waste.

According to theinterviewees implementation of strategy need a lot of support from the top management in guidance and resources allocation. Alleighteen interviewees were in agreement that all the employees had a role to play and every employee support was necessary for successful implementation of the strategic plan.

The researcher sought to establish the criteria used by the cooperative society to realize the strategy chosen. The interviewees indicated that the Board of management, the supervisory board, senior management and the consultant met and evaluated the various opportunities available and then prioritized them basing on the overall impact on the organization. Eight of the respondents said the demands (interest) of members were considered to ensure that they got maximum benefits possible. Seveninterviewees also indicated that the resources the organization had at its disposal were also a consideration in arriving at the criteria to be used to arrive at the chosen strategy. The goals of the organization also played a critical role in arriving at the criteria to realize the implementation of the strategy according to five respondents.

Interviewees were asked to indicate whether they were involved in the planning stages of the projects. The eighteeninterviewees indicated they participated in the planning stages of the projects and processes as the projects were planned during the planning workshops where strategic plans are normally formulated, implementation plan worked out and also the time frame.

On the benefits of strategic management all interviewees said it provided a road map and enabled the Sacco to implement projects on a procedural basis rather than on adhoc basis. Eleveninterviewees said the society has been able to mobilize resources and does not require overdraft from banks unlike before. They all said the Sacco has recorded increase in membership despite freeze of employment by the teachers' service commission. Fifteeninterviewees said service delivery has improved especially with introduction offront office service activity. The eighteeninterviewees agreed that returns which were on decline by 2007 have had a turnaround and members have witnessed a steady increase in dividends from 7.8% in 2007 to 11% in 2013. Threeinterviewees said strategic management has put them on a better position to identify opportunities and exploit them. Six interviewees said the co-operative is in a better position in allocation of resources to areas that would lead to improved results. Eighteeninterviewees said the satisfaction level to the members (customers) has gone up leading to higher customer retention. Very few members have been going to the banks for similar services unlike previously. Members who retire from the service of teachers' service commission now retain membership and their allowances are remitted through the Sacco by choice unlike before. They used to withdraw their membership and get their retirement benefits through the banks. At the same time they used to withdraw all their savings with the co-operative hence affecting its liquidity, ability to offer credit and reduction in interest earned from loans.

The researcher sought to determine whether the respondents were involved in the development of top management organizational structure. The findings of the study showed that all respondents were involved in the development of the top management organizational structure except two who were not board members by then. The reason for the above is that after review of the strategy the structure of the organization is reviewed in same planning workshop. The changes in the structure have been minimal since the organization have reviewed the structure every time there is review of strategic plan and the situation has demanded introduction of either new departments as the Sacco grows or re-designation to conform with regulations set by the regulator.

On the prevailing organization culture, seventeen of the interviewees said the culture was conducive to growth and development of Mentor Sacco. It has zero tolerance to corruption and is aimed at continuous improvement of service delivery to the members. Some said it was dynamic and adaptive to positive changes. The Sacco prepares its employees and the board of directors to move forward as a team. The Sacco is committed to good corporate governance and usually does benchmarking with best industry practices. Mentor savings and credit cooperative is also committed to progression of their employees through enhanced training and professional advancement for efficiency and effectiveness. Employees are supported by financing them by 60% and they cater for 40%of their education expenses. Seventeeninterviewees described the culture as open as employees are allowed to participate in the Mentor Savings and credit co-operative matters through either staff forums or joint management and board forums. One interviewee said the culture was bad and employees were reluctant to change.

On the leadership of Mentor Sacco society Ltd, seventeeninterviewees said it was democratic and participative. The exception said it was autocratic and one man show. The study established that the leadership had a clear vision on providing an enabling environment for growth and expansion of the Sacco. This included provision of infrastructure at the headquarters by putting up ultra-modern building with a new bankinghall, car parking provision among others. At the same time the Sacco was planning to upgrade its Ithanga branch office to a full Fosa branch. Meanwhile branch offices forKigumo and Mathioyaare complete and operational. Plans are underway to open branch offices at Kangema and KahuroSub-counties. At the same time a building has been identified in Nairobi to open a fully-fledged branchand lease agreement has been signed so that refurbishment and construction of the Fosabranch can begin. The leadership was ready to embrace change and had met all the regulatory requirements by SASRA. They have also been ready to benchmark with best practices in the sector and hence they often visit other Saccos in the spirit of co-operation among co-operatives principle to learn from the others.

All the interviewees indicated that they had benefited from ICT as it had eased the processes of transactions in the Sacco. As a result it takes only a few minutes for a loan to be appraised and the money paid to a members account. Application forms for loans and other information can be down loaded from the society’s website. ICT have also reduced the time taken to communicate among staff, between staff and board of directors and between society and its members. The branches and offices are interlinked and members get alert when salaries are credited into their savings accounts. To ease communication members are sent messages through their phones on any developments and therefore, get information on the society on time. The society in partnership with Safaricom has introduced quick cash which is its own fashion of cash transfer. At the same time a member can deposit or withdraw cash using his phone, and settle utility bills.

On automatic teller machines (A.T.M.) the society has partnered with co-operative bank and has a visa branded A.T.M. card in conjunction with co-operative bank which enables members to withdraw funds from all co-operative bank and other visa branded A.T.M.'s. In addition I.C.T. has improved accessibility of banking services through agency banking. It also serves in building and keeping data bank for the organization as it reduces paperwork. Finally all the interviewees were in agreement that ICT has reduced the cost of doing business in many ways including less travelling, physical transportation of cash, communication through messages and reduction of paper work.

The researcher sought to establish the challenges the interviewees faced in the implementation process of the projects/processes in the strategic plan. One of the challenges faced as indicated by all the intervieweeswas that projects were behind schedulein implementation. The other challenge indicated by all interviewees was inadequate provision in the budget which resulted in inadequate allocation of resources hence slowing the implementation. This is further at times affected by inflation hence raising the costs of the projects further. At times, other projects according to twointerviewees are not supported by strategic plan though they may be budgeted for. This is due to the fact that strategic plans may not have been revised to take care of emerging issues on the course of implementation. Another challenge according to one interviewee is lack of harmony between strategic plan, performance contract, departmental and individual work plans and the budget allocation.

The level of understanding the new initiatives is also a challenge according to twelve interviewees. It takes sometimes a little bit longer than expected for the members to buy an idea.

This makes it to take a little longer before the members can fully support and patronage an initiative. The other challenge identified was fear of change according to four interviewees. Members as well as staff are at ease when they are dealing with the known which serves as a comfort zone. They treat new initiatives with caution. Some adopt the initiatives fast, others wait a little longer while others are laggards and take long before adopting any new initiatives as they only do so when they are sure and have seen it work elsewhere.

The other challenge mentioned by four interviewees is legal and policy issues. Since there iscompliance issues with the regulator certain steps have to be followed before implementation of strategies. Lack of conformation may result to license being cancelled by the regulator (SASRA). Fourteeninterviewees indicated that skills and knowledge also presented a challenge. This is mainly so when the Sacco is venturing into new areas where the present staff needs to be capacitated or those skills need to be outsourced.

Thirteeninterviewees indicated technological change as a challenge. This is the case as one need to learn about the new technology. It is critical to know the merits and demerits of new technology. At the same time adequate plans need to be put in place for change over from one technology to the other. The other challenge indicated by one interviewee was political changes. Any time that changes are implemented they come with both challenges and opportunities. An example is the new constitutional dispensation where county governments will have a lot of influence on businesses and any other organization need to align itself with the new system or miss out in business opportunities.

The other challenge that all interviewees pointed out was poor planning, enough time need to be set aside in implementation of strategies including time to take care of unforeseen circumstances. Ten respondents indicated that poor communication in disseminating of information was also a challenge. In order for implementation to move fast the various departments need to work as a team. This is only possible when there is proper communication and also done on time. Fiveinterviewees indicated that another challenge is lack of well-defined roles among stakeholders. In order to implement strategies smoothly, the roles need to be well defined in order to eliminate friction among stakeholders and proper coordination to take place. This is especially so between the roles of the management and the board of directors. Threeinterviewees indicated unethical business practices by competitors posed a challenge. Some competitors take advantage of the resources at their disposal to gain customers unprofessionally for example by initiating deductions from employers without consideration that the customers had previous liabilities with their competitors. This reduces the remittances expected by Saccos at the end of the month. This may lead to increased default which is a big challenge in the financial sector.

All theinterviewees indicated that the challenges existed because of inadequate training and skills especially in the specialized departments like I.C.T. The other reason given by five interviewees is the dynamic nature of sector like I C T and technological advancement in general which make previous technology absolute at a very fast rate. Allinterviewees attributed the challenges to inadequate planning period as well as reluctance to change on the part of some staff. Fourinterviewees also indicated the challenges emanated from legislative and policy issues. All interviewees indicated the challenges were as a result of inadequate resource allocation whileten said some resulted from poor dissemination of information. At the same time someinterviewees said our poor saving culture was partly the cause of challenges especially those which were financial based. One interviewee indicated the fact that some well-resourced competitors strive to frustrate efforts of weaker competitors through unethical means. Seveninterviewees indicated that poor infrastructure was also a reason of why challenges exist.

The other reason oneinterviewee observed was unforeseen demand of goods and services. Customers' tastes and preferences are also changing fast and inability to cope with the rate of change presents a real challenge. Frequent technological change especially in I C T presents a big challenge as it may require frequent change of software and even at times the hardware causing a huge financial burden

Finally the human nature to resist change also poses a challenge according to eleven interviewees. This is because opportunities come and go and reluctance to change may see some opportunities being lost forever as they may come and pass before action is taken. It will be prudent to prepare employees and other stakeholders well in advance to see them cope by removing the fear of the unknown.

The researcher sought to determine how these challenges could be overcome. Nine interviewees indicated that a deliberate effort should be made to do capacity building to the board, staff and members to prepare them for their rightful role. This should include tours, nationally and internationally to ensure that they get adequate exposure for their roles. All the interviewees indicated it was necessary to have good communication in dissemination of information. This they noted would enhance coordination and ensure that all stakeholders worked as a team. Eighteeninterviewees indicated that it was necessary to enhance mobilization of resources in order to ensure adequate resources are budgeted and allocated for strategy implementation. Fifteen interviewees indicated that adequate planning is critical and should be all inclusive to ensure that implementation becomes easy and understandable. Eleveninterviewees indicated the need to improve on infrastructure for example, networking and working space to improve efficiency in service delivery. This would in turn make implementation easier as communication and coordination will be easy.

Five interviewees indicated it was important to prepare the various stakeholders for change. This would reduce resistance to change as they accept change is the only constant. All theinterviewees indicated the need to clearly define all stakeholders' roles. This will enable implementation to go on smoothly to achieve the intended objectives. All interviewees indicated the need to have an enabling legal political environment. This will instill confidence on the stakeholders and enhance members (customers) patronage.

4.3.3 Monitoring and evaluation

The study sought to establish whether there was monitoring and evaluation process at Mentor savings and credit cooperative. The results of the study revealed Monitoring and evaluation existed in MentorSacco according to all the interviewees. Monitoring is carried out on continuous basis as the strategy is being implemented. Meanwhile evaluation is done on monthly, quarterly, semiannually and yearly basis. The Chief executive officer is expected to do monitoring and evaluation on continuous basis. This includes site visits to see progress on implementation. The internal auditor is also expected to monitor and evaluate implementation as per the implementation schedule and compliance requirements.

The board of directors on the other hand sits on monthly, quarterly, semiannually and annually to monitor and evaluate the progress on implementation. They are then expected to take further necessary steps to ensure that implementation remains on its path. The further necessary steps include interventions to ensure implementation is on course.On quarterly basis the board meets with senior staff to review progress. At the end of the year they also have an opportunity to meet with all the staff where they consider various reports. At the same time respondents indicated supervisory board meetings are held on quarterly basis. In their meetings they review the progress in implementation. They also have an opportunity in a joint management and supervisory board meeting to review and chat the way forward. The interviewees also indicated the chief executive officer hold meetings with heads of departments on monthly basis where they do monitoring and evaluation of the strategic implementation progress. The board of directors also holds departmental meetings with members of staff to monitor and evaluate progression of strategic implementation.

The interviewees were asked how monitoring and evaluation was done. They indicated that it was done through meetings of staff, board and supervisory board. It was done also through reports presented to the board on monthly and quarterly basis and management reports of the heads of departments meetings. The other reports are at projects management level. The findings agree with Clark and Sartorius (2004) who stated that techniques such as the performance indicators, formal surveys, cost benefit and cost effectiveness analysis are used to evaluate projects.

Mentor savings and credit cooperative uses a number of tools for monitoring and evaluation as follows:- Monthly performance reports which show any variance, monthly loan book which looks at the performance of various loan products, quarterly economic performance reports, the budget, monthly senior staff reports, internal audit reports. The reports from the internal audit and management are forwarded to the board for monitoring and evaluation and further necessary action.

4.4 Discussion

4.4.1 Comparison with theoretical

The study established that the planning process of strategic management practices at mentor savings and credit cooperative was mainly the preserve of the board of Directors, Supervisory board and senior management of Mentor Savings and credit co-operative society Ltd. Only a select fewof the rest of the staff are their opinion sought when preparing a strategic plan. Their contribution is mainly limited to their views on products and services offered which is done outside the planning workshop. The expertise of external consultants was sought by the management. The findings of the study are in line with views of Berry (2001) who indicated planning garners organizational energy and support among organizational leadership. At this stage external consultants can be hired to be part of the steering team.

The findings of the study revealed that review of the strategic plan was the work of top management and later involved the other staff so as to ensure inclusiveness of the process. The key stakeholders were the top management in the implementation process despite the participation of other members of the staff considered to be key. The study also revealed that the strategic plans were done by external consultants. The findings agree with Vinzant and Vinzant (1999) who argued that strategic management is a process carried out at the top of the organization which provides guidance, direction and boundaries for all aspects of operational management.

The findings revealed that top management convened regular meetings where they discussed reports based on the strategic plans. The findings of the study agree with Randuan et al (2009)who argued that in the implementation of strategy, top managers play an important role.

The findings established that Mentor Sacco had embraced ICT in transactions besides networking departments, branches and offices. According to the respondents it improved efficiency and performance of Mentor savings and credit cooperative. The findings are in agreement with Poister (2010) who noted that implementation of information communication technology result in timely and correct information in addition to improving effectiveness and efficiency in the organization. The study established that challenges to strategy implementation included government bureaucracies, political interferences, allocation of resources and the adoption of ICT. The findings are in agreement with Barkerjan (1994) who noted that lack of management support, poor organization structure, organizational culture and lack of innovation and technology were an impediment to the implementation of strategies in most organizations.

The study established that monitoring and evaluation was done through performance reports, budgetsand senior management meeting reports and at project management levels. Interviewees also indicated that it was also done through visits and board of Directors regular oversight meetings. The findings agree with Clark and Sartorius (2004) who stated that techniques such as performance indicators, formal surveys, cost benefit and cost effectiveness analysis are used to evaluate projects.

4.4.2 Comparison with other studies

The findings that the formulation of strategies was a preserve of the top management and the other staff was left out are in agreement with Kamaku (2010), Hezron (2010), Lekasi (2010) Mutwiki (2012). However the findings differ with Amakoye 2010 who found all staff was involved in planning and process of strategy formulation.

The establishment that management held regular meetings to discuss projects confirm the findings of Kamaku (2010) and Hezron (2010) that the top management held regular meetings to evaluate progress of the projects. Amakoye (2010) in his study found top management was least involved in the implementation and monitoring of strategy and Lekasi (2010) found that those implementing the strategy are different from those who formulated it.

The study that the organizational culture was conducive for the business as it was moving towards a better performance are in agreement with AOSA (1992) and Kamaku (2010) where they noted the importance of matching organizational culture with strategy. The Amakoye findings indicate high staff turnover implying lack of attachment of the organization which is an impediment to strategy implementation and portraying a poor public image of an organization.

CHAPTER FIVE

SUMMARY,CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The following summary of findings, conclusions and recommendations were based on the objectives of the study from the primary and secondary data collected and analyzed. The objectives of the study were to establish the strategic management practices at Mentor savings and credit cooperative society ltd and establish the benefits arising from the practices and the challenges faced by Mentor Sacco in implementing strategic management practices.

5.2 Summary

The findings of the study confirmed that strategic plan exists at the organizational level. None of the departments had their individual strategic plans. The targets of the organizational strategic plan are cascaded to the relevant departments. The departmental heads in turn hand over targets to staff under them. The strategic management planning is mainly the work of external consultant in consultation with the board and senior management staff according to the study.

The Vision of Mentor Sacco is to be the most innovative and reputed Sacco in Kenya and beyond according to the study. The Mission is to mobilize savings from members and develop credit products that are affordable and puts them ahead of the pack towards achieving financial independence and prosperity. The core business of Mentor Sacco is to mobilize savings and provide credit products for social economic development of its members. Mentor Sacco conducted environmental scanning through market surveys and corporate planning. The results indicated that environmental scanning was part of the data collection for strategic plan. The study established that strategies were implemented through annual budgets and annual performance contracts. Someinterviewees described the implementation of strategies in the organization as unsatisfactory. Monitoring was done monthly, quarterly semiannually and annually through board, staff and joint meetings of board and staff. The implementation process was done by the consultant in consultation with the board and senior management staff. Although the implementation was described by some as unsatisfactory all respondents indicated there was room for improvement through involvement of all staff on the contents of the strategic plan and the way forward in implementation.

The findings of the study show that all the respondents apart from two were involved in the development of the organization structure. However the two were not board members by then, and hence their exclusion. The planning workshop that discussed the organization structure involved the chief executive officer, senior managers, (departmental heads) and all the board members.

The study findings also point to consultation with stakeholders for example Safaricom, cooperative bank, cooperative insurance group and cordic with the board and senior management in choosing the projects/processes the organization was to undertake. In other words there existed strategic alliances and hence consultation was critical. Mentor Sacco had partnered with cooperative bank on A T Ms and had developed a visa branded card which enabled members of Mentor to access their accounts in the Sacco through Automatic teller machines. It had also partnered with safaricom for their money transfer product Quick Cash and with the Cooperative Insurance Group, they had partnered and come up with an Agency Mentor Insurance Agency. Cordic are the providers of software and hence they have to keep on consulting to upgrade or introduce other services.

The results of the study established that monitoring and evaluation existed in Mentor Sacco society Ltd. The interviewees indicated that monitoring and evaluation was done regularly on monthly, quarterly, semiannually and annually. They indicated it was done through performance contract, budgets, senior management meetings and reports at project management levels, board of directors meetings, supervisory board meetings, joint board and supervisory board meetings, joint staff and board meetings and joint board and senior staff meetings. Mentor Sacco has various tools for monitoring and evaluation key among them quarterly economic reports, trial balance, management reports, internal as well as external auditors reports, Sasra reports among others.

The study indicated that challenges facing Mentor Sacco included projects lagging behind schedule. Inadequate budgetary allocation, lack of well-defined roles, need to meet compliance issues by the regulator for example on opening or closing of branches and branch offices where authority to do so is a requirement. Other challenges include inadequate planning due to unforeseen circumstances or other obstacles which comes in during implementation and have to be soughted out before proceeding on.

5.3 Conclusion

The study established that Mentor Sacco has been on strategic plan since year 2006. The planning process was work of the senior management i.e. Chief executive officer and departmental heads plus the board in liaison with a consultant. The participation of individual members and other staff is minimal as only views of the selected few are considered if any in very exceptional circumstances like reviewing products and services offered. The Sacco is guided by its vision and mission statement together with its core values and the cooperative principles.

The strategies were implemented through annual budgets and performance contracts. The implementation was however described as unsatisfactory by some as the plans are rarely updated and not all stakeholders are fully involved and the organizational goals and targets are not fully met. The top management provided leadership while senior management monitored implementation and other staff ensured the tasks are carried out and the targets are met.

5.4 Recommendations

The study findings established that planning process existed at Mentor Sacco. The planning process was mainly done by the senior management and consultants in liaison with board of directors which left other staff and stakeholders. The study recommends a more inclusive process to enhance teamwork and coordination across the whole organization. This would bring in more staff and general members as well as key stakeholders.The results of the study also revealed that someinterviewees described the implementation of the strategies as unsatisfactory due to the fact that the strategies had not achieved their intended targets in full. The study recommends that middle managers and other members of staff be involved in a bigger way in formulation (planning) as well as implementation for the intended targets to be fully met or even exceeded. Involvement of the middle cadre and other staff as well as members in general through better dissemination of information will allow not only ownership of the process but also support and patronage ofSacco products and services. It will also make implementation easier as the process and intention is understood.

The study established that there were many challenges in strategy implementation process such as lack of adequate resources, projects lagging behind schedule, lack of specialized skills in some areas. The study recommends that the management should implement projects in phases in line with its resources and its strategic plan for successful implementation and for Mentor Sacco to reap maximum returns. The study further recommends management to bridge the staff requirements especially in specialized areas well in advance through forward planning so that it is adequately prepared when implementing strategies. The challenges are not limited to

Mentor savings and credit cooperative society ltd alone, the study recommends that the management of other savings and credit cooperatives may adopt the findings of the study.

5.5 Limitations of the study

The following were the limitations of the study:-Most of my interviewees in the board are usually very busy people. As such it required a lot of patience so as to get time convenient to both parties. At times appointments were not met and had to be rescheduled hence the interviews took a little more time than I expected. The majority of them were held up by official duties where the majorities are head teachers. One of the interviewees went outside the country before I could interview her, and had therefore to wait for her return.

The other limitation was time. I had to share my time between my research project and official duties that I had to perform for my employer. I was at times too tired and no time left to make progress on the research project.

5.6 Suggestion for future research

This study was done on the strategic management practices at Mentor savings and credit cooperative society only. It is suggested that similar study should be replicated in other savings and credit co-operatives, with the aim of comparing strategic management practices their benefits and challenges encountered in implementations.

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Appendix I: Introductory letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
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Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 29/5/2014

APPENDIX 1

TO WHOM IT MAY CONCERN

The bearer of this letter NDERU JOHN MBAKI

Registration No. D61/75803/2012

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
29 MAY 2014
MBA OFFICE
P.O. Box 30197 – 00100, NAIROBI

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

Appendix II:

INTERVIEW GUIDE QUESTIONS

This questionnaire is meant for academic purpose only. Any information provided will be treated with a lot of confidentiality. Kindly assist in filling this questionnaire.

SECTION A: DEMOGRAPHIC DATA

Please tick as appropriate

1 Indicate your gender

(a) Female ☐ (b) Male ☐

2 Age bracket

(a) Under 35 years ☐

(b) 35 – 44 years ☐

(c) 45 – 54 years ☐

(d) 55 years and above ☐

3 How long have you been in the service of Mentor Sacco?

(a) 1 - 5 years ☐

(b) 6 - 10 years ☐

(c) 11 – 15 years ☐

(d) 16 years and above ☐

SECTION B: COOPERATIVE PROFILE

Q.4 What is the size of the cooperative?

(a) Large (b) Medium (c) Small

Q.5 What is its age?

Q.6 What is the nature of business?

Q.7 How many employees has the cooperative employed?

SECTION C: STRATEGY FORMULATION AND PLANNING PROCESS

Q.8 What are the Vision, Mission and values of your organization?

Q.9 How do you do strategic management planning at Mentor Sacco?

Q.10 What are the management strategies at Mentor Sacco?

Q.11 What influences strategies at Mentor Sacco?

Q.12 What are the benefits of strategic management practices?

SECTION D: STRATEGY IMPLEMENTATION

Q.13 How are strategies implemented?

Q.14 How do you monitor and evaluate strategies?

Q.15 Were you involved in formulation of organizational structure?

Q.16 What role does various levels of staff play in implementation of strategy?

Q.17 How important is strategy implementation to Mentor Sacco?

Q.18 What is the contribution of I.C.T.in strategic implementation?

Q.19 How did you decide which projects/processes would be used to realize the strategy chosen?

Q.20 In your own words how would you describe Mentors prevailing organizational culture?

Q.21 How is the leadership at Mentor Sacco?

SECTION E: CHALLENGES TO STRATEGY IMPLEMENTATION PROCESS

Q.22 What challenges are there in strategy implementation process?

Q.23 Why do you think these challenges exist?

Q.24 What do you think Mentor should do to overcome the challenges mentioned above?

Mentor SACCO Society Ltd Organizational Structure