

Challenges of Strategy implementation at National Social Security Fund In Kenya

BY

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A Management Research Project submitted in Partial fulfillment of the requirements of the degree of Master of Business Administration (MBA) School of Business, University of Nairobi.

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DECLARATION

This Research study is my original work and has not been presented for award of master of business administration in any other institution of higher learning. No part of this research should be produced without my consent or that of University of Nairobi.

NELSON K TONUI- D61/70090/2008

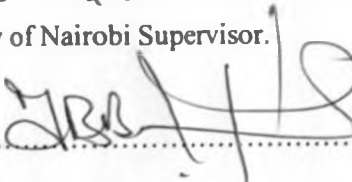
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Date.....11/11/09.....

This management project has been submitted for examination with my approval as the University of Nairobi Supervisor.

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I must thank our almighty God for his gift of life, kindness, mercies and grace from which I got my courage and strength every day while pursuing the course. I also wish to register my deep gratitude and appreciation to NSSF management for having allowed me to pursue the course and to all those staff who accepted my request and granted me time and opportunity to interview them, my friend Epraheam Musale who encouraged me during difficult times and shared useful information. I am equally indebted to my family for the sacrifice and their provision.

Special thanks go to my supervisor, Dr Zachary Bolo Awino for his guidance, support tireless efforts and commitment that made this research paper accomplished may God bless him abundantly. Not forgetting all the lecturers of the University of Nairobi for having spent their valuable time in imparting knowledge to us in this dynamic society.

DEDICATION

This research project is dedicated to my family, my wife Emmily and my two children for their moral support, patience and understanding without which this project and course could not have succeeded.

ABBREVIATIONS

CEO	Chief Executive Officer
COTU	Central Organization Trade Union
ILO	International Labour Organization
NSSF	National Social Security Fund
NSSPT	National Social Security Pension Trust
IT	Information Technology

ABSTRACT

Social security is an important sector in the economy of a country in terms of economic growth. Indeed the year 2009/2010 budget speech the minister for finance Hon Uhuru Kenyatta underscored the contribution made by NSSF in the stock exchange and directed that in future the institution will be required to invest in Government treasury bills and bonds in order to boost economic growth. Strategic management stresses the importance of all functional departments being integrated to achieve the organizational goals and objectives. It consists of three stages formulation, implementation and evaluation. Converting strategy into action is the implementation part of it. Strategy implementation is considered the most difficult stage in strategic management it requires commitment and sacrifice among others. Strategy formulated and not formulated serves no purpose at all. The study sought to determine the challenges facing NSSF in strategy implementation because implementing strategy is a change process which break or make the best strategy, as some writers put it "the devil is in the detail". Strategy implementation is tough, time consuming and faces resistance because people fear the implications. Being a case study the researcher utilized an interview guide for more comparability and the interviewer's neutrality. Data collected was analyzed using content analysis because of its qualitative nature. Four key departments (Research & Development, Human resource and administration, finance and Information Technology which coordinate formulation and implementation of strategy were chosen to participate in the study to avoid duplication of data had more interviews been undertaken. Primary data was collected using an interview guide. Content analysis was used to analyse the data which confirmed challenges faced by NSSF in strategy implementation as organization structure, culture, communication, reward system, power & politics, leadership and change management process.

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CHAPTER ONE

INTRODUCTION

This chapter is devoted to define the general area under study that calls for a need to investigate in order to determine the solution. The chapter is organized in to sub headings, which includes background of the study, strategy implementation, national social security fund in Kenya, statement of the problem, objective of the study, importance of the study and structure of the report.

1.1 Background of the Study

According to Ansoff (1988) strategic management is concerned with the broad, long term future of an organization and the way it will prepare for change to the extent that change is perceived as necessary prerequisite of future continued success. Strategic decisions and plans are thus subject to greater uncertainty than either administrative or operations decisions. He asserted that these decisions are primarily concerned with external rather than internal aspects of the firm. Other thinkers in the same discipline asserted that the internal situation is at least as important as the external one when considering strategy because the essential of the development of strategy is the matching of the organization's internal capabilities with the external possibility that an element in this coupling cannot be more or less important than the other.

Johnson & Scholes (2001) recognize that strategic management is different from other aspects of management and considers it to be comprised of the process of strategic analysis, strategic choice and strategy implementation. While this is a theoretical model of strategic management approach, the authors caution managers to avoid considering strategic management as an orderly sequence of steps that happen in a linear manner. The primary tasks of strategic management are to understand the environment, define organizational goals identify options to make and implement decisions and evaluate actual performance.

According to Pearce & Robinson (2007) strategic management is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve an organization's objective via formulating the mission, developing the profile, assessing the external environment, analyzing the options, selecting the most appropriate option, developing the long range objectives, implementing the strategic choices by means of budgeted resource allocations and evaluating the success of the strategic process as an input for future decision making. David (1997) on the other hand defined strategic management as "the art and science of formulating, implementing and evaluating cross-functional decisions that enables an organization to achieve its objectives".

Strategic management is a process of developing a vision and mission, setting objectives, crafting a strategy, implementing the strategy and evaluating performance by reviewing the situation (Thompson & Strickland, 1983). Byars (1987) defines strategic management as that management which is concerned with decisions about an organization's future direction and implementing those decisions. He explained that these decisions can be broken down into two phases, strategy planning and strategy implementation. Strategy planning is concerned with defining the philosophy and the mission of the organization, establishing long and short range objectives to achieve the stated objectives. Strategy implementation is concerned with making decisions with regard to structure, activity and effectiveness of the organization in view of the mission and the stated objectives.

Wheelen & Hunger (1986) defined business policy and strategic management as a process that involves four basic element, environmental scanning, strategy formulation, strategy implementation and strategy evaluation and control. Unlike long range planning, strategic management focuses on the environmental assumptions that underlie market trends and incorporates the possibility that changes in trends can and do take place, and not based on the assumption that adequate growth can be assured (Elliot & Lawrence 1985). In addition, strategic management focuses more closely on winning market share from competitors rather than assuming that organizations can rely solely on expansion of markets for their growth (Hax & Majluf, 1996).

1.1.1 Strategy Implementation

Strategy formulation is the beginning of a challenging and delicate task where leaders cannot afford to be abstract or desk oriented, but at the fore front in dealing with sensitive issues involved in strategy implementation such as resource mobilization, restructuring, culture changes, technological changes, process changes, policy and leadership changes. If implementation is not effectively managed, the strategic plan may amount to being mere “white elephant” and nothing more. Strategy may be good but if its implementation is poor the strategic objective for which it was intended will not be achieved. A well developed strategy and executed well results in the success of the firms operations. While implementation of strategy is such an important activity, it is not easy. Hence strategy should be effectively operationalized and institutionalized in the organization for effective implementation (Johnson, 1987).

Strategy implementation is the process by which strategies and functional policies are put into action through the development of action plans, goals, programmes, budgets, procedures, structures, cultures, motivation, communications, leadership, allocation of resources, working climate and enforcement. Therefore strategy implementation is inward looking and calls for the use of managerial and organizational resources to direct resources towards accomplishing strategic results. It involves converting the strategic plan into action and then into results. Strategy implementation is said to be successful if the organization achieves its mission and objectives through the envisaged functional policies. As a process, it is concerned with monitoring the effectiveness of the objectives and the functional policies towards the mission and it is primarily the function of employees of the firm. It is apparent then that whatever nature of the decision and the level in the organization at which it is taken, the decision will only be regarded as effective if it is supported by the people who must implement, and if it achieves the objectives it is related to. (Sababu, 2007).

Positions of authority and responsibility are important in strategy implementation, but also important are the people in those positions. These must be people with leadership who can influence action towards the desired direction. The influence depends on the

leader's personality, style, commitment, reputation, attitude and aptitude, skills and experience. Strategy implementation requires leaders who can influence members of the organization to focus their effort in the same direction, for example unity of direction through teamwork or team spirit. A Chief Executive of a company and his management team for instance should be at the forefront, providing the necessary leadership. Transformational leaders rather than conservative leaders are required for strategy implementation because strategy implementation involves change. A transformational leader is one who is always on the move for change for instance "thinks, talks, and dreams of change all the time" (Sababu, 2007).

The Leadership should provide a vision, initiative, motivation, and inspiration in steering the organization to undertake changes required in strategy implementation. The Chief Executive should cultivate team spirit and act as a catalyst in the whole strategy implementation process. The other managers need to team up with the CEO in the implementing strategy. Their motivation and commitment to the strategy greatly enhances successful implementation. Implementation of strategy may require leadership changes through: transfers, retirements, demotions, promotions, hiring, and training. Some of these are necessary to pave way for the desired leadership (Yabs, 2007).

The corporate culture (set of common values, attitudes and beliefs that members share in common) of the organization needs to be compatible with the strategy being implemented. When culture influences actions of employees to support current strategy, implementation is strengthened. More often organizational culture is not compatible with the strategy because of mistrust and suspicion making implementation difficult. Organizational leadership and management role is to align the organization culture with strategy (Pearson & Robinson, 2007).

1.1.2 National Social Security Fund In Kenya

Social security systems in one form or the other have been an integral part of human civilization from the beginning of time. In the old days communities observed some standard traditional practices and social norms. There were unwritten rules on how to

take care of the disadvantaged members of the community such as the young, the sick and the elderly. Members in the traditional society also helped one another to accomplish tasks such as cultivation, building of houses and ceremonies. All these customary and cultural practices were a form of social security which served society very well until the dawn of colonialism. Introduction of the modern economy led to family and societal ties virtually disappearing, because people left their homes to work for government, private commercials and industrial enterprises with employees from divergent cultural background. The breakdown of the old social security had to be replaced by appropriate formal schemes. Certain categories of workers in the public service were covered by the pension schemes while some in private sector were offered some forms of medical and retirement benefits. The majority of the workers were however not covered by any formal retirement benefit arrangements. It was therefore considered prudent to establish a national scheme that was to ensure that every worker was provided with minimum social security protection. Hence the establishment of NSSF by an Act of parliament Cap 258 in 1965, and commenced operations in 1966 as a department in the ministry of labour.

National Social Security Fund is charged with the responsibility of operating a provident fund scheme to provide basic social security to all workers in Kenya who were not covered by other guaranteed pension scheme. The main activity is to ensure compliance with the requirements of the Act (Cap 258). This entails registration of eligible members receiving their contributions investing them as stipulated by the Act and paying out benefits to beneficiaries under the specified contingencies. But its membership grew and operations became complex the Act was amended in 1987 to transform it in to an autonomous state corporation. In 1988 board of trustees nine (9) members were created with members from federation of employers (FKE), central organization of trade unions (COTU) and Government. This composition of board of trustees was meant to accommodate the views and aspirations of the three key social partners (Government, Workers and Employers representatives) in the policy formulation and the running of the organization. Given the limitation of the existing provident fund, the social partners have embarked on an ambitious reform programme intended to amend the NSSF Act and convert it into National Social Security Pension Trust (NSSPT) which will eventually

pay life time monthly pension to the workers upon retirement. The converted NSSF will serve as the 1st pillar of social security leaving occupational and private schemes to compliment it as the 2nd and 3rd pillars respectively.

Under the international labour organization (ILO) convention, social security is defined as: “The protection by society to its members through a series of public measures against economic and social distress that would otherwise be caused by the loss or substantial reduction of earning resulting from sickness, maternity, employment injury, loss of employment, disability, old age and death: the provision of medical care and provision of subsidies to families with children”. Social security is a complex undertaking and takes many forms of administration. In most western industrialized countries they operate social welfare insurance pension schemes. In such schemes the workers share inherent risks covered by the administering organization and the rate of contribution are usually a percentage of individual earnings. However in many of the low income developing countries Kenya included most common form of the social security administered are provident fund. Provident funds such as NSSF are compulsory saving schemes where members contribute a proportion of their monthly salary and when they eventually qualify under any of the specified contingencies they are paid in lump-sum. Such benefits are the total sum of their contributions and percentage of returns earned from investments during the period in which contributions are held by the fund.

According to the international labour organization (ILO), about 80% of the world's populations have no access to formal social security beyond possibilities presented by informal networks such as family kingship groups or communities. In other words four out of every five people in the world live in conditions of social insecurity. This proportion is even higher in countries of sub- Saharan Africa where more than 90% of the population is generally not covered under any social security scheme. In Kenya existing pension schemes are limited to formal sector workers. ILO estimates that about 84% of the labour force is excluded while those covered receive benefits that fall short of their basic needs.

In Kenya, the achievement of universal and affordable access to social security, reduction of income insecurity, reduction of the unequal access to opportunities and removal of discrimination has been slow due to resultant burden on existing social security arrangements, changing family structures and values. Despite this glaring need, Kenya does not have a conducive constitutional, legislative, policy and institutional environment. First the constitution of Kenya, which is the country's supreme law that provides for other fundamental rights and freedoms, does not recognize the right to social security. The Government has not domesticated the provisions of international treaties and conventions on the right to social security, a pre-requisite before such provisions can be invoked in domestic court. Secondly, Kenya does not have an official policy on social security, social insurance or other form of social security protection. This implies that whatever legislative or institutional interventions exist or are made from time to time do not flow, emanate or derive from a clear, central coordinated policy locus.

1.2 Statement of the Problem

According to International Labour Organization (ILO) research, Kenya does not have universal social security coverage neither does it possess a Conducive constitutional legislative policy and institutional environment. For instance the NSSF Act (Cap258) fails to enhance the enjoyment of the right to social security by placing a lot of emphasis on certain categories of workers thereby discriminating against the unemployed and other categories of workers such as casuals' workers and those working in the informal sector. This has seriously affected the formulation and implementation of strategies in the sector. For meaningful social security growth and development there is need to adopt modern methods of strategic management, with special emphasis on strategy implementation, as it make or break the best strategy.

NSSF has for many years been the only National social security provider in the country, its efficacy in promoting the realization of the right to social security was undermined by allegations of operational malpractice including political interference in its management, nepotism in the hiring of fund staff, corruption and embezzlement of funds. In the 1990s the challenges facing NSSF increased. These included calls for more transparency and

accountability at NSSF operations and the soundness and prudence of its investments. Members began to demand efficient and reliable services. In order to fulfill these demands and tackle the challenges facing it, NSSF needed strategic thinking, clear mission and vision of its future. To help realize the above objective, the first strategic plan was therefore developed in 1994. This implies that strategic management is a recent phenomenon at the NSSF.

Strategic management helps organization to gain and sustain competitive advantage and to be more proactive than being reactive in coping with the changes in the competitive environment by executing formulated strategies (Covey, 2004). Competitive and changing macro environment requires commitment, sacrifice and effective organizational structure. Previous studies show that strategy implementation is considered the most difficult stage in strategic management process. Because to execute strategy is to implement change at all level of organization. Some of the challenges encountered are poor corporate governance, negative organizational culture, lack of understanding of strategy, poor communication and poor leadership. However Strategy implementation has started getting attention from a number of companies leading to a number of research studies being carried out over the years which include, strategy implementation and its challenges in NGOs in Kenya case study of AMREF (Muthuiya, 2005), challenges facing K-REP Bank in implementing strategic plans (Benson, 2006), challenges of strategy implementation at Kenya Industrial Estates (Ochanda, 2006), challenges of strategy implementation in the scripture union of Kenya (Nguma, 2006), challenges for strategy implementation in Barclays Bank Limited (Githui, 2006), and challenges faced by the university of Nairobi in implementing competitive strategies (Oyugi, 2007). But there is no known study that has been conducted on the challenges of strategy implementation in pension sector and specifically National social security Fund. The study therefore seeks to bridge the existing gap by establishing challenges facing strategy implementation at National Social Security Fund and make recommendation on the way forward.

1.3 Objective of the Study

To determine the challenges NSSF is facing in strategy implementation.

1.4 Importance of the Study

The findings of this study will augment existing knowledge which can be used by academicians, scholars and researchers as reference point in examining challenges of strategy implementation. The finding will also assist leadership and management of NSSF in solving the problems that exists between strategy formulation and execution. Results of this study will provide an in-depth understanding and valuable information on challenges of strategy implementation. Finally social security providers will have vital information using recommendations arrived at to develop better structures, systems and policies for industry to improve its service delivery.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is devoted to review of literature related to overview in strategic management concept, strategy implementation and challenges of strategy implementation.

2.2 Overview of Strategic Management Concept

According to Ansoff (1988) strategic management is concerned with the broad, long term future of an organization and the way it will prepare for change to the extent that change is perceived as necessary prerequisite of future continued success. Strategic decisions and plans are thus subject to greater uncertainty than either administrative or operations decisions. He asserted these decisions are primarily concerned with external rather than internal aspects of the firm. Other thinkers in the same discipline asserted that the internal situation is at least as important as the external one when considering strategy because the essential of the development of strategy is the matching of the organization's internal capabilities with the external possibility that an element in this coupling cannot be more or less important than the other. Strategic management is a game plan for growing business, staking out a market position, attracting and pleasing customers, competing successfully, conducting operations, and achieving targeted objectives (Thompson, Gumbe & Strickland, 2006).

Johnson & Scholes (2001) recognize that strategic management is different from other aspects of management and considers it to be comprised of the process of strategic analysis, strategic choice and strategy implementation. While this is a theoretical model of strategic management approach, the authors caution managers to avoid considering strategic management as an orderly sequence of steps that happen in a linear manner. The primary tasks of strategic management are to understand the environment, define organizational goals identify options make and implement decisions and evaluate actual performance.

According to Pearce & Robinson (2007) strategic management is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve an organization's objective via formulating the mission, developing the profile, assessing the external environment, analyzing the options, selecting the most appropriate option, developing the long range objectives, implementing the strategic choices by means of budgeted resource allocations and evaluating the success of the strategic process as an input for future decision making. David (1997) on the other hand defined strategic management as "the art and science of formulating, implementing and evaluating cross-functional decisions that enables an organization to achieve its objectives".

Strategic management is a process of developing a vision and mission, setting objectives, crafting a strategy, implementing the strategy and evaluating performance by reviewing the situation (Thompson & Strickland 1993). Byars (1987) defines strategic management as that management which is concerned with decisions about an organization's future direction and implementing those decisions. He explained that these decisions can be broken down into two phases, strategy planning and strategy implementation. Strategy planning is concerned with defining the philosophy and the mission of the organization, establishing long and short range objectives to achieve the stated objectives. Strategy implementation is concerned with making decisions with regard to structure, activity and effectiveness of the organization in view of the mission and the stated objectives.

According to Mintzberg *et al* (1998 b), there are five main interrelated meaning of Strategic management. Strategy as a plan, a "how", according to this view strategy is a means of getting from here to there or some form of consciously and purposefully intended course of action which is created a head of events or actions to which they apply. If the strategy is specific it constitutes a ploy for example where strategy is to manoeuvre to outwit an opponent. Strategy as a pattern is where an organization has acted in a consistent manner over time whether consciously or not the organization exhibits a consistent pattern of behaviour whether intended or not intended. Strategy as a position is about positioning the organization in order to achieve or maintain a sustainable competitive advantage. Mintzberg *et al* (1998 b), argue that most

organization avoid head on competition but seek to achieve a position where their competitors cannot or will not challenge them. Strategy as perspective is its content consisting not just of a chosen position but of an ingrained way of perceiving the world. What is important is that everyone in the organization shares a common view of its purpose and direction which, whether people are aware of it or not, informs and guides decision making actions. Minzberg argues that strategy emerges over time as intentions collide with and accommodate a changing reality.

Porter (1985) pointed out that the key task of strategic management is thinking through the overall mission and vision of the business. That is asking the questions what is our business? Where are we? Where do we want to go? And how do we get there? This leads to the setting of objectives, development of strategies and making of today's decisions for tomorrow's results. This must be done by those in the organization who can see the entire business that can allocate human and financial resources to key results. Jauch & Glueck (1998) defines strategic management as a stream of decisions and actions, which leads to the development of effective strategies to help achieve corporate objectives.

2.3 Strategy Implementation

Strategy formulation is the beginning of a challenging and delicate task where leaders cannot afford to be abstract or desk oriented, but at the fore front in dealing with sensitive issues involved in strategy implementation such as resource mobilization, restructuring, culture changes, technological changes, process changes, policy and leadership changes. If implementation is not effectively managed, the strategic plan may amount to being mere "white elephant" and nothing more. Strategy may be good but if its implementation is poor the strategic objective for which it was intended will not be achieved. A well developed strategy and executed well results in the success of the firms operations. While implementation of strategy is such an important activity, it is not easy. Hence strategy should be effectively operationalized and institutionalized in the organization for effective implementation (Johnson, 1987).

Strategy implementation is the process by strategies and functional policies are put into action through the development of action plans, goals, programmes, budgets, procedures, structures, cultures, motivation, communications, leadership, allocation of resources, working climate and enforcement. Therefore strategy implementation is inward looking and calls for the use of managerial and organizational resources to direct resources towards accomplishing strategic results. It involves converting the strategic plan into action and then into results. Strategy implementation is said to be successful if the organization achieves its mission and objectives through the envisaged functional policies. As a process, it is concerned with monitoring the effectiveness of the objectives and the functional policies towards the mission and it is primarily the function of employees of the firm. It is apparent then that whatever nature of the decision and the level in the organization at which it is taken, the decision will only be regarded as effective if it is supported by the people who must implement, and if it achieves the objectives it is related to. (Sababu, 2007).

Managing the implementation and execution of strategy is an operations oriented, make things happen activity aimed at shaping the performance of core business activities in a strategy supportive manner. It is the most demanding and time consuming part of the strategy management process. Converting strategic plans into actions and results tests a manager's ability to direct organizational change, motivate people, build and strengthen company competencies competitive capabilities, create a strategy supportive work climate, and meet or beat performance targets (Thompson *et al*, 2006).

Positions of authority and responsibility are important in strategy implementation, but also important are the people in those positions. These must be people with leadership who can influence action towards the desired direction. The influence depends on the leader's personality, style, commitment, reputation, attitude and aptitude, skills and experience. Strategy implementation requires leaders who can influence members of the organization to focus their effort in the same direction, for example unity of direction through teamwork or team spirit. A Chief Executive of a company and his management team for instance should be at the forefront, providing the necessary leadership.

Transformational leaders rather than conservative leaders are required for strategy implementation because strategy implementation involves change. A transformational leader is one who is always on the move for change for instance “thinks, talks, and dreams of change all the time” (Sababu, 2007). The Leadership should provide a vision, initiative, motivation, and inspiration in steering the organization to undertake changes required in strategy implementation. The Chief Executive should cultivate team spirit and act as a catalyst in the whole strategy implementation process. The other managers need to team up with the CEO in the implementing strategy. Their motivation and commitment to the strategy greatly enhances successful implementation. Implementation of strategy may require leadership changes through: transfers, retirements, demotions, promotions, hiring, and training. Some of these are necessary to pave way for the desired leadership (Yabs, 2007).

Strategy implementation is an integrated process that involves allocation of resources to support the chosen strategies. It includes the various management activities that are necessary to put strategy in to motion, institute strategic controls that monitor progress and ultimately achieve organizational goals. To effectively direct and control the use of the firm’s resources, mechanisms such as organizational structure, information systems, leadership styles, assignment of key managers, budgeting, rewards and control systems are essential strategy implementation ingredients (Pierce & Robinson 1998). Higgins pointed out that almost all the management functions, planning, controlling, organizing, motivating, leading, leading, directing, integrating, communicating and innovation are in some degree applied in the implementation process. Good strategy implementation requires creating strong fits between strategy and organizational capabilities, between strategy and organization’s climate and culture, between strategy and reward, between strategy and operating systems. The stronger the fits that is, the more the company’s capabilities, culture, reward structure, and internal operating systems facilitate and promote proficient strategy implementation, the better the implementation and the higher the company’s odds of achieving its performance targets (Thompson *et al*, 2006).

2.4 Challenges of Strategy implementation

Peters & Waterman (1982) developed McKinsey 7 S framework model which comprise seven interdependent factors namely structure this is the way the organization is structured and the chain of command, strategy is the plan devised to maintain and build competitive advantage over the competition, systems are the daily activities and procedures that staff members engage in to get job done, shared values these are the core values of the company that are evidenced in the corporate culture and the general work ethic, style is the leadership style adopted, staff are the employees and their general capabilities and skills are the actual skills and competences of the employees working for the company.

McKinsey 7S framework has been categorized in to “hard” or “soft” elements. The first three factors structure, strategy and systems are referred as hard elements because they are easier to define or identify and management can influence them. The last four factors shared values, style, staff and skills are on other hand known as soft elements since they are more difficult to describe and less tangible and more influenced by culture. All these elements are important for the success of the organization. The model is one that can be applied to almost any organizational or team effectiveness issue. If something within your organization is not working chances are there is inconsistency between some of the elements identified by this classic model. Once these inconsistencies are revealed you can work to align the internal elements to make sure they are all contributing to the shared goals and values.

Strategy implementation is critical to success, it represents a disciplined process or a logical set of connected activities that enables an organization to take a strategy and make it work. Without a careful planned approach strategic goals cannot be achieved. Developing such a logical approach however represents a formidable challenge to management. A host of challenges which are either internal or external to the organization routinely get in the way of strategy implementation stage. These challenges are discussed under various sub-heading below.

2.4.1 Leadership

Leadership is about coping with change. It has become so important in the recent years because the business world has become more competitive and more volatile. The net result is that doing what was done yesterday, or doing it five percent better is no longer a formula for success. Major changes are more and more necessary to survive and compete effectively in this new environment. More change always demands more leadership (Kotter 1990). Organizational leadership is the process and practice by key executives of guiding and shepherding people in an organization toward a vision over time and developing that organization's future leadership and organization culture.

Organizational leadership then involves guiding the organization to deal with constant change by embracing change through strategic intent clarification and providing the management skill to cope with the ramifications of constant change. The leadership challenge is to galvanize commitment among people within an organization as well as stakeholders outside the organization to embrace change and implement strategies intended to position the organization to succeed in a vastly different future (Pearson & Robinson, 2007).

Leadership is the ability possessed by some individuals to influence others to behave and do certain things as directed. This is usually provided by Chief executive officer of the firm assisted by a team of managers. Chief executive officer wields a lot of power in influencing the choice of a strategy and its implementation. The success of the strategy implementation as well overall performance depends largely on the efforts of the CEO (Yabs, 2007). The challenge is if the Chief executive officer and others in the management positions possess the characteristics such as leadership skills, appropriate character, relevant experience and capabilities to accomplish the intended objectives of the company.

2.4.2 Financial Resources

Strategy implementation and execution requires managers to determine what resources will be needed and then consider whether the current organizational budgets are suitable. Organizational units must have the financial resources for implementing their parts of the strategic plan effectively and efficiently. Developing strategy implies that top management will determine funding needed for implementation of new strategic initiatives and to strengthen or modify the company's competences and capabilities. If internal cash flows are insufficient to fund the planned strategic initiatives, then the management must raise additional funds through borrowing or selling other organizational assets. A company's ability to pull resources needed to fund strategy implementation cannot be underscored. Too little funding as result of constrained finances or sluggish management action to adequately provide funds to critical and pivotal organizational units slow effective strategy implementation and impedes the drive for strategic success. A change in strategy calls for budget reallocations. Units important in the prior strategy but having lesser role in the new strategy may need down sizing. Units that now have bigger and critical role may need more people, new equipment, additional facilities, and above average in their operating budgets (Thompson *et al*, 2006).

2.4.3 Structure

According to Johnson, Scholes & Whittington (2006) structures are important aspect of organization's configuration is the ability to integrate the knowledge and activities of different parts of an organization both horizontally and vertically and with other organization particularly within the value chain. Organization structure is a formal arrangement of roles and relationships of departments, sections and concerned individuals so that the work directed towards meeting goals and accomplishing the mission of the organization. Change in strategy often requires changes in the way an organization is structured because structure dictates how objectives and policies will be established and how resources will be allocated.

Organization structure is determined by the size, stage in which the organization is in, the complexity, diversity and the inter-dependence of tasks, the environment and the ideology which could either be a limiting or a driving force. Successful strategy implementation depends to a large extent on the organization structure because structure identifies key activities within the organization and the manner in which they will be coordinated to achieve the strategy (Sababu, 2007). Hence strategic implementation will be held back because of the traditional structures and roles that do not match future and current strategies.

In a highly centralized organizational structure, top executives retain authority for most strategic and operating decisions and keep a tight rein on business-unit heads, department heads and the managers of key operating units comparatively little discretionary authority is granted to frontline supervisors and rank and file employees. The command and control paradigm of centralized structures is based on the underlying assumption that frontline personnel have neither time nor the inclination to direct and properly control the work they are performing and that they lack the knowledge and judgment to make wise decisions about how best to do it hence the need for managerially prescribed policies and procedures, close supervision and tight control. Hierarchical command and control structures make an organization sluggish in responding to changing conditions because of the time it takes for review/approval process to run up all the layers of the management bureaucracy. Furthermore to work well centralized decision making requires top level managers to gather process whatever information is relevant to the decision. When the relevant knowledge resides at the lower organizational levels, it is difficult and time consuming to get all of the facts and nuances in front of a high level executive located far from the scene of action full understanding of the situation cannot be readily copied from one mind to another (Thompson *et al*, 2006).

2.4.4 Culture

The corporate culture (set of common values, attitudes and beliefs that members share in common) of the organization needs to be compatible with the strategy being implemented. Management usually find it difficult to think through the relationship between firms culture and critical factors on which strategy depends, however they recognize that it influences the ways in which how key managerial tasks are executed.

When culture influences actions of employees to support current strategy, implementation is strengthened. Often organizational culture is not compatible with the strategy because of mistrust and suspicion making strategy implementation difficult. Consequently Organizational leadership in managing the strategy-culture relationship requires sensitivity to the interaction between changes necessary to implement the new strategy and the compatibility or fit between those changes and the firm's culture (Pearson & Robinson, 2007).

Organizational culture is the basic assumptions and beliefs that are shared by members of an organization that operate unconsciously and define in a basic taken-for granted fashion an organization's view of it and its environment (Schein, 1985). Culture can create rigidities if an organization has to change strategy. Resistance to change may be legitimized by cultural norms. For instance, plans to de-skill service delivery through routinization (IT systems) and the use of non-professional staff may be a logical strategy to pursue in terms of improving value to customers, but it is likely to be resisted by professional staff (Johnson et al, 2006).

Culture in an organization is reflected in the way people unconsciously perform tasks, set objectives and administer resources to achieve them. It affects the way they make decisions, think, feel and act in response to opportunities and threats. Culture therefore influences the selection of people in particular jobs, which in turn affect the way the tasks are carried out and decisions are made. Organizational culture is said to be positive when its members support top management and relationship between workforce and management is good. This is usually the case when there is effective communication between various levels in the organization and profits and losses are perceived to be

shared fairly whether expressed in pay or benefits. While organization culture is said to be negative when relationship between employees and the management is bad and employees are informally united against official structures because they do not trust the management (Sababu, 2007). More often there is existence of mistrust and suspicion thereby making strategy implementation difficult.

A company's present culture and work climate may or may not be compatible with what is needed for effective implementation and execution of chosen strategy. When a company's present work climate promotes attitudes and behaviors that are well suited to first rate strategy execution its culture functions as a valuable ally in the strategy execution process. When culture is in conflict with some aspect of the company's direction, performance targets, or strategy, the culture becomes a stumbling block (Thompson *et al*, 2006).

2.4.5 Communication

Communication is the process of transmitting information from one person to another through specific channel in a given environment. It refers to the process of sharing ideas, facts, opinions, and emotions. It is said to be strategically complete when there is a directional reaction towards the mission or feedback. In organizational strategy implementation, communication flows in three directions, downwards, upwards and lateral or horizontal. In all these channels of communication, networking should be the focal point because all positions in an organization matter. Communication barriers to strategy implementation in an organization arise from individual bias, status difference in message interpretation, inappropriate channels of communication, too many intermediaries, fear of criticism, selfishness and poor supervision (Sababu, 2007). The challenge is putting in place efficient and effective communication systems capable of demanding resources for Proper strategy implementation and directing attention to what is required. Poor communication systems make it difficult to monitor implementation and take timely remedial actions.

Management should communicate organizational changes clearly and persuasively to organization members to ensure commitment takes hold throughout the ranks to find ways to put the strategy in place, make it work and meet performance targets. Managers faced with affecting change typically underestimate substantially the extent to which members of the organization understand need for change, what it is intended to achieve, or what is involved in the changes. Feedback on communication is important, particularly if the changes to be introduced are difficult to understand or threatening or if it is critically important to get the changes right. It is rare that changes have been thought through in ways that have meaning or can be put into effect at lower level in the organization. In addition the purpose of the changes may be misunderstood or misconstrued at such levels (Johnson *et al*, 2007).

2.4.6 Human Resource and Reward Systems

Organizations are formed by groups of people who are stationed in various sections of the company to accomplish its objectives. Qualified human resource is an important factor if strategy implementation is to succeed. The firm should also develop a system of incentives that drive people to change their behaviour towards the desired goals. Systems of remuneration and compensation to pay people well must be put in place. The most common incentives included but not limited to bonuses, training opportunities, salary increments, promotions, merit awards and recognition (Yabs, 2007). The last decade has seen many firms realize that the link between compensation, particularly executive management compensation and value-building strategic outcomes within their firms was uncertain. The recognition of this uncertainty has brought about increased recognition of the need to link management compensation with successful implementation of strategies that build long term shareholder value (Pearson & Robinson, 2007). The management challenge is to match strategy with reward system through fairness and objectivity so as to motivate execution by rewarding actions consistent with strategy implementation.

Human resource being the most important asset in an organization, strategy implementation depends heavily on competent personnel, adequate competencies and competitive capabilities and effective internal organizational. Assembling a capable management team is the cornerstone of organization-building task though that is not enough because different strategies and company circumstances call for different mixes of managerial background, experiences, know how, values, beliefs, management style and personalities. Staffing the organization with the right people must go much deeper than managerial jobs in order to build an organization capable of implementing strategy. The challenge is to staff work groups with gifted imaginative and energetic people who can bring life to new ideas quickly and inject into the organization. Training and retraining are important when a company shifts to a strategy requiring different skills, competitive capabilities, managerial approaches and operating methods. Training is also important for organizational efforts to build skills based competencies (Thompson *et al*, 2006).

Organization's management usually uses an assortment of motivational techniques and rewards to enlist organizational commitment to implementing the strategy. To get employees' sustained, energetic commitment, management has to be resourceful in designing and using motivational incentives both monetary and nonmonetary. Financial incentives such as bonuses, profit sharing, base pay increases, fringe benefits and perks, non contributory pension plans and empowerment of employees in decision making are generally the most common techniques in trying to gain employees commitment to strategy implementation. One of the management biggest strategy implementation challenges is to employ motivational technique that builds wholehearted commitment to operating excellence and winning attitudes among employees (Thompson *et al*, 2006).

2.4.7 Policies

Policies are broad precedent-setting decisions that guide or substitute for repetitive or time-sensitive managerial decision making. Creating policies that guide and "preauthorize" the thinking, decisions and actions of operating managers and their subordinates in implementing the business's strategy is essential for establishing and

controlling the ongoing operating process of the firm in a manner consistent with the firm's strategic objectives. Policies often increase managerial effectiveness by standardizing routine decisions and empowering or expanding the discretion of managers and subordinates in implementing business strategies and functional tactics. Logically policies should be derived from functional tactics and in some instance from corporate and business strategies with the key purpose of aiding strategy execution (Pearson & Robinson, 2007).

Empowerment is the act of allowing an employee or individual or team the right and flexibility to make decisions and initiate action. Creating and communicating policies that empower employees help in overcoming resistance to strategic change and foster commitment to strategy implementation. However most managers and employee often prefer the latitude granted by unwritten and informal policies which often create room for favouritism, discrimination, conflicts and yields emotion based expedient or temporary valid argument for altering procedures and practices (Pearson & Robinson, 2007).

2.4.8 Power and Politics

Power is the ability of individuals or group to persuade, induce or coerce others into following certain courses of action. This is the mechanism by which one set of expectations will dominate strategic development or seek to compromise with others. Power is the mechanism by which expectations are able to influence purposes and strategies. It has been seen that in most organizations, most organizations, power will be unequally shared between the various stakeholders. In order to implement change powerful support is required from individual or group combining both power and interest, this may be chief executive, powerful member of the board or an influential outsider. To achieve this reconfiguration of power structures may be necessary, especially if transformational change is required (Johnson *et al*, 2007).

Having established this understanding, there is need to consider the implementation of strategy within a political context. However, the political aspects of management are also difficult and potentially hazardous. In overcoming resistance, the major problem may

simply be the lack of power to be able to undertake such activity. Attempting to overcome resistance from lower power base is highly problematic. In breaking down the status quo, the process becomes so destructive and takes so long that the organization cannot recover from it. If the process is to take place, its replacement by some new set of beliefs and the implementation of a new strategy is vital and needs to be speedy. It is one thing to change the commitment of a few senior executives at the top of an organization, it is quite another to convert the body of the organization to acceptance of significant change (Johnson *et al*, 2007).

According to (Pearson & Robinson 2007) direction and stability of political factors are major consideration for managers when formulating and implementing strategy. They define the legal and regulatory parameters within which organizations must operate. Political constraints are placed on firms through fair-trade decisions, antitrust laws, tax programs, minimum wage legislation, pollution and pricing policies, administrative jawboning, and many other aimed at protecting employees, consumers, general public and the environment. Because such laws and regulations are most commonly restrictive, they tend to limit the operations of the firm in carrying out fundamental changes in management of its activities. However some political actions are designed to protect and benefit firms. This is an external challenge which the firm has no control over.

2.4 9 Information Technology and Support Systems

Organizational performance depends on how well the routine activities are carried out. The efficiency and effectiveness of the routine activities reinforce implementation strategy. Having good information systems and operating data is integral to the managerial task of executing strategy successfully and achieving greater operating excellence. Well conceived state of the art information support and operating systems not only enable better strategy implementation but also strengthen organizational capabilities. Accurate and timely information about daily operations is essential if managers are to gauge how well the strategy implementation process is proceeding. Information systems need to cover customer data, operational data, employee data, supplier or partner or collaborative ally data and financial data. Real time information

systems allow management to stay on top of implementation initiatives and daily operations and to intervene if things seem to be drifting off course. Tracking key performance indicators, gathering information from operating personnel, quickly identifying and diagnosing problems and taking corrective actions are all important in the process of managing strategy implementation (Thompson *et al*, 2006).

2.4.10 Change Management

Change management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change. Many rigid managers try to use change management to regulate and direct the random and chaotic events swirling around them. They are not comfortable with letting their change management plan and path to higher performance unfold and evolve toward their vision, values, purpose, goals and priorities. Change management plans are built on faulty premise that there is a right path which can be determined in advance and then implemented (<http://www.managerwise.com>).

Changing circumstances and ongoing management's efforts to improve strategy cause a company's strategy to evolve over time. Most a time a company's strategy evolves incrementally from managements' ongoing efforts to fine tune strategy and to adjust certain strategy elements in response to unfolding events. Sometimes fine tuning the existing strategy is not enough and major strategy shifts is called for such when the strategy is failing and the company faces a financial crisis or when an important technological breakthrough occurs. Thus the company strategy at any given point is fluid, representing the temporary outcome of an ongoing process. (Thompson *et al*, 2006). Change management is a problem finding and problem solving activity. The problem is the future state to be realized, some current state to be left behind, and some organized process for getting from one state to the other (Burnes, 2004).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the research design and methodology used in the study. The chapter has been organized into research design, data collection procedures and data analysis techniques.

3.2 Research Design

This being a case study aimed at determining challenges NSSF is facing in strategy implementation, case study design is appropriate because the researcher will be able to carry out comprehensive and thorough examination of the strategy implementation challenges this particular organization is experiencing. Case study method is a technique in depth rather than breadth, places more emphasis on full analysis of limited number of events and conditions and their interrelationship. It is essentially an intensive investigation of the particular unit under consideration. The object of the case study method is to locate the factors that account for the behaviour patterns of the given unit as an integrated totality (Kothari, 2004).

According to Young (1960) case study is “a comprehensive study of a social unit be it that unit of a person, a group, a social institution, a district or community.” Case study method is a fairly exhaustive study by which an institution or group is analyzed in its relationship to any other in the group (Odum & Jocher, 1929). Other researchers who have used case study method in the past are (Muthuiya, 2005), on strategy implementation and its challenges in NGOs in Kenya case study of AMREF (Benson, 2006) challenges facing K-REP Bank in implementing strategic plans, (Ochanda, 2006) challenges of strategy implementation at Kenya Industrial Estates, (Nguma, 2006), (Githui, 2006) challenges of strategy implementation in the scripture union of Kenya, and (Oyugi, 2007), Challenges faced by the University of Nairobi in implementing competitive strategies.

3.2 Data collection

Primary data sources have been utilized to collect the relevant data for the study through a structured interview guide (appendix 1). The guide has been structured in to two parts, section A to cater for personal information and section B to address strategy implementation challenges. Part B consisted of open ended questions. Structured interviews permit more direct comparability of responses, question variability has been eliminated and thus answer variability is assumed to be real. Also in the structured interview, the interviewer's neutrality would be maintained (Cooper & Schindler, 2006).

The researcher interviewed four departmental managers or their assistants who head the research and development, human resource and administration, finance and information technology. It is these managers who are responsible for the planning, directing, coordinating strategy implementation, monitoring and evaluation of all the policies within their functional areas on behalf of the board of trustees.

3.3 Data Analysis

Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science and social science domains (Kothari, 2004). The first step in this stage is to edit raw data to detect, correct errors and omissions where possible, this will guarantee consistency, uniformity, completeness and accuracy while at the same ensuring maximum data quality standards is achieved. Content analysis will be employed in this study to analyze data collected from the interview guide. . It is "a research technique for the objective, Systematic, and quantitative description of the manifest content of a communication". Content analysis guards against selective perception of the content, provides for rigorous application of reliability and validity criteria, and amenable to computerization (Cooper & Schindler, 2006). This allowed analytical understanding of meaning from respondents' information and other documented materials on strategy implementation.

Content analysis method allowed qualitative data collected to be examined based on interpretation and meaning of information from the respondents on available documented data on strategy implementation challenges. This technique allows interpretation of data collected to be obtained and related to objective of the study. Qualitative data collected required analytical understanding rendering the content analysis the most suitable. It has been used previously by (Koskei, 2003) Strategy Implementation and its Challenges in Public Corporation (The Case of Telkom Kenya Ltd, Unpublished MBA Project, University of Nairobi, (Ateng, 2007) challenges of strategy implementation at the ministry of finance in Kenya and (Omollo, 2007) the challenges of implementing strategic decisions at the Kenya armed forces medical insurance scheme (AFMIS).

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter outlines the analysis of data obtained and the finding of the study. The data collected through interviews were summarized and analyzed using content analysis as presented in this chapter. The interviewer managed to carry out all scheduled interviews. Four key departmental heads which coordinate strategy formulation and implementation were identified for interviews, to avoid duplicity of data obtained had more interviews being conducted making the finding unrealistic. All the people interviewed had worked with the NSSF for more than five years hence their experience and views reflected the real position of strategy implementation challenges being faced. The study had one objective to determine challenges NSSF is facing in strategy implementation. Data was analyzed as they appear in the interview guide for clear interpretation and understanding of the results. The content of the data collected was examined critically to help in drawing conclusions. These conclusions were generalizations on the subject of the study and drew heavily from information on challenges of strategy implementation at NSSF.

4.2 Challenges of Strategy Implementation

Leadership

The recent turnover of chief executives in the organization and the absence of the board of trustees for almost a year due to internal and external politics created a vacuum in the leadership to the extent that policy issues were delayed. Because of the sensitivity of the CEO and top management positions commitment to institute reforms change has been lacking. The choice of the management teams who oversee implementation is not based on ones skills, competence and capabilities but at the discretion of the top management. Top managers regard implementation as the work of the subordinates and line managers yet the responsibility for failure or success is upon them. The study revealed that implementation does not receive much attention as formulation which is usually done outside offices in hotels rendering successful implementation a dream.

Financial Resources

The major key to strategy implementation is the allocation of adequate funding to sustain desired changes within the system. Departments get funds for implementation through budgetary allocation, the utilization of these funds is done through approved budgets. The challenge is that functional departments struggle and fight for scarce and constrained financial resources available resulting in little funding unable to effectively strengthen and improve the organization performance. This has slowed the drive to attaining success and better service delivery.

Structure

The organization structure is tall and bureaucratic with a lot of overlaps. In spite of decentralization of some functions centralized decision making is the order of the day. This has made the organization to be slow in responding to changing needs of the customers, because time taken for approval procedure to pass through the layers of management hierarchy. Departmental roles are not clearly defined and sometimes duplicated creating conflicts in allocation of resources. Smooth strategy implementation is therefore hindered because of the ambiguities which exist in the traditional structure which do not augment strategy implementation.

Culture

The organization's present culture is not compatible neither does it promote behaviors and attitude needed for effective strategy implementation. Culture is in conflict with most aspects of the organizations strategy thereby becoming a hindrance to efforts directing to influence change. There is strong negative culture and relationship between employees and management is not good. Employees informally unite against official structures and activities like restructuring and change management efforts. The most current being the resistance by unionsable employees and its officials of the job evaluation being undertaken in the organization with a view of harmonizing various human resource like career progression and promotion policies which have usually been explosive and subject to abuse and discriminative.

Communication

Communication barriers to strategy implementation exist because of fear of criticism and too many layers and intermediaries created by a tall structure. Ideally communication is supposed to flow in three directions downwards, upwards and lateral. However this is not the case at the fund since one channel of communication is used (downwards) and the rest ignored. This means that staff at junior levels cannot communicate their ideas, suggestions and comments on important issues like strategy formulation and implementation methodologies. Therefore innovation and invention of new ideas is stifled and grapevine channel come in handy. Communication channels and policies exists common ones being meeting, memos, circulars emails, newsletters, journals and reports. However it is not adhered to giving room for grapevine communication. Communication equipments and tools were also found to be inadequate as the ratio of computers to staff is 1:10, which means almost ten employees share one computer.

Human Resource and Reward System

Human resource being the most valuable asset in an organization they must be correctly motivated and placed in order to realize its full potential. The study revealed that NSSF has experienced challenges in this department because of internal politics which has led to some staff being promoted without the required credentials to perform satisfactorily in their work stations and even at times unable to make decisions. Because of misplacement and promotions beyond ones competence creativity and innovativeness has been killed.

Policies

Promotion, training and transfer policies came out as the main challenges facing strategy implementation. Promotion is not transparent and clear policy and structure to be followed has not been put in place to guide the process. Training is usually conducted in uncoordinated manner resulting in few individuals being trained continually at the expense of needy cases. There is neither training assessment done nor evaluation done by supervisors or departmental heads. Transfers is a form of punishment resulting in staff being transferred to unfamiliar territories outside their professional qualification making it difficult for them to deliver and implement particular intended strategies.

Power and Politics

Power and politics poses challenges to strategy implementation in that they define the legal and regulatory framework in which the organization operate, these could be internal or external challenges. A good example of an external challenge is the recent directive by the minister of finance during the budget speech that future investments by NSSF shall only be done through governments instruments namely treasury bills and bonds where as the organization had planned to diversify its portfolio in to various income generating activities in order to improve their return on investments. Internal challenges are inform of group dynamics, where few non performing individuals are protected and rewarded while hardworking employees are ignored and even reprimanded by way of transfers.

Information Technology

IT being the lifeblood of every organization in terms service delivery has been widely ignored in the organization to the extent that the current strategy plan 2009/2014 is not aligned to the current information technology systems. This is due to the fact that top management has not provided necessary support to facilitate user awareness through change management. Hence IT is a challenge to strategy implementation.

Change Management

Employees fear change because of not knowing the outcomes since it is usually associated with layoffs, redundancies and retrenchment. The challenge is the future state to be realized, some state to be left behind (status quo) and the organized process of getting from the present state to the other. Since strategy implementation is all about change people resist hence implementation process is stifled. Other challenges are strategy formulation is not widely discussed with all the employees such that when it comes to implementation stage all concerned departments are aware thereby reducing resistance and increasing chances of success. Organizational conflicts and trade unions activities also pose a challenge to strategy implementation.

CHAPTER FIVE

SUMMARY AND DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of major findings of the study, summary, conclusion and recommendations.

5.2 Summary and Discussions

This section summarizes the key challenges of strategy implementation in NSSF as lack of support by top management, lack of proper communication channels and procedures, strong negative culture, disparity in reward management, mismatch of employees' technical skills versus job placement, the fear of change process and inadequate provision of financial resources to support strategy implementation. A challenge that NSSF had to contend with is the power and politics in appointment of its CEO and top management which affects its operation as in some cases professionalism is compromised at the expense of regional balancing.

5.3 Conclusions

The study has identified four (4) major challenges to strategy implementation as lack of top management support and involvement, tall and bureaucratic structure which stifles flow of information, resistance to change because of fear of unknown and inadequate financial allocation coupled with unclear direction to follow in prioritizing important crucial projects. NSSF cannot avoid being complacent otherwise it will be rendered irrelevant and obsolete, but should embrace change at all levels and modernize its operation.

5.4 Recommendations

It is recommended that NSSF deals with challenges to do with structure, communication and reward system. For example reward system should be tied with performance to avoid dissent and conflict among the various cadres of employees. This will eventually address disparity in reward and promotion policy because deserving cases will receive consideration. High priority should be given to training of all employees to reduce resistance to change, enhance culture change and improve efficiency. Despite the fact that effective strategy implementation, is the only way to ensure desired objectives and goals are achieved. Care should be taken so that the organization does not suffer much from its negative effects occasioned by unpopular decisions implemented.

Staff training and development should be aligned to the organizational functions of NSSF. Employees in core areas need specialized training in actuarial science, social security administration and fund management while those in non core areas need training on multi-tasking and awareness in the new ways of handling issues. Future recruitment and deployment should be based on ones skills, capabilities, competence and professionalism.

Information and communication technology should be upgraded and integrated to enhance quality, reliability, and accuracy of information and improve efficiency in service delivery and decision making. Change management expert should be hired to assist in developing change programmes, implementing them and evaluating their success rate.

5.5 Area for Further Study

There is certainly need to undertake further research on the ways of overcoming the challenges being faced in strategy implementation in order to ensure the organization's objectives and goals are achieved by putting in place the necessary changes, required tools and instruments.

5.6 Implication of Policy and Practice

The management of National Social Security Fund should consider setting up a permanent or adhoc strategy implementation committee to audit and provide guidance on the implementation process. The committee should comprise of personnel with both technical and conceptual skills from all departments for the implementation process to be acceptable across the board and minimize resistance. The committee should be empowered to rationalize the activities of the organization which are not compatible with strategy implementation processes. Human resource development staff policies and manuals which are outdated need to be reviewed and make them more performance based and result oriented. Leadership and management training on courses on strategy implementation, evaluation and monitoring should be prioritized and emphasized. Job evaluation and analysis should be carried out in order to assign staff appropriate jobs.

The organization must develop a programme for change by identifying and training a team to steer change management. The team's mandate, duties and responsibility should be to coordinate and implement activities that bring about culture change, conduct an evaluation of the existing communication practices with aim of improving it. Capacity building programmes for example team building and group based teamwork which promotes team spirit through delegation of duties to be enhanced. All these activities and programmes require adequate funding, transparency and accountability for successful strategy implementation process.

Organization's management should put more efforts in identifying and adopting best practices as a powerful tool for improving service delivery and better strategy implementation. Managers can significantly push for competent strategy implementation by supporting functional departments and human resource in pointing out practices for performing related activities and further insisting on continuous improvement of its internal operations. Benchmarking should be employed to measure company success in strategy implementation.

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APPENDIX: I- AUTHORITY LETTER

NELSON K TONUI,
CITY CENTRE BRANCH,
P O BOX 50397-00200,
NAIROBI.
22-09-2009.

THE MANAGING TRUSTEE,
NSSF,
BOX 30599-00100,
NAIROBI.

THRU
THE DEPUTY MANAGER
RESEARCH AND DEVELOPMENT

Dear Sir,

RE: AUTHORITY TO COLLECT DATA

I am currently pursuing Master of Business Administration (Strategic Management option) at University of Nairobi. One of the requirements to be awarded the above Degree is to carry out a research project on your area of specialization. I have chosen to research on the challenges of strategy implementation at NSSF. I therefore wish to seek your permission to collect relevant data through interview method.

Attached is an introduction letter from the University of Nairobi for ease of reference.

Thanks in advance,

Yours faithfully

NELSON K. TONUI

P/NO 264/2332

APPENDIX: II- REQUEST FOR INTERVIEW

**NELSON K TONUI,
CITY CENTRE BRANCH,
P O BOX 50397-00200,
NAIROBI.
22-09-2009.**

Dear Respondent,

RE: INTERVIEW

I am currently pursuing Master of Business Administration (Strategic Management option) at University of Nairobi. One of the requirements to be awarded the above Degree is to carry out a research project on your area of specialization. I have chosen to research on the challenges of strategy implementation at NSSF. You have been selected to be part of this study.

This is to request you to grant me an opportunity for interview. The information that you provide will be used exclusively for academic purposes and be treated with strict confidence. A copy of the final paper will be availed to you upon request.

Thanks in advance

Yours faithfully

**NELSON K. TONUI
P/NO 264/2332**

APPENDIX III: INTERVIEW GUIDE

PART A

Respondents Personal Information

Name	
Department	
Designation	
Level of Education	
Number of years in the organization	

PART B

Challenges Of Strategy Implementation

I. LEADERSHIP

1. In your opinion are there leadership challenges in strategy implementation? If so explain briefly.

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2. Most Managers regard strategy implementation process as something below them and should be left to lower cadre employees. A. Yes B. No. If yes what challenge does this attitude pose to strategy implementation?

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II. FINANCIAL RESOURCES

3. Is financial allocation to functional departments to support strategy implementation a challenge? A. Yes B. No If yes elaborate your answer

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III. STRUCTURE

4 In your opinion is the current organizational structure a challenge to strategy implementation?

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IV. CULTURE

5. Is the current organizational culture a challenge to strategy implementation? If yes in what way has this culture been a set back in strategy implementation

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V. COMMUNICATION

6. Is communication policy a challenge to strategy implementation? If so what are these challenges?

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VI. HUMAN RESOURCE AND REWARD SYSTEM

7. Does your organization experience challenges in Human resource in terms core competencies and capabilities which hinder smooth strategy implementation? If yes what are these challenges?

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VII. POLICIES

8. In your opinion are there Organizational policies that pose a challenge to strategy implementation? If yes which are these policies?

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VIII. POWER AND POLITICS

9. Power and Politics of the day determines the way the organization carries out its operations hence posing a challenge to strategy implementation. If so what are some of these challenges?

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IX. INFORMATION TECHNOLOGY AND SUPPORT SYSTEM

10. Is the current information technology and support system a challenge to strategy implementation? A. No B. Yes If yes what are these challenges?

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X. CHANGE MANAGEMENT

11. In your opinion is change management a challenge to strategy implementation? If so what challenges does it pose?

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12. What other challenges is NSSF facing to strategy implementation?

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UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAM - LOWER KABETE CAMPUS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE... 22.09.2009

TO WHOM IT MAY CONCERN

The bearer of this letter ... NELSON. K. TONUI

Registration No: ... 061/70090/2008

is a Master of Business Administration (MBA) student of the University of Nairobi.

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 if you assist him/her by allowing him/her to collect data in your organization for the research.

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
MBA OFFICE
DR. W.N. IRAKI
CO-ORDINATOR, MBA PROGRAM