

**CHALLENGES OF STRATEGY IMPLEMENTATION FACED BY  
SACCO SOCIETIES REGULATORY AUTHORITY IN KENYA**

**JANE WANJIKU MUIGAI**

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## **DECLARATION**

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

Signature .....

Date .....

Jane Wanjiku Muigai

D61/66978/2011

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

Signature .....

Date .....

Florence Muindi

School of Business

University of Nairobi

## **DEDICATION**

I dedicate this project to my family for unfailing encouragement and love. To my dear husband and best friend James, and to my loving daughter Marie and son Michael.

## **ACKNOWLEDGEMENT**

I wish to thank most sincerely all those whose contributions have made this project a success. To my supervisor Florence Muindi for her assistance and advice all through making this project a success. To my wonderful family for their support both morally and financially. Most of all I thank God for the gift of wisdom and strength to complete this project.

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To my workmates Catherine, Amos, Tito and Evans, thanks for holding forth for me the many times I was away pursuing this noble course. To all of you may the Almighty God bless you abundantly.

## **ABSTRACT**

In the 21<sup>st</sup> century business landscape, firms compete in a complex and challenging context that is being transformed by many factors from globalization, frequent and uncertain changes to the growing use of information technologies. Thus, achieving the desired performance is a major pre-occupation of senior managers in many firms today. The objective of the study was to determine the challenges of strategy implementation faced by Sacco Societies Regulatory Authority (SASRA). The research design adopted was a case study. The study used primary data which was collected using an interview guide. Content analysis was used to analyze the collected data. The respondents were two chief managers and two senior managers representing the four core departments of the Authority. The findings of the study is that the organization communicates its strategic plans to the implementers in form of monthly and quarterly reports as well as the balance score card which forms the basis of annual performance management during performance reporting. The challenges that were found to affect implementation of strategies at SASRA include; inflexible organization structure, slow communication process, inadequate resources (financial, human resource and technology), un-adaptive organizational culture, unrealistic targets, lack of ownership of strategic implementation plans through staff participation and communication, capacity limitations in terms of equipment and varied needs of stakeholders. It was found that the top management encouraged teamwork in all areas of operations and had put in place a dispute resolution committee for fast conflict resolution. It was concluded that organization structure, resource allocation and organizational culture were hindrances to strategy implementation in the Authority. The study recommends that the organization structure should be restructured to facilitate quicker response than currently being witnessed while strategy implementation plans should be clearly communicated to all the employees.

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the study**

In the 21<sup>st</sup> century business landscape, firms compete in a complex and challenging context that is being transformed by many factors from globalization, frequent and uncertain changes to the growing use of information technologies (DeNisiet *al.*, 2003). Thus, achieving the desired performance is a major pre-occupation of senior managers in the competitive and slow growth markets, which characterize many businesses today and the sources of competitive advantage have been a major concern for scholars and practitioners. The guiding principles in any strategic management process, whether in the public or private sector, is about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance (Bryson, 2004). This statement can be construed to mean that many institutions know their business needs and the struggles required for success.

Johnson and Scholes (2002) point out that the development and implementation of strategies by an organization or government to chart the future path to be taken will enhance the competitiveness of such firms operating in a competitive environment. However, they observe that many firms develop excellent strategies to counter and adapt to the environmental challenges but suffer a weakness in the implementation of the same strategies. Transforming strategies into action is a far more complex and difficult task. Many institutions know their business needs and the struggles required for success.

Implementing strategies successfully is vital for any organization, be it public or private, however, many institutions struggle to translate theory into action. Without implementation, even the most superior strategy is useless (Alexander, 1991). The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented. The development and implementation of strategies by an organization to chart the future path to be taken will enhance the competitiveness of such firms operating in a competitive environment. However, many firms develop excellent strategies to counter and adapt to the environmental challenges but suffer a weakness in the implementation of the same strategies.

### **1.1.1 Concept of Strategy**

A strategy is a framework through which an organization can assert its vital continuity whilst managing to adapt to the changing environment to gain competitive advantage (Ansoff, 2002). It is a mediating force between the organization and its environment through which consistent streams of organizational decisions are developed to deal with the environment. On the other hand strategic management is a systematic approach to the major and increasingly important responsibility of general management to position and relate the firm to its environment in a way which will assure its continued success and make it secure from surprises.

Gole(2005) proposes that strategic management is a process, directed by top management to determine the fundamental aims or goals of the organization, and ensure a range of decisions which will allow for the achievement of those aims or goals in the long-term, while providing for adaptive responses in the short-term. The three core areas of corporate strategy as outlined by Gole(2005) encompasses: strategy analysis, strategy

development and strategy implementation. Strategy must be judged on its performance and effectiveness to meet the overall vision, mission and objectives. A strategy is not an end by itself but a means to attain the stated goals.

A company's strategy consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and to strengthen its market position. These strategies provide opportunities for the organization to respond to the various challenges within its operating environment. Firms also develop strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 1985). The core of a company's marketing strategy consists of its internal initiatives to deliver satisfaction to customers but also includes offensive and defensive moves to counter the maneuvering of rivals, actions to shift resources around to improve the firm's long term competitive capabilities and market position, and tactical efforts to respond to prevailing market conditions. Strategy helps to achieve success whether in business or otherwise, success in this context refers to the realization of objectives that are desired. Effective strategy is formulated around four factors. These are, the goals and objectives are simple, consistent and relate to the long term, there is profound understanding of the competitive environment, there is an objective appraisal of the resources available and that there is effective implementation (Hittet *al.*, 2008).

### **1.1.2 Strategy Implementation**

Strategy implementation is the process of putting strategies and policies into action through the development of programs, budgets and procedures (Bradford *et al* 2000). According to Judson, (1991), only one in every ten companies does an effective job of formulating strategy and equally implementing it. For the rest, presumably, the well –

crafted strategy is lost in the press of day- today tactical concerns or its left to languish in a report on the dusty book shelf of the chief executive officer. Yet very few people would deny that, in today's fast moving and fast changing business world, strategy, with its long- range perspective, is critical. Successful strategy implementation requires strong leadership that enables allocation of resources, business process and policies that support the strategy. According to Atreya (2007), internal leadership is needed to drive strategy implementation process towards the right direction. What makes it even tougher to implement strategy is the varied range of activities that need to be performed and the varied skills needed to perform them. Just because the management has decided on strategy does not mean that subordinates will follow and cooperate in its implementation. A number of issues are involved including vested interest, office politics, existing attitudes and ingrained practices all of which play a major role in strategy implementation (Atreya, 2007).

Effective strategy implementation and execution relies on maintaining a balance between preventing failures and promoting success simultaneously. When there is a proper alignment between strategy, administrative mechanisms and organizational capabilities, it will be easier to implement and execute the strategy and to achieve the desired objectives (Okumu, 2003). Strategic management is gradually shifting from paying 90 per cent attention to strategy formulation and 10 per cent to strategy implementation, to paying equal attention to both (Grundy, 1998). Traditionally, it is believed that strategy implantation and execution is less glamorous than strategy formulation, and that anyone can implement and execute a well-formulated strategy. Therefore, implementation and execution has attracted much less attention than strategy formulation or strategic planning

(Alexander, 1991). While strategy formation and implementation are tightly integrated functions, strategy implementation is the most complicated and time-consuming part of strategic management. It cuts across virtually all facets of managing and needs to be initiated from many points inside the organization. The implementation task involves coordination of a broad range of efforts aimed at transforming strategic intentions into actions.

### **1.1.3 Strategy Implementation Challenges**

Strategic challenges are those pressures that exert a decisive influence on an organization frequently driven by the organization's future competitive position relative to other provisions. The task of implementing challenging strategic initiatives must be assigned to executives who have the skills and talent to handle and can be counted on to turn decisions and actions into results to meet established targets. Without a smart, capable result-oriented management team, the implementation process ends up being hampered by missed deadlines, misdirected or wasteful efforts (Johnson and Scholes, 2002). Building a capable organization is thus a priority in strategy execution. High among organizational building priorities in the strategy implementation is the need to build and strengthen competitive valuable competencies and organizational capabilities. Training therefore becomes important when a company shifts to a strategy that requires different skills, competencies and capabilities.

Companies have long known that, to be competitive, they must develop good strategies and to appropriately realign the organizational structure, systems, leadership behavior and human resource policies. However, between ideal strategic alignment and implementation lie many challenges. Many managers believe that a well-conceived

strategy that is communicated to the organization equals implementation. According to Beer and Eisenstat (2000), there were six fundamental reasons why various strategies developed by firms were not implemented effectively. They identified that employees saw the overall problem being rooted fundamentally in the process of management issues of leadership, teamwork and strategic direction and not in the commitment of people and their functional competencies. Poor quality vertical communication not only hinders strategy communication but also prevents discussions of the barriers themselves. Sterling (2003) identifies challenges to strategy implementation as: unanticipated market changes, effective competitor response to strategy, insufficient resources, failures of buy-in, understanding and communication by those who are supposed to implement, strategy not being timely and unique, lack of strategic focus and poorly conceived strategies.

#### **1.1.4 Sacco Societies Regulatory Authority (SASRA)**

Sacco Societies Regulatory Authority (SASRA) is a semi-autonomous Government agency operating under the Ministry of Industrialization and Enterprise Development. It is a creation of the Sacco Societies Act 2008 and was inaugurated in 2009 charged with the prime responsibility to license and supervise deposit taking Sacco societies in Kenya. The establishment of SASRA falls within the Government of Kenya's reform process in the financial sector which has the dual objectives of protecting the interests of Sacco members and ensuring that there is confidence in the public towards the Sacco sector and spurring Kenya's economic growth through the mobilization of domestic savings.

The authority derives its powers to regulate the deposit taking Sacco Societies in Kenya from the Sacco Societies Act 2008 and the regulations issued there under. The mandate

of the Authority as provided by the Act includes the following; licensing of Sacco societies to carry out deposit-taking business in accordance with this Act; regulation and supervision of Sacco societies; to hold, manage and apply the General Fund of the Authority in accordance with the provisions of this Act; levy contributions in accordance with this Act; doing all such other things as may be lawfully directed by the Minister; and performing such other functions as are conferred on it by this Act or by any other written law.

In executing its mandate, the Authority adheres to the core principles of objectivity, accountability and transparency in promoting not only compliance with the Sacco Societies Act and other legal requirements by Sacco companies and intermediaries but also sound business practices. The Authority therefore practices regulation and supervision that enables industry players to be innovative and entrepreneurial. Bearing in mind industry differences in terms of size, extent and complexity, necessitating changes in operating and investment decisions helps cut down on compliance costs. Since in the long run, this has impacts on productivity and growth of the Saccos, the Authority has to deploy significant resources in monitoring market behaviors, compliance and solvency issues (Sacco Societies Regulatory Authority, Official Homepage, 2013).

## **1.2 Research Problem**

When an organization's strategic plan is not implemented successfully, a gap is created that makes it difficult to achieve success. For decision makers, the inability to steer the organization to the attainment of the plans causes a lot of anxiety focused around the difficulty in ensuring that the strategic plan becomes a living plan rather than a document

that gathers dust on the shelf. The organization's strategic plan is expected to be a guiding document for the organization; however, poor implementation of the plan can result in it becoming an ineffective document (Pfeffer and Sutton, 2006). They further point that organizations are often unable to transform existing knowledge into meaningful action, which creates a gap in implementation. One of the main causes they cite for the knowing-doing gap is that organizations come to the belief that if they just talk about doing something, this very action of discussion will automatically lead to execution. It therefore becomes important that an organization gives the implementation phase of its strategic process due importance and allocate adequate resources that will enable it achieve the desired objectives.

The Sacco Societies Regulatory Authority (SASRA) is considered a young financial regulator compared to the others such as the Central Bank of Kenya, Capital Markets Authority and Retirement Benefits Authority. Thus, the organization has faced a number of challenges such as developing its strategies and implementation of the same strategies. However, in the last three years, the organization has been able to develop its strategies but the major challenge has been the realization of the same objectives. Implementation of the strategies has been a hindrance to the successful realization of the set objectives as manifested by the annual reports of the organization over the last two years. Considering the important objectives of the organization it is incumbent upon it to achieve its objectives through effective implementation of the set objectives. The Saccos are faced by several challenges that make their operations in the Kenyan market difficult. These challenges are dependent on the people, the status of the market, laws governing the sector and the lack of proper information about the Saccos. The oversight role being

played by the Authority however depends on the implementation of its strategies that have a clear roadmap on how the Saccos should be run. It is on the basis of this problem that the current research will establish the strategy implementation challenges at Sacco Societies Regulatory Authority (SASRA).

Recent studies that have been undertaken on the strategy implementation challenges include; Waiyego (2009) studied strategy implementation at Kenya electricity generating company ltd observing that for dominant players in the market, the strategy implementation process has changed recently due to more scrutiny from the government and stakeholders in general. Nyangweso (2009) on the strategy implementation challenges at Cooperative bank who found out that in the case of Co-op bank just like in any other player in the banking industry, implementation of strategies should be fast, consistent and should be adaptable on many fronts simultaneously. Kiprop (2009) researched on challenges of strategy implementation at the Kenya Wildlife service and identified that a firm should focus on formal organizational structures and control mechanisms of employees while implementing its strategy. Akwara (2010) studied challenges of strategy implementation at the Ministry of Co-operative development and Marketing and his studies revealed that; organizational culture, human resource policies, financial resource policies and procedures, information and operating systems and performance incentives were all impediments to strategy implementation. This research therefore seeks to establish the challenges faced by Sacco Societies Regulatory Authority in the implementation of its corporate strategy. This problem statement leads to the following question: what challenges does Sacco Societies Regulatory Authority face in the implementation of its corporate strategy?

### **1.3 Research Objective**

To determine the challenges faced by Sacco Societies Regulatory Authority in the implementation of its corporate strategy.

### **1.4 Value of the study**

The study will be of value to Sacco Societies Regulatory Authority since it will help them understand the factors that affect the implementation of its strategies and thus put in place mechanisms that will ensure that its strategies are implemented. In addition, the study will be an invaluable source of material and information to the Sacco societies operating in the country since they will understand the challenges affecting implementation of strategies in the industry and thus come up with ways of ensuring that its strategies are fully implemented so that they can compete effectively with other firms.

The study will also create a monograph which could be replicated in other Authorities so that they can ensure that their strategies are wholly implemented. The policy makers will obtain knowledge of the Saccos and the appropriate factors that affect implementation of strategies in the industry; they will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector. Future scholars may use the results of this study as a source of reference. For academicians, this study forms the foundation upon which other related and replicated studies can be based on.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter will review the theoretical foundation of the study, strategy implementation and strategy implementation challenges.

### **2.2 Theoretical Foundation of the study**

Combining profound, established theoretical threads in an effective manner needs careful selection. The resource-based view of a firm has experienced a rapid diffusion throughout strategic management literature (Priem and Butler 2001). A firm's aim must be to achieve competitive advantage over its competitors, which it ideally derives from valuable resources that are superior in use, hard to imitate and difficult to substitute. Barney (1991) posits that resources can be classified into three categories: physical capital resources such as plant and equipment, human capital resources such as training relationships and experience, and organizational capital resources, for example, reporting structure, formal/informal planning and controlling.

For firm resources to be the source of a sustained competitive advantage, they must pass the valuable, rare, imperfectly imitable, (non-)substitutable test (Barney 1991). Resources can occur in different forms such as patents, relationships or processes. Barney (1991) further argues that the contrary is applicable for strategic implementation. The strategy implementation can be characterized as a functional competence in that it deals with distributing a firm's resources to fit the strategic alignment of the firm. Strategic initiatives need to be distributed and executed as dictated by the strategic plan.

The institutional theory recognizes the embedment of institutional actors in an environment of formal and informal rules. Institutional theorists suggest that organizational actions and processes are driven by their actors in order to justify and plausibly explain their actions. According to this perspective, strategy implementation are rationally accounted for by organizational actors and rooted in the normative and social context that motivates actors to seek legitimacy (Dacin, Oliver *et al.*, 2007). Through various cognitive, normative and regulative forces organizations adopt a standardized set of practices (Scott 2001). In other words, an organization is composed of three pillars: the cultural-cognitive, normative, and regulative elements that together with associated activities and resources provide stability to social life. Companies try to fit in with the norm by adopting strategy implementation that validates them as part of the organizational field. In essence, traditional institutional theory believes that organizational fields become structured by powerful influences among organizations. The adoption of a system such as strategy implementation is highly dependent on the extent to which it is institutionalized by legitimacy. Legitimacy concerns lead organizations to adopt practices that “conform to the mandate of the institutional environment” (Kraatz and Zajac, 2006).

### **2.3 Strategy Implementation**

Pearce and Robinson (2007) argue that, to ensure success of the strategy implementation, the strategy must be translated into carefully implemented action this is because the firm strategy is implemented in a changing environment and therefore the need for strategic

control during the implementation. Implementing strategy is difficult and without proper implementation, no business strategy can succeed. Difficulties abound due to lack of execution know-how and the ability to confront difficult organizational and political obstacles that stand in the way of effective implementation.

Successful strategy implementation is best achieved when those responsible for implementation are also part of the formulation process unfortunately most managers know more about developing strategy than they do about implementing it since rarely do they get involved in the implementation. Consequently, implementation is left to lower level employees who rarely get involved in the planning and formulation stages. However, managers can learn the key steps or variables that lead to successful execution. A model of implementation that outlines implementation actions and key processes and decisions involved, can be availed to provide a logical approach to making strategy work (Mitchell, 2009).

David (2003) posits both managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Elements that require consideration during the implementation process include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture David (2003). In developing policies during the implementation process, methods, procedures, rules, forms, and administrative practices are established. Successful strategy implementation will yield the following benefits to an organization: proper utilization of resources with financial and human and thus enhance

organizational growth, development of efficient systems that will enhance coordination that would guarantee achievement of organizations goal and set targets, increased organizational impact due to improved organizational performance and sustain its competitiveness, the organization will be able to have a clear focus and direction in its growth path and in the process attract competent and resourceful human resource base (Pearce and Robinson, 2007).

## **2.4 Challenges of Strategy Implementation**

Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Just as the strategy of the organization must be matched to the external environment, it must also fit the multiple factors responsible for its implementation (David, 1997).

### **2.4.1 Organizational Structure**

Successful strategy implementation depends to a large extent on the organizations structure because it is the structure that identifies key activities within the organization and the manner in which they will be coordinated to achieve the strategy formulated. Structure also influences how objectives and policies will be established, how resources will be allocated and the synergy across the departments. It is necessary for an organization to rationalize its operational/management structures so as to streamline it to be effective in strategy execution. This would include transfers, mergers, and creation of

new departments and divisions for effective management. The organization structure therefore should fit with the intended strategies (Birnbaum, 2000).

An organization should be structured in such a way that it can respond to pressure from the environment in order to change and pursue any appropriate opportunities which are spotted. Thompson and Strickland (2003) notes that strategy implementation involves working with and through other people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Strategies are formulated and implemented by managers operating within the current structure. The structure of an organization is designed to breakdown how work is to be carried out in business units and functional departments. People work within these divisions and units and their actions take place within a defined framework of objectives, plans, and policies.

### **2.4.2 Resource Allocation**

Resource allocation is a central management activity that allows for strategy execution. Strategic management enables resources to be allocated according to priorities established by annual objectives. Organizations may be captured by their resource legacy or assumptions people make about what resource priorities really matter (Johnson and Scholes, 2002). Strategy can be best understood if it is viewed as an element of an organization that includes proper resource allocation. The causes of breakdown in strategy implementation relate to the capabilities, processes and activities that are needed to bring the strategy to life.

Effective resource allocation calls for unique, creative skills including leadership, precision, attention to detail, breaking down complexity into digestible tasks and activities and communicating in clear and concise ways throughout the organization and to all its stakeholders. Successful strategy implementation is due to the design, development, acquisition, and implementation of resources that provide what is needed to give effect to the institution's new strategies (Judson, 1991).

The organization needs to have sufficient funds and enough time to support the implementation process. True costs include realistic time commitment from staff to achieve a goal, a clear identification of expenses associated with a tactic, or unexpected cost overruns by vendors (Olsen, 2005). Resource allocation is important and equitable resource allocation and sharing is an important activity that enhances strategy execution. The resources include financial, physical, human, technological and good will resource.

The budgetary resources should be marched with departmental operations. Effective implementation of any organization's strategic plan depends on rational and equitable resource allocation across the organization. Proper links should be developed between the strategic plan and operational activity at departmental levels in order to necessitate proper implementation of strategies (Birnbaum, 2000). Resource allocation helps strategic managers to coordinate operations and facilitates control of performance. It is important to have a budget for the whole organization or sub-unit .The financial objectives of all the departments should be indicated. The strategic plan is linked to the annual business plan i.e. the budget (Birnbaum, 2000).

### **2.4.3 Communication and Strategy Implementation**

Guffey and Nienhaus (2002) found a strong link between organizational commitment (strong belief in the organization's goals and values, willingness to exert effort on behalf of the organization, and strong desire to maintain membership in the organization) and employees' support of the organization's strategic plan. Effective communication of the strategy and its underlying rationale are also critically important particularly when reaching out beyond the group directly involved in the development of the strategic plan. It is essential both during and after an organizational change to communicate information about organizational developments to all levels in a timely fashion.

The way in which a change is presented to employees is of great influence to their acceptance of it. To deal with this critical situation, an integrated communications plan must be developed. Such a plan is an effective vehicle for focusing the employees' attention on the value of the selected strategy to be implemented. Therefore, communication plans will provide the appropriate information to market the strategy implementation effectively in order to create and maintain acceptance.

Communication down the organization or across different functions becomes a challenge. Making sure that processes throughout the organization support strategy execution efforts can be problematic in a large organization. Linking strategic objectives with the day to day objectives at different organizational levels and locations becomes a challenging task. The larger the numbers of people involved, the greater the challenge to execute strategy effectively (McCracken, 2002). Birnbaum (2000) indicates that strategy implementation requires the transfer of information from one person to another through specific channels.

Communication allows sharing of ideas, facts, opinions and emotions and above all provides feedback. In organizational strategy implementation, information flows in all directions; downwards, upwards and laterally (Chapman, 2004). The employees freely communicate their ideas, suggestions, comments and complaints to the management on strategic objectives. These can be done through supervisors, joint consultative committees, suggestion schemes, trade unions or grapevines. Departmental communication is encouraged through inter-departmental meetings, committees and personal consultations. The management of the organization therefore thinks about the communication needs that to be articulated during strategy implementation.

External communication consists of communicating the strategy, or key elements thereof, outside of the organization (Pearce and Robinson, 2003). Communicating the strategy externally allows the agency to build the necessary support for its activities. In particular, failure to transmit the importance of the agency's objectives, especially when the benefits will not be seen in a short-term period, can be dangerous for the agency's activity and may even call into question its existence. Johnson and Scholes (2002) posit that the simplest way to communicate the strategy to the outside world is a general dissemination of the strategic plan, by making a version of it a public document, however issuing a press release on the adoption of strategy documents or delivering a speech or publishing an article or even an annual letter by the head of the agency on the strategy of the organizations can also be used. Rapert, Velliquette and Garretson (2002) observed that shared communication and understanding among human resources is an important aspect

in strategy implementation process. For instance, through communicating vertically, the shared understanding about the prioritized strategies are likely to be enhanced hence leading to improvements.

#### **2.4.4 Top Management Commitment**

Leadership is the key to effective strategy implementation. The role of the chief executive officer is fundamental because a chief executive officer is seen as a catalyst closely associated with and ultimately is accountable for the success of a strategy. The chief executive officer's actions and perceived seriousness to a chosen strategy will influence the subordinate managers' commitment to implementation. The personal goals and values of a chief executive officer strongly influence a firm's mission, strategy and key long term objectives. The right managers must also be in the right positions for effective implementation of a new strategy (Jones and Hill, 1997).

Top management goodwill and ownership to drive the process is also critical to effective implementation of strategy. According to Grundy (2004), an organization should among others have the top management be committed to the strategic direction the firm is taking. To this end, he argues, the managers will willingly give their energy and loyalty to the implementation process. In addition the senior managers should abandon the notion that the lower level managers have the same perception of strategy and its underlying rationale and urgency. They must not spare any effort in persuading the other employees in adoption of their ideas.

Implementing a new strategy also requires leaders to have adept managerial relationship. This is important because business leaders and executives must be at the forefront of overcoming disagreements and pockets of doubt. They must also lead their people in building a consensus on how to proceed with the various initiatives included in the strategy being implemented. Strategy implementation leaders must also secure the commitment and cooperation of all concerned parties to get all the implementation pieces in place. The management of the organization provides direction to workers as they pursue a common mission in implementing strategies (Chapman, 2004). The leaders influence their relationship with their followers in the attempt of achieving their mission.

Effective leadership is very crucial during strategy execution and can be achieved through participation by all groups and individuals captured in strategic plan through freedom of choice of leaders by team members. This leads to rational leadership styles for those with good leadership qualities and qualifications (Chapman, 2004). A good strategic leader operates without bias, is visionary, self-confident, has empathy and respect to others and is experienced. Strategy implementation calls for efficient and effective leaders to guide the rest of the employees through the strategic plan with a lot of ease and provide solutions and explanations to unclear issues (Chapman, 2004).

Top managers must demonstrate their willingness to give energy and loyalty to the implementation process. This commitment becomes, at the same time, a positive signal for all the affected organizational members. To successfully improve the overall probability that the strategy is implemented as intended, senior executives must abandon the notion that lower-level managers have the same perceptions of the strategy and its

implementation, of its underlying rationale, and its urgency (Cummings and Worley, 2005). Instead, they must believe the exact opposite and spare no effort to persuade the employees of their ideas.

By changing the way they view and practice strategy implementation, senior executives can effectively transform change barriers into gateways for a successful execution. Change is part of the daily life within an organization. The ability to manage change has shown to be a core competency for corporations. A great challenge within strategy implementation is to deal with potential barriers of the affected managers.

#### **2.4.5 Organizational Culture**

Culture is a set of assumptions that members of an organization share in common (shared beliefs and values). Organizational culture helps in nurturing and dissemination of core values. Implementation of new strategy will be concerned with adjustments in the structure, employees, systems and style of doing things in order to accommodate the perceived needs of the strategy (Pearce and Robison, 2007). Culture can be inferred from what people may do and think within an organization's setting. It involves the learning and transmitting of knowledge, beliefs and patterns of behaviour over time. This means organizational culture is fairly stable and does not change fast. It sets the tone for the company and establishes rules on how people should behave. The top managers create a climate for the organizations and their values influence the direction of the firm.

Johnson and Scholes (2002) note that culture is a strength that can hinder strategy implementation when important shared beliefs and values interfere with the needs of the

business, its strategy and the people working on the company's behalf. A company's culture also prevents a company from meeting competitive threats or adapting to changing economic and social environments that a new strategy is designed to overcome. Social processes can also create rigidities if an organization needs to change their strategy. Resistance to change may be "legitimized" by the cultural norms.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter introduces the design of the research and the data collection and data analysis technique.

### **3.2 Research Design**

The research design was a case study. A case study is an in-depth investigation of an individual, institution or phenomenon. Case studies allow a researcher to collect in-depth information, more depth than in cross-sectional studies with the intention of understanding situations or phenomenon. It also helps to reveal the multiplicity of factors, which have interacted to produce the unique character of the entity that is subject of study. The study was used to identify the challenges faced by Sacco Societies Regulatory Authority in the implementation of its corporate strategy. The reason for this choice was based on the knowledge that case studies are the most appropriate for examining the processes by which events unfold, as well as exploring causal relationships and also provide a holistic understanding of the phenomena.

### **3.3 Data Collection**

The study used primary data which was collected using an interview guide. The interview guide was made up of three sections with Section A dealing with demographic data, Section B dealing with strategy implementation while Section C indicated the challenges faced by Sacco Societies Regulatory Authority in the implementation of its corporate

strategy. The respondents earmarked to be interviewed were chief executive officer, chief manager Sacco supervision, chief manager finance and planning, chief manager human resource and administration. These were considered to be key informants for this research. Key informants are a source of information that can assist in understanding the context of an organization, or clarifying particular issues or problems.

### **3.4 Data Analysis**

The data obtained was analyzed using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Hsieh and Shannon, 2005). It involved observation and detailed description of objects, items or things that comprise the object of study.

Content analysis, as a class of methods at the intersection of the qualitative and quantitative traditions, is used for rigorous exploration of many important but difficult-to-study issues of interest to management researchers (Carley, 2003). This approach was more appropriate for the study because it allowed for deep, sensible, detailed accounts in changing conditions. Thus the qualitative method was suitable for this research because it was conducted within the environment where the implementation initiatives occurred.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

The research objective was to establish the challenges faced by Sacco Societies Regulatory Authority in the implementation on its corporate strategy. This chapter presents the analysis and findings with regard to the objective and discussion of the same.

### **4.2 Demographic Information**

This study targeted four of the top management officials of SASRA, who are heads of the core departments in the organization. These are Chief Executive Officer, Chief Manager Sacco Supervision, Chief Manager Finance and Planning and Chief Manager Human Resources & Administration. In total, the researcher interviewed four respondents, two of whom represented the Chief Managers that had been intended to be interviewed in the research design. The respondents were Senior Officer Corporate Communications representing the Chief Executive Officer, Senior Manager Human Resources representing Chief Manager Human Resources & Administration, Chief Manager Sacco Supervision Department and Chief Manager Finance and Planning. As a result the response rate was around 82%.

All the respondents interviewed had worked in their respective positions for at least four years in SASRA and had therefore worked long enough to understand the Authority and the challenges faced in the implementation of strategy. Academically, the respondents had all attained university education with three of them having undertaken a master's degree in their respective fields. In addition, two of the interviewees had risen through the ranks

in the institution to occupy the present management position over the ten years of employment they had worked. With their solid academic background and experience in the affairs of the organization, the respondents were found to be knowledgeable on the subject matter of the research and thus capable to help in the realization of the research objective, despite the unavailability of the Chief Executive Officer and the Chief Manager Human Resources & Administration.

#### **4.3 Strategy Implementation at SASRA**

This section of the interview guide sought to establish from the respondents whether they understood strategy implementation at SASRA. The section covered questions on the strategy implementation phases, persons involved in the implementation and the involvement of the staff in different stages of implementation.

The findings from the questions on whether the respondents understood the strategy implementation in the organization was that all the four respondents answered to the affirmative. The uniform answers given by the respondents indicated that all of them understood the organization's implementation phases and pointed that the Authority's priority areas over the current strategic plan of 2009-2013 involve among others licensing and supervision of deposit-taking Sacco Societies, capacity building of the Authority, financial viability and sustainability of the Authority and also partnering with key stakeholders in the development of Sacco societies. It was also found that towards the realization of the strategy implementation objectives, the respondents indicated that in the current strategic plan, the Authority has to ensure effective implementation of the legal and regulatory framework, effective use of information and

telecommunication technology, availability of adequate resources and efficient utilization, effective stakeholder alliances and partnerships and also use of effective performance management systems.

The respondents pointed that the organization has an implementation management structure where the senior management teams (Chief Managers) of SASRA are members of the Implementation Committee that meets monthly to review progress and to come up with quarterly reports on implementation of the plan aligned to annual performance contracts. The widespread involvement of all employees through the section heads means that strategy implementation at SASRA is an all-inclusive process, an attribute that enable every stage to be supported by all the employees. In particular, the involvement of section heads - the smallest unit of organization's management- in the implementation stages have ensured that the views of all the members of staff are taken into consideration.

The strategy implementation by organizations should be a wholly involving process where all important stakeholders are involved. One of these important internal stakeholders is the organization's employees because they are the ones tasked with the actual duty of implementing the strategies. The respondents pointed that in the analysis of the of the Authority's Strengths, Weaknesses, Opportunities and Threats (SWOT) as well as that of the external operating environment, it has become apparent that the Authority must well be aware of its stakeholders' expectations and what to expect from them, especially in those areas where the organization stands to be judged. The other finding was that SASRA appreciates the role played by its employees in the process of developing and eventually implementing its corporate strategy. It was found that employees are involved

during the preparation of the work plans, budgets and setting performance targets and later on during performance of their duties to achieve the set targets. They argued that since the employees are involved in the strategy development phase, there will be less level of resistance during the implementation period and this will therefore increase the rate of success.

The practices employed by a firm in implementation of its strategy influences the degree of success during the implementation phase. On the question of what some of the strategic practices employed at the organization comprise, it became apparent that a top-down strategic practice is currently being adopted and that it is the top leadership of the organization that develops the strategies while the activities to be undertaken are cascaded down to the lower level staff for implementation. The level at which stakeholders are involved include consultation and validation stage of the strategy implementation report for the purpose of ownership. In addition, the inaugural plan involves internal stakeholders only while the second review of the work in progress is presented to external stakeholders (Ministry of Industrialization and the other industry players) after the Board has adopted. The annual work-plans are first developed, performance contracts are then developed at institutional level followed by departmental annual work-plans which feed to individual tasks.

An organizations' strategic plan is long-term in nature and it is expected that the day- to-day operational plan and annual program should be undertaken in a manner that will ensure that the long term strategic objectives are achieved. Towards this end, the researcher sought to establish whether the organization's operational and annual

programs work in tandem towards the achievement of the overall strategic plan. The respondents pointed that indeed the organization's annual programs are developed and performed in line with the overall strategic plan. They also noted that all the work plans and programs are formulated from the strategic plan's point of view and any changes made in the period is based on changes in the environment and is usually geared towards realization of the overall objectives set in the strategic plan. Further, all the departments in the organization are involved in developing time-tables that include measurable performance targets linked to the annual work plans and the organization's vision.

#### **4.4 Strategy Implementation Challenges at SASRA**

For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, resource allocation, management, leadership and resources and culture. Therefore, the development of an organization's strategy is not enough if the same cannot be implemented and it is therefore necessary that an organization employs an appropriate implementation strategy to actualize the plan. However, in many organizations, the implementation phase is faced by a number of challenges. This section of the interview guide sought to find out the challenges that SASRA faces in the implementation of its strategies.

##### **4.4.1 Organization Structure**

The results from the interview with the respondents show that SASRA's organizational structure is an impediment to the successful implementation of the strategies. All the respondents agreed that the existing organization structure results in slow decision making. It was found that in the present strategic plan, no room has been made for market

dynamics and internal growth. Instead, the structure creates a perception that implementation of strategy is a preserve of the top management more so when there is lack of communication to other staff in the chain. It was also found that not all the departments are involved in the implementation phase but instead only two functional departments, Sacco Supervision and Finance and Planning department, are in charge of institution-wide reporting to the management and board. They observed that there is need for all the departments to be given a leading role especially on issues relating to the departments.

The operations of the Authority, and therefore by extension its structure, is regulated by the Sacco Societies Act, 2008 which stipulates the broad mandate of the Authority to license Sacco societies to carry out deposit taking business, regulate and supervise Sacco societies and also protect member deposits. Since the function of the Authority is anchored in the Law, the respondents noted that its structure has been slow in adapting to the changing requirements and also by the realization that the body has only been in existence for only five years. The vertical organization structure that exists presently was noted to be the same one that was put in place when the organization was formed. There is need to change it to reflect the present operating environment in which the stakeholders require prompt guidance and decisions from the Authority and which can only be achieved with a much flatter structure to facilitate faster decision making. Like any other corporate organization, it was found that communication comes from the top and this may sometimes come with bureaucratic challenges. In addition, the management is made up of Chief Managers and they form the major channel of communication both ways. The

respondents also noted that since the Authority's staff population is made up of only fifty five employees, an employee can directly seek guidance from the CEO without adhering to reporting lines.

On the other hand, some of the respondents were of the opinion that the structure at SASRA was not a hindrance to the implementation of various strategies and instead observed that the current structure acts as a complementing factor to the implementation of the strategies through equal representation of all areas of the organization. One other respondent noted that the structure ensures stakeholders, especially the development partners and donors, other regulators such as Retirement Benefits Authority, Insurance Regulatory Authority and the Central Bank of Kenya, participate in the Authority's projects through representation in the board. They pointed out that the current structure provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and as a result lead to the enhancement of the organization's capacity to achieve superior efficiency, quality, innovation and customer responsiveness. There is need however for the Authority to build strong institutional foundations in terms of human, financial and technological resources for effective realization of its mandate through adoption of Management Information Systems.

#### **4.4.2 Resource Allocation**

Limited resources were found to be another factor that affected the level of success in implementation of strategies in the Authority. The financial limitation was found to be a major challenge in terms of resources since in the past, the Authority did not

receive adequate funding from the Government. For instance during the 2012/2013 financial year, the funds required for capacity building, financial viability and sustainability including payment of administrative expenses was Ksh. 400.9 million. Out of the revenue received during the same period amounting to Ksh. 204.9 million, only Ksh. 90.85 million was received from the Government, while Ksh. 12.9 million was received from donors and development partners. The rest of the revenue was generated internally through license fees and penalties leaving a shortfall of Ksh. 196 million. The respondents also pointed that the Authority is currently undertaking joint programs and initiatives with national cooperative entities such Kenya Union of Savings and Credit Cooperatives Limited, Cooperative Bank of Kenya and the Cooperative College of Kenya to support its initiatives in order to reduce some of the operating costs.

The human resource base of the organization is also limited to the extent that some of the critical functions and mandates of the Authority have not been achieved. It was found that presently there are few very few employees in the organization, most of who do not possess adequate skills on strategy implementation. The respondents noted that since strategy implementation is done in stages with different levels of activity at each stage, the staff involved are always overworked due to the many activities an employee is expected to perform at each of the implementation stages, thereby slowing the pace at which the implementation moves from one phase to the other, or leaving some tasks incomplete.

It was found that there is lack of reliable data on the sub-sector, inadequate infrastructural capacity and also lack of documented operational policies and procedures which can all be attributed to inadequate resources. The respondents pointed out that the management information software systems have not been upgraded since they were put in place at SASRA's inception. They also noted that most of the processes and procedures in the organization are lengthy and laborious as they are not fully automated. They indicated that most records are kept in ledgers and manual reports that are filed in a registry, with each department having a registry for its operations.

#### **4.4.3 Communication**

The communication of an organization's strategies and the actions to be undertaken to achieve the desired results is one of the key ingredients necessary in the implementation process. An organization should endeavor to adopt appropriate communication channels. The selection of the appropriate means of communication will depend on the sector, coverage, sensitivity of the information and also the urgency of communicating the same. The findings of the study were that communication affects the strategy implementation process of an organization. It was pointed that due to the organization structure existing at SASRA, information has to be passed from top to bottom since development and evaluation of the strategies occurs at the top level of management and there is need therefore for passing the same to the middle and lower levels of the employees.

It was also found that due to the small number of staff in the Authority, the organization has had monthly meetings where employees are given opportunities to share their ideas on

how the Authority can be able to realize its objectives. It was noted that SASRA has established an open door policy and has formed a competition on creative ideas where employees are rewarded for giving out suggestions that are practical to assist the organization realize its objectives during the implementation phase. The feedback on the progress of the work done is usually passed during the interdepartmental meetings which are held monthly. It was also found that regular meetings are normally held in the organization on weekly and monthly basis which mostly depends on the need at hand as well as the occasional CEO breakfast meetings where all the employees are given a freehand to suggest on ways that can be employed to realize the organization's mandate.

#### **4.4.4 Top Management Commitment**

The researcher also wished to establish from the respondents if leadership and management was a challenge to strategy implementation. However, the respondents agreed that leadership was not a problem at SASRA as conflicts between the top management and the lower cadre employees were not common. They pointed out that the top managers encouraged teamwork in all areas of operations and fast conflict resolution mechanisms through a dispute resolution committee comprising all the Chief Managers and one representative from each cadre of employees. They also noted that the top managers attend many capacity building seminars and workshops that involve other stakeholders to equip them with additional knowledge and ideas for different phases of the strategy implementation.

#### **4.4.5 Organizational Culture**

The respondents agreed that the organizational culture at SASRA was a hindrance in the implementation of its strategy. The cultural factors that were identified by the respondents varied and included the following: resistance to change and the fear of the unknown. Three of the respondents indicated that there is a certain number of senior staff members that are used to a certain way of doing things in the organization and whenever new ways of implementing the strategy were required to capture a certain opportunity or counter a given threat, the same group would be slow in decision making and this would lead to a loss of opportunity. The respondents observed that when employees were used to a given way of life or doing things normally new ideas were seen as a threat to the existing culture and would naturally resist the same. The customers' influence on the implementation of the organization strategy was also noted as a challenge.

The researcher also wished to get from the respondents how they overcame the challenges posed by the values and beliefs shared by the organization's employees and still ensured the maintenance of the organizational culture. The respondents indicated that the involvement of the senior management in strategy implementation and training together with communication of benefits of changing the strategy to all staff were key ways to overcome most of the challenges realized in strategy implementation. One of the respondents noted that whenever the organization took the employees through the benefits of changing a particular strategy, they encountered less challenges in its implementation. In addition, the respondents recommended the openness of board meetings to create an all-inclusive process where not only the staff but also the customers could feel as part and parcel of the process. As a result, the respondents also indicated

customer-centric approach together with education and innovation as core to overcoming these challenges.

## **4.5 Discussion**

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work – implementing it throughout the organization – is even more difficult. Strategy formulation is both an institutional and an interpersonal process that gathers data and viewpoints and ultimately results in strategic decisions. These strategic decisions and how they have been reached have a major impact on strategy implementation success. The study found out that SASRA involves its employees, stakeholders in strategy development and implementation. Competency in implementation and the ability to put ideas into actions can be an organization's source of competitive advantage. Because the implementers of a strategy in most cases are the lower level staff, the process requires a shift in responsibility from strategist to divisional and functional managers to ensure effective implementation. The findings of the study were that those actively involved in the strategy implementation should also be actively involved in the strategy formulation to ensure ownership of the process. This position is found to be consistent with that David (2003) who observes that the human element of strategic implementation plays a key role in successful implementation and involves both managers and employees of the organization and more particularly the need to incorporate the views of the middle and lower cadre of staff.

The top management participation in strategy implementation leads to greater commitment to the firm's goals and strategies. Leadership is the key to effective strategy

implementation in an organization and this point came out strongly during the research. The respondents pointed that the leadership of the firm should support the process through directing both human and material support towards the strategy implementation process. The leadership should also liaise with other stakeholders outside the organization that will affect the success of the strategies being undertaken and seek their support in realization of the same strategies. As Hill and Jones (1997) noted the right managers must also be in the right positions for effective implementation of a new strategy since the top management goodwill and ownership to drive the process is also critical to effective implementation of strategy. To finding was also supported by Hrebiniak and Snow (1982) findings that the process of interaction and participation among the top management team typically leads to greater commitment to the firm's goals and strategies. Thompson (1997) further observed that a strategic leader must direct the organization by ensuring that long term objectives and strategies have been determined and are understood and supported by managers within the organizations who will be responsible for implementing them.

The value any organization places on role models, through the system of complements, and coupled with employee expectations has a big impact on developing the morale of workers. Culture impacts on most aspects of organizational life, such as how decisions are made, who makes them, how rewards are distributed, who is promoted, how people are treated and how the organization responds to environmental changes. The study found out that the culture in the Authority was a hindrance to strategy implementation as it caused resistance to change and the fear of the unknown. The findings were constituent with Johnson and Scholes (2002) findings that culture is a strength that can hinder

strategy implementation when important shared beliefs and values interfere with the needs of the business, its strategy and the people working on the company's behalf.

## **CHAPTER FIVE:SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1Introduction**

This chapter sets out to discuss the summary of the findings, draw conclusions, and make recommendations.

### **5.2 Summary of Findings**

The objective of the research study was to establish the challenges faced by Sacco Societies Regulatory Authority in the implementation of its corporate strategy. The study shows that the respondents were aware of the strategy implementation challenges that have taken place in the organization within the last four years which they considered extremely significant as they outline the organization's objectives, targets, means of achievement and responsibilities.

The researcher interviewed four respondents, one from each of the four core departments of the organization. They comprised the following: Senior Manager, Corporate Communications; Senior Manager, Human Resources; Chief Manager, Sacco Supervision; Chief Manager, Finance and Planning. All the respondents had worked in their respective positions for at least four years and had attained university education with three of them having undertaken a master's degree in their respective fields.

The respondents understood the strategy implementation stages and phases in the organization as well as the challenges that the organization was facing towards the realization of its objectives of ensuring effective implementation of the legal and

regulatory framework, effective use of information and telecommunication technology, availability and efficient utilization of adequate resources, effective stakeholder alliances and partnerships, and use of effective performance management systems. The organization's strategic plan is long-term in nature and it is expected that daily operational plans and annual programs are undertaken in a way that ensures that the long term strategic objectives are achieved. The departments in the organization are therefore involved in developing time-tables that include measurable performance targets linked to annual work-plans and the organization's vision.

SASRA's organization structure is an impediment to successful implementation of the strategy. Decision-making is slow and no room has been made for market dynamics and internal growth. The structure creates a perception that strategy implementation is a preserve of the top management. Only two departments in the organization are involved in institution-wide reporting to management and the board. The operations of the Authority are governed by the Sacco Societies Act, 2008 and no change has been made to reflect the present operating environment where stakeholders require prompt guidance and response. That number of staff is very small and access to the chief executive officer is not restricted.

Lack of resources is one of the major challenges that have threatened the successful implementation of strategies at SASRA. Even though there are other sources of revenue like license fees and penalties, SASRA still depends on the government to allocate its resources which are not enough to ensure that it undertakes its mandate effectively. However the government has been allocating to the Authority a small fraction of required budgetary support leaving the Authority with a huge deficit that is hard to

bridge, resulting in un-attainment of the set targets. Furthermore, the strategy implementation efforts appear not to be matched with availability of funds and this has resulted in ambitious plans with the expectation that the government will avail all the needed funds and equipment. The findings further revealed that the Authority does not have sufficient and qualified staff and this was also established to be a hindrance to the attainment of the set objectives.

The Authority communicates its strategic plans to the implementers in form of monthly and quarterly reports. It makes use of the balance score card which forms the basis of annual performance management as well as undertaking performance reporting which assists in amending the implementation plan where needed. SASRA has established an open door policy to encourage staff to share ideas that can assist in realizing the strategic objectives during the implementation stages. The feedback on the progress of work done is usually passed during inter-departmental meetings which are held monthly and during occasional breakfast meetings with the chief executive officer. It was found that strategy implementation is perceived as a function of the top management as top down approach is used to implement strategy.

### **5.3 Conclusion**

Strategy implementation is very vital for the functioning of any organization. From the findings, it was established that the authority adopts some practices in the strategy implementation which involve continuous monitoring and evaluation that generates quarterly and annual progress reports, capturing various aspects of the strategy in the

performance contract and work plans, dividing the strategy into short term and medium term strategies, use of consultancy and involvement of stakeholders. All these are geared towards successful implementation of the strategies. The top management of the Authority was found to be playing its role effectively by guiding the organization and liaising with the central government towards regulation of the Sacco sector which has seen many Saccos go under with members' contributions.

The Authority cannot however achieve its objectives due to various challenges that inhibit the achievement of its strategy implementation plans. These challenges include inadequate technological resources, insufficient management approaches and inadequate support from the central government towards the implementation of the organization's strategic plan. It was also concluded that employees should be trained on various matters concerning the implementation of strategic plans. All employees should be involved in making decisions on matters focusing on implementation of strategic plans. Therefore, the organization's management should be inclusive in all matters focusing on strategy implementation. It should allow all the staff members to participate fully from the formulation until the evaluation of its strategic plan. Effective monitoring and evaluation of the strategies during implementation was found to be critical. The organization should therefore be able to put in place measures for tracking down progress and facilitating learning and decision making in a quick manner and therefore increase the chances of achieving the same strategies. In an effort to improve monitoring and evaluation, an external consultant will be recommended to give independent opinions and guidance towards the achievement of the same objectives.

## **5.4 Recommendations**

The study established that strategy implementation had a great influence on the successful achievement of the Authority's objectives and it is recommended that at the start of any of the strategy implementation phases, it would be prudent to include a Human Resource audit to assess the capacity of the staff to be involved in implementing the new strategy and give recommendations. The basis of doing this relies on the principle of having the right people on board, then the problem of managing and directing them is minimized. To improve on human resource management, SASRA needs to institute a modern performance management system and train the key staff on administration of the system, review the job descriptions and personnel policies in order to have the workforce motivated.

The study established that resources was a key factor affecting the successful implementation of the Authority's strategies and it is recommended that the government increases its resource allocation to the Authority so that enough employees can be hired and adequate assets or equipment purchased to enable the Authority undertake its mandate effectively. The Authority should also consider sourcing for funds from development partners and sponsors to strengthen its strategy implementation capability through facilitation of training of employees for proper implementation, staff motivation and improvement of communication between the strategy formulators and implementers. Public private partnership agreements for training of the implementers is also a viable option to bridge the cash shortfall. The Authority should consider immediate implementation of fees, levies and charges as spelt out in the regulation.

The study established that the top management of the authority influenced successful implementation of strategies in the authority and it is therefore recommended that the management ensures that there is effective coordination and sharing of responsibilities in the Authority. There should be adequate and regular communication to the employees by the management on new developments affecting strategy implementation so that they understand the progress of implementation while at the same time employees should be rewarded for successful implementation of the strategy.

In order to implement the strategy more efficiently, a reliable measuring system should be developed to provide a better measure of the activities which are related to the strategy. Tasks and processes should be automated to provide faster data processing and accurate reports on the stages of strategy implementation. Middle managers should highlight strategic implementation issues when communicating with their subordinates to increase awareness. They should go through together with the staff working under them on what actions, why and how they are related to the strategy in order to better involve them in the implementation plans. It would also be profitable to offer middle managers opportunities to improve their management and leadership skills and those skills should also be emphasized in the future when choosing new managers.

### **5.5 Recommendation for Further Research**

The study confined itself to Sacco Societies Regulatory Authority (SASRA). The study should be replicated in other Authorities so that a comparison can be made of the factors influencing strategy implementation. This would assist the government to come up with

solutions to the challenges facing the Authorities so that they can deliver on their mandate.

Further research is required on the effect of strategy implementation at SASRA to enable a comparison to be made between the challenges and effects of strategy implementation to assist the Authority in making amendments where necessary in order to achieve the desired performance and remain sustainable.

### **5.6 Limitation of the Study**

SASRA is the newest financial regulator in Kenya having been incorporated in 2009. This study is therefore limited to the four years within which the Authority has been in operation. This period is not long enough to adequately establish the major challenges of strategy implementation in the Authority. However, the limitation did not have any adverse effects on the findings of the study.

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## **APPENDICES**

### **Appendix I: Letter of Introduction**

University of Nairobi

School of Business Studies

Dear Respondent,

I am a postgraduate student in the School of Business Studies, University of Nairobi, conducting a management research paper on challenges faced by Sacco Societies Regulatory Authority (SASRA) in the implementation of its corporate strategy. In order to undertake the research, you have been selected to form part of the study. This letter is therefore to request your assistance giving me information to the attached interview guide. This information will be treated with strict confidence and is purely for academic purposes. A copy of the final report will be availed to you upon request.

Your assistance and co-operation in this exercise will be highly appreciated.

Yours faithfully,

Jane Wanjiku Muigai

**MBA student**

Florence Muindi

**Supervisor**

## **AppendixII: Interview Guide**

The interview guide will seek to achieve the following objectives;

1. Establish the challenges faced by Sacco Societies Regulatory Authority (SASRA) in the implementation of its corporate strategy.

### **SECTION A: Demographic Data**

1. What is your designation in the Sacco?
2. For how long have you been holding the current position?
3. For how long have you worked in the Authority?
4. What is the highest level of education you have achieved?

### **SECTION B: Strategy Implementation**

5. What duration does the Authority strategy cover?
6. What level of involvement of employees does the strategy development take?
7. What practices does SASRA adopt in the implementation of its strategy?
8. At what level do you involve the stakeholders in your strategy implementation?

### **SECTION C: Challenges faced by Sacco Societies Regulatory Authority (SASRA) in the implementation of its corporate strategy.**

#### **A) Organizational structure**

- a) Is there structure for strategy implementation in SASRA?

- b) How does the structure in your organization pose a challenge to strategy implementation?
- c) Is the organizational structure of SASRA aligned with strategies being implemented?
- d) What approach can you describe the organization strategy implementation to adopt?  
Top down or bottom up?
- e) Is SASRA structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted?
- f) Does the structure of SASRA affect how the objectives and policies will be established and implemented?
- g) How does SASRA structure affect communication from the management to the employees and vice versa?

## **B) Resource allocation**

- a) Has SASRA set aside resources for strategy implementation? What kind of resources in particular?
- b) Do you have sufficient capabilities, processes and activities that are needed to bring the strategy to life causes breakdown in strategy implementation?
- c) In your opinion, were the available resources (Physical, financial, technological and human) adequate for strategy implementation?
- d) Does SASRA rational and equitable resource allocation across the organization affect effective implementation of any organization's strategic plan?

### **C) Communication**

- a) Is there adequate communication of the strategy and its underlying rationale to all the staff and clients for their understanding and acceptance?
- b) Do the top managers link strategic objectives with the day to day objectives at different organizational levels and locations?
- c) What measures have been instituted to improve and provide necessary and adequate communication on strategy implementation?
- d) Does the SASRA gives an opportunity to its employees share their ideas, facts, opinions and emotions and above all provides feedback through inter-departmental meetings, committees and personal consultations?
- e) How often is feedback on strategy implementation communicated to the employees?
- f) What means of communication does the management use to communicate the awareness of change to both internal and external stakeholders?

### **D) Top management commitment**

- a) Are the top managers in SASRA at the forefront in providing leadership in strategy implementation?
- b) Is leadership a challenge to the process of strategy implementation?
- c) What kind of challenges do you face with leadership?
- d) Do you face the challenges posed by ineffective coordination and poor sharing of responsibilities?

- e) Are you faced with the challenge of conflict in leadership whereby the CEO's vision is not shared all? If yes, how does this impact on the stages of strategy implementation?

## **E) Organizational culture**

- a) Is there culture for strategy implementation in SASRA?
- b) What challenges are brought about by SASRA culture?
- c) How do the shared beliefs and values that interfere with the needs of the business, its strategy and the people working on the organization's behalf hinder strategy implementation?
- d) Is there a coordinating committee to ensure that all outstanding issues regarding the implementation of the strategy are resolved and that the activities of the various directorates are properly coordinated?

**Thank you for your participation**