Factors Affecting Implementation of Strategies among Savings and Credit Co-Operative Societies in Kakamega County, Kenya

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Accepted 01 Sept 2016, Available online 06 Sept 2016, Vol.4 (Sept/Oct 2016 issue)

Abstract

The study sought to review factors affecting implementation of strategies among Savings and credit cooperative societies in Kakamega County. The study was guided by two specific objectives, namely; information technology and financial resources. The population of the study was drawn from management staff of the Saccos in Kakamega County registered under the Sacco Society Regulatory Authority that are duly licensed to carry out deposit-taking Sacco business in Kenya. The study relied on primary data which was obtained through a structured questionnaire. The study adopted a descriptive research design. The study employed census study. The study generated quantitative data where quantitative data was coded and entered into Statistical Packages for Social Scientists (SPSS Version 20) and analyzed using descriptive and inferential statistics. Multiple regression and correlation were used. The findings show that information technology and financial resources are positively correlated to implementation of strategies. The study recommends that more needs to be done to ensure financial resources are aligned to the implementation of the strategy and attention should be paid to the adequacy of financial resources. Further the study recommends that Sacco’s should embrace modern technology.

Keywords: Strategy Implementation, Information Technology and Financial Resources

1. Introduction

Strategy implementation is the process of transforming strategic intentions into actions, then into acceptable results. Successful strategy implementation is as critical and difficult as the strategic choice (Hrebiniak, 2006). Implementation is important as it enables organization’s to accomplish formulated strategies. Unless properly implemented strategies don’t add value (Raps, 2009).

Hussey (2010) alluded that envisioning, activating, installing, ensuring, and recognizing are the steps that entail the process of implementation. He further posited that strategy implementation is complicated and that its success depended on choosing the right strategy and transforming the strategy into action. Making a strategy work through implementation is more complicated than formulating a strategy (Thompson, Gamble & Strickland, 2012).

Many companies do not successfully implement strategies because actualizing a strategic plan so as to drive business growth requires specific actions. Strategy potential is undermined due to weak implementation leading to poor organizational performance (Rama & Rao, 2011).

Several past studies have shown that there’s failure in strategy implementation between 50% and 80% (Carlopio, 1998; Ashkenas & Francis, 2000; Atkinson, 2006; Beer & Nohria, 2000; Jonk & Ungerath, 2006).

Thompson, Gamble, and Strickland (2012) believe factors affecting the successful implementation of strategies are as: organization culture decision-making processes organization structure, organization culture, education, motivation and reward systems, information and communication technology and reporting system, providing adequate resources, effective communication, capabilities and skills.

1.1 Co-operative Societies

A SACCO is an association of persons united voluntarily to meet their common economic, social and their aspiration through a jointly and democratically owned enterprise (Nduti, 2012). The Sacco movement in Kenya started in the early 1900 and is an important player in the Kenyan social economic development. The society Regulatory Authority (SASRA) was inaugurated in 2009. Its mandate was to license SACCOs to regulate and supervise them to make sure that they abide with government financial instruments (Co-operative societies Act Chapter 490 of Kenyan Laws), SACCOs are required to comply with...
of Strategies in Savings and Credit Cooperative Societies (SACCO's) in Kakamega County.

1.3 Research Objectives

The general objective of the study was to analyze factors affecting implementation of strategies in savings and credit cooperative societies in Kakamega County, Kenya.

The specific objectives of the study were:

1. To examine the effect of information technology on implementation of strategies of SACCOS in Kakamega County.
2. To investigate the effect of financial resources on the implementation of strategies of SACCOS in Kakamega County.

1.4 Research Questions

1. How does information technology affect implementation of strategies of SACCOS in Kakamega County?
2. How do financial resources affect implementation of strategies of SACCOS in Kakamega County?

2. Literature Review

2.1 Theoretical Background

Resource based theory

According to David (2009) a firm’s ability to perform better is determined by its unique resources. Resources may be classified as human capital, organizational capital and physical capital. (Currie, 2009). According to Crook et al. (2008) an organization must own resources for it to have sustainable competitive advantage. The resources should be valuable, rare, inimitable and non-substitutable (VRIN). In this theory distinctiveness of an organization’s capabilities explain the superior performance and competitive advantage. (Johnson, Scholes & Whittington, 2008). To create value, natural and financial resources, economies of scale and technology can be utilized. These are the sources of competitive advantage.

2.2 Empirical Review

2.2.1 Implementation of strategies

Though Implementation is a key step in the strategy process it has been neglected. Implementation is generally perceived as a factor influencing performance (Noble, 1999; Dobni and Luffman, 2003; Bantel and Osborn, 2001). Noble (1999) alluded that superior performance is a result of well formulated strategies that are successfully implemented. Evidence keeps piling of
how barriers to strategy implementation make it so difficult for organizations to achieve sustained success. Deal (2010) observes that a lot of literature focuses on long range planning instead of actual implementation of strategies. According to Hamid (2010) studies show that most big companies have had problems in implementing their strategies. His study identified effective factors, like: leadership, organizational structure, human resources, information systems and technology, on successful implementation of strategies in service sector.

2.3. Factors affecting implementation of strategies

2.3.1 Information Technology

High level technology ensures that the strategic planning process will be successful both in the short run and in the long run. Organizations should adopt modern technology for effective strategic planning implementation process (Olsen, 2011). Information technology is a key factor that improves the way the organization reaches its target, produces its goods and services and also makes it relevant in its operation (Mwawasi, Wanjau & Mkala, 2013).

Bhattacharya, Gulla and Gupta (2012), advise that with Information Technology infrastructure emerging as an important factor in achieving business objectives, firms need to be technologically ready to take on the strategic challenges that can fuel growth. Technology determines the success of strategy implementation in the organization, technology and strategy implementation cannot be separated and therefore the presence of technology will enhance the success of the strategy implementation, (Mutie & Irungu, 2014). Enterprises with higher capability are able to deliver IT services to the entire organization. The implementation of strategy is not only related to the change of market, but also to the capability of the whole organization hence for the organization to develop its IT capability is one of the critical tasks of e-business (Eikebrokk & Olsen, 2007). Successful implementers ensured information technology was the focal point in ensuring strategy implementation and making of the organizations reputation (Brown, 2012).

2.3.2 Financial Resources

According to Eikelenboom (2009) resources are considered the ultimate source of sustainable value creation. A recent school of thought based on extensive research suggests that competitive advantage of a firm depends on the resources the firm can command (Grattan, 2011). Financial resources are one of the critical resources which affect the ability of an organization to execute given tasks. Strategy implementation shows role of finance as the establishing and monitoring of specific and measurable financial strategic goals on a coordinated and integrated (Thompson, Strickland, & Gamble, 2009).

According to Hussey (2013) financial resources can be a limiting factor and the way which it is obtained may make it easier or harder to further resources in the future. The finance strategic plan is an arrangement that focuses on how to successfully; make money, spend money, and estimate the income and operating cost (Hrebiniak, 2006). Established organizations may experience changes in the business environment that can make a large part of their resource base redundant resources, which may be unable to free sufficient funds to invest in the new resources that are needed and their cost base will be too high (Johnson and Scholes, 2002). According to Kweri (2011) some of the strategy implementation challenges include inadequate financial resources, differences and infighting among the top management, government rules and regulations.

In public organizations inadequate funds is a major factor that hinders implementation of strategic plans (Muchemi, 2005). Financial resources Management function is a critical function of the management team of any organization (McCarthy, 2012). This function is even more important when financial resources are highly limited and capital allocations are difficult (McCarthy et al 2012).

Conceptual Framework

The conceptualized relationship between the independent and dependent variables is shown in Figure 1.

![Figure 1: Conceptual Framework](https://example.com)

3. Research Methodology

The study adopted descriptive research design. According to Kothari (2009) descriptive research is used when the problem has been well designed because this design involves fact findings and enquiries of different variables. The study was conducted at the SACCO’s in Kakamega County. The target population of the study consisted of 12 management staff from the SACCOS in Kakamega County registered under the SACCO Society Regulatory Authority. These are the key players in the implementation of the strategies in the SACCOS. Closed ended questionnaire was used to collect the data from the respondents. Descriptive statistics such as mean and standard deviation were used to summarize and relate variables which were attained from the administered questionnaires. Pearson correlation analysis was...
determined if there is a relationship between the factors and implementation of strategies. Multiple regression analysis was used to determine the joint relationship between independent and dependent variables. The regression model was:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon \]

Whereby \( Y \) = strategy implementation

\( \beta_0 \) = Constant

\( \beta_1, \beta_2 \) = Coefficients of determination

\( X_1 \) = Information Technology

\( X_2 \) = Financial Resources

\( \varepsilon \) = Error term

4. Results and Analysis

4.1 Response rate
All the questionnaires administered were filled and returned representing 100% response rate.

4.2 Descriptive statistics

4.2.1 Information technology
The respondents were in agreement to the statements that the organization has adopted information technology in its day to day operation(mean 3.67, standard deviation 1.15); that they get accurate information from the organization’s information technology (mean 3.75, standard deviation 0.45); that the IT system in the organization is outdated(mean 2.67, standard deviation 1.23); that in my organization the IT system is effective(mean 4.16, standard deviation 0.83); that the strategies are related to the IT system in the organization(mean 3.58, standard deviation 0.79), that the organization lacks sufficient information technological resources(mean 2.33, standard deviation 1.23).

| Table 4.1: Descriptive Statistics on information technology |
|-----------------|---------|-----------|---------|-----------------|
| Organization adopted information technology | 12 | 1.00 | 5.00 | 3.6667 | 1.15470 |
| I get accurate information | 12 | 3.00 | 4.00 | 3.7500 | .45227 |
| It system is outdated | 12 | 1.00 | 4.00 | 2.6667 | 1.23091 |
| IT system is effective | 12 | 3.00 | 5.00 | 4.1667 | .83485 |
| strategies are related to IT system | 12 | 2.00 | 5.00 | 3.5833 | .79296 |
| organization lacks sufficient information technology | 12 | 1.00 | 5.00 | 2.3333 | 1.23091 |
| Valid N (list wise) | 12 |

| Table 4.2: Descriptive statistics on financial resources |
|-----------------|---------|-----------|---------|-----------------|
| organization allocates sufficient financial resources | 12 | 1.00 | 5.00 | 3.9167 | 1.08362 |
| financial resources are utilized as per goals | 12 | 3.00 | 5.00 | 3.7500 | .62158 |
| there is delay in provision of funds | 12 | 1.00 | 4.00 | 3.2500 | 1.13818 |
| financial resource allocation based on budget | 12 | 2.00 | 5.00 | 3.5833 | .90034 |
| staff are trained on financial management | 12 | 2.00 | 5.00 | 3.7500 | .75378 |
| Valid N (list wise) | 12 |

4.2.2 Financial resources
The respondents were in agreement that the organization allocates sufficient financial resources(mean 3.91, standard deviation 1.08); that financial resources are utilized as per the goals(mean 3.75, standard deviation 0.62); that there is delay in provision of funds needed for implementation of strategies(mean 3.25 standard deviation 1.14); that financial resource allocation is based on actual budgetary requirements(mean 3.58 standard deviation 0.90); that staff are well trained on financial management(mean 3.75 standard deviation 0.75).

4.2.3 Implementation of strategies
The respondents were in agreement with the statement that in my organization the strategies are normally implemented on time (mean 3.50, standard deviation 1.09); that the organization has constant progress reviews on implementation of strategies (mean 3.75, standard deviation 0.96); that the organization has measurable performance standards for each plan element (mean 3.58, standard deviation 1.16); that a committee has been set to oversee implementation process (mean 3.75, standard deviation 1.05); that strategy implementation decisions are based on strategic plan(mean 3.50, standard deviation 1.17).
### Table 4.3: Descriptive Statistics on implementation of strategies

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>strategies are implemented on time</td>
<td>12</td>
<td>1.00</td>
<td>5.00</td>
<td>3.5000</td>
<td>1.08711</td>
</tr>
<tr>
<td>constant progress reviews on implementation</td>
<td>12</td>
<td>2.00</td>
<td>5.00</td>
<td>3.7500</td>
<td>.96531</td>
</tr>
<tr>
<td>measurable performance standards</td>
<td>12</td>
<td>1.00</td>
<td>5.00</td>
<td>3.5833</td>
<td>1.16450</td>
</tr>
<tr>
<td>committee oversees implementation</td>
<td>12</td>
<td>2.00</td>
<td>5.00</td>
<td>3.7500</td>
<td>1.05529</td>
</tr>
<tr>
<td>decisions are based on strategic plan</td>
<td>12</td>
<td>1.00</td>
<td>5.00</td>
<td>3.5000</td>
<td>1.16775</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 4.4: Correlations

<table>
<thead>
<tr>
<th></th>
<th>Information technology</th>
<th>Financial resource</th>
<th>Implementation of strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.454</td>
<td>.746***</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.138</td>
<td>.005</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>12</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

### Table 4.5: Model Summary

<table>
<thead>
<tr>
<th>Mode I</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.878**</td>
<td>.770</td>
<td>.719</td>
<td>.48363</td>
<td>.770</td>
<td>15.074</td>
<td>2</td>
<td>9</td>
<td>.001</td>
<td>1.650</td>
</tr>
</tbody>
</table>

**a. Predictors: (Constant), financial resource, information technology

**b. Dependent Variable: implementation of strategies

4.3.1 Correlation

Correlation analysis was used to determine the significance and degree of association of the variables. The results of the correlation analysis are summarized in Table 4.4 above.

Table 4.4 shows that information technology and financial resources display a strong positive correlation with implementation of strategies. Information technology is strongly positively correlated with implementation of strategies at 99% confidence level (r=0.746; p<0.01). The findings are in agreement with Chieng (2013) who proved that information technology affects implementation of the Kenya Vision 2030 strategy. These results are also in tandem with Mwawasi, Wanjau and Mkala (2013) who posited that information technology is a key factor that improves the way the organization reaches its target, produces its goods and services and also makes it relevant in its operation. Thatia and Muturi (2014) are also in agreement with findings of this study on information technology.

Financial resources is strongly positively correlated with implementation of strategies at 99% confidence level (r=0.751; p<0.01). The findings are corroborated by M’mbui (2014) who proved that lack of adequate finances was a great obstacle in implementation of strategies. Further the results concur with those of Ahamed (2015) who proved that financial resources had a positive correlation with strategy implementation. The findings support arguments that financial resources have a critical importance in strategy implementation and the desired strategy must be rooted in what is financially feasible in the organization (Homburg et al., 2004).

Therefore the correlation is feasible since it’s significant at 99% confidence level. The positive relationship indicates that there is a correlation between the factors and implementation of strategies among Cooperative societies at Kakamega County.

4.3.2 Regression Analysis

Multiple regression analysis was used to determine the relationship between the dependent variable and all the independent variables. This analysis was used to determine the effect of the independent variable on the dependent variable.

The value of R square in table 4.5 above is 0.770. This indicates that 77.0% of variance in dependent variable (implementation of strategies) is explained by variance in the independent variable (information technology and financial resources). This shows that 77.0% changes in the Sacco’s implementation of strategies could be accounted for by process innovations at 99% confidence interval.
The correlation coefficient (R) of 0.878 in the table above shows that there is a strong positive relationship between information technology and financial resources and implementation of strategies.

4.3.2.1 Durbin Watson test

Durbin Watson a test used to detect auto correlation from the table 4.5 all Durbin Watson value is less than 3 indicating that there is no autocorrelation the rule of thumb. From table 4.5 above, the Durbin Watson value is 1.650 implying that there was no autocorrelation problem on the regression model.

4.3.2.2 Multi-collinearity

Multi-collinearity can be measured using variance inflation factor (VIF) or tolerance test. From table4.6 above the VIF values is below 10 which is the critical value rule of thumb when VIF values are less than 10 then there is no multi-collinearity problem (Besley 1980) as sighted in (Jingyu Li 2003). The VIF for both information technology and financial resources is 1.259. If tolerance value is greater than 0.1 but less than 1.0 then there was no multi-collinearity problem (Hair, 2006). Tolerance value in the table 4.6 was 0.794 for both information technology and financial resources and therefore there was no multi-collinearity problem.

From the regression findings in table 4.6 above, the substitution of the equation \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \varepsilon \) becomes \( Y = 2.871 + 0.978X_1 + 0.303X_2 \). The F ratio in the ANOVA table tests whether the overall regression model is fit for the data tested. The independent variables (Information technology and financial resources) statistically significant predict the dependent variable (implementation of strategies).The F value is significant at 1 per cent level (F =15.074, p < 0.01) showing the applicability of the overall model. Hence the regression model is feasible and thus information technology and financial resources positively influence implementation of strategies of Sacco’s.

5. Summary and Conclusion

The study sought to review factors affecting implementation of strategies among Savings and credit cooperative societies in Kakamenga County. The study was guided by two specific objectives, namely; information technology and financial resources. The population of the study was drawn from management staff of the SACCCOS in Kakamenga County registered under the SACCOS Society Regulatory Authority that are duly licensed to carry out deposit-taking SACCOS business in Kenya. The study relied on primary data which was obtained through a structured questionnaire. The study adopted a descriptive research design. The study employed census study. The study generated quantitative data where quantitative data was coded and entered into Statistical Packages for Social Scientists (SPSS Version 20) and analyzed using descriptive and inferential statistics. Multiple regression and correlation were used. The findings show that information technology and financial resources are positively correlated to implementation of strategies.

The F ratio in the ANOVA table tests whether the overall regression model is fit for the data tested. The independent variables (Information technology and financial resources) statistically significant predict the dependent variable (implementation of strategies).The F value is significant at 1 per cent level (F =15.074, p < 0.01) showing the applicability of the overall model. Hence the regression model is feasible and thus information technology and financial resources positively influence implementation of strategies of Sacco’s.

### Table 4.6: Coefficients^a^

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant) &amp; -2.871 &amp; 1.191 &amp; -2.411 &amp; .039 &amp;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information technology &amp; .978 &amp; .344 &amp; .510 &amp; 2.844 &amp; .019 &amp; .794 &amp; 1.259</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial resources &amp; .877 &amp; .303 &amp; .519 &amp; 2.895 &amp; .018 &amp; .794 &amp; 1.259</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: implementation of strategies

### Table 4.7: ANOVA^a^

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression &amp; 7.052 &amp; 2 &amp; 3.526 &amp; 15.074 &amp; .001^a^</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Residual &amp; 2.105 &amp; 9 &amp; .234</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total &amp; 9.157 &amp; 11</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: implementation of strategies

b. Predictors: (Constant), financial resources, information technology
5.1 Recommendation

More needs to be done to ensure financial resources are aligned to the implementation of the strategy and attention should be paid to the adequacy of financial resources. Further the study recommends that Sacco’s should embrace modern technology and do away with the outdated technology so as to enhance implementation of strategies. The organization should invest in more information technology infrastructures.

This study should be replicated in different SACCOS operating in other Counties out of Kakamega to find out if these findings are applicable. It should also be replicated in other organizations to establish the factors affecting implementation of strategies.

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