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

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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

standards set by the SACCO Society Regulatory Authority (SASRA). SACCOs have distinguished themselves as convenient vehicles for savings mobilization and credit extension to members for both personal and enterprise development. In Kakamega County there are two SACCOs registered under SASRA that are duly licensed to carry out deposit-taking Sacco business in Kenya that is Kakamega Teachers Savings and Credit Co-operative Society(KATECO) and WEVARSITY SACCO Society Ltd.(SACCO Societies (Deposit-Taking SACCO Business) Regulations, 2010).

1.2 Statement of the Problem

Strategy implementation is an important component in strategic management process. Although formulating consistent strategies seems a difficult task for any management team, making that strategy work through effective implementation is even more difficult (Hrebiniak, 2006).

Many organizations formulate good strategies yet there's a high failure rate in implementing them. Previous studies show that most strategies achieve less than half what was planned for. with as high as 9 out of 10 strategies failing to implement successfully (Speculand, 2009). Raps 2004) posits that the success rate for implemented strategies is between 10% and *30%.*In particular, this study focuses on implementation of strategies among SACCOS in Kakamega County.

Other Related studies that have been carried out regarding strategy implementation include Maxwell, Kepha and Joseph (2013) focused on the Factors affecting effective strategy implementation for attainment of Millennium Development Goal 5 by international reproductive health non-governmental organizations in Kenya.

A study by KIPPRA (2013) that showed that improper planning was the main reason why organizations failed to accomplish their objectives. Teresa (2013) who focused on strategic plan implementation in non-governmental organizations in Kenya. Arumonyang (2009) who did a survey of the challenges facing Regional development Authorities (RDAs) in Kenya. The study identified the following impeding factors inter alia; control by external powers; inadequate resources; inadequate funding and untimely disbursement of resources by Treasury; structure; leadership, planning, politicized internal environment; policies and procedures, and tactical and operational plans.

A study by Gworo (2012) established the challenges of the implementation of growth strategies at Equity Bank Kenya Ltd. Such as cultural and political challenges and the resistance by the staff to accept new strategy.

However, from the findings of previous studies little has been done on Factors affecting the Implementation of Strategies in Savings and Credit Cooperative Societies (SACCO's) in Kenya. Therefore, this is the reason the study seeks to investigate the Factors affecting Implementation

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, in-imitable 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 creationA 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 pubic 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

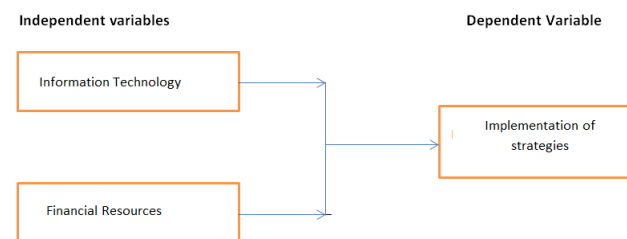The conceptualized relationship between the independent and dependent variables is shown in Figure 1.

Figure 1: Conceptual Framework

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
B_0 = Constant
β_1, β_2, = Coefficients of determination
X_1= Information Technology
X_2 = Financial Resources
ε = 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

	N	Minimum	Maximum	Mean	Std. Deviation
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

	N	Minimum	Maximum	Mean	Std. Deviation
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 (listwise)	12				

4.2.2 Financial resources

The respondents were in agreement that the organization allocates sufficient financial resources(mean3.91, 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(mean3.75 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

	N	Minimum	Maximum	Mean	Std. Deviation
strategies are implemented on time	12	1.00	5.00	3.5000	1.08711
constant progress reviews on implementation	12	2.00	5.00	3.7500	.96531
measureable performance standards	12	1.00	5.00	3.5833	1.16450
committee oversees implementation	12	2.00	5.00	3.7500	1.05529
decisions are based on strategic plan	12	1.00	5.00	3.5000	1.16775
Valid N (listwise)	12				

Table 4.4: Correlations

		Information technology	Financial resource	Implementation of strategies
Information technology	Pearson Correlation	1	.454	.746[**]
	Sig. (2-tailed)		.138	.005
	N	12	12	12
Financial resource	Pearson Correlation	.454	1	.751[**]
	Sig. (2-tailed)	.138		.005
	N	12	12	12
Implementation of strategies	Pearson Correlation	.746[**]	.751[**]	1
	Sig. (2-tailed)	.005	.005	
	N	12	12	12
**. Correlation is significant at the 0.01 level (2-tailed).				

Table 4.5: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.878[a]	.770	.719	.48363	.770	15.074	2	9	.001	1.650
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 technologyis 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.

Table 4.6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-2.871	1.191		-2.411	.039		
	Information technology	.978	.344	.510	2.844	.019	.794	1.259
	Financial resource	.877	.303	.519	2.895	.018	.794	1.259
a. Dependent Variable: implementation of strategies								

Table 4.7: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.052	2	3.526	15.074	.001[b]
	Residual	2.105	9	.234		
	Total	9.157	11			
a. Dependent Variable: implementation of strategies						
b. Predictors: (Constant), financial resources, information technology						

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 $Y = \beta o + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$ becomes $Y = 2.871 + 0.978 X_1 + 0.877 X_2$.

Assuming all other independent variables are 0.000 implementation of strategies will be 2.871 .An increase of 1% in implementation of strategies causes an increase of 0.978 in information technology in the same direction which means they are positively related. An increase of 1% in implementation of strategies causes an increase of 0.877 in financial resources in the same direction which means they are positively related.

4.4. Anova results

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 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. Information technology is strongly positively correlated with implementation of strategies at 99 % confidence level (r=0.746; p<0.01). From the multiple regression results, the beta coefficient of information technology is 0.978.

Financial resources is strongly positively correlated with implementation of strategies at 99 % confidence level (r=0.751; p<0.01).From the multiple regression results, the beta coefficient of financial resources is 0.877.

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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