

## **The Influence of Strategy Content on Strategy Implementation among Primary Cooperative Societies in Nairobi City County, Kenya**

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**ABSTRACT:-** Organizations in the 21<sup>st</sup> Century face a highly dynamic operating environment. The volatility of the environment being a result of rapid technological changes, the effect of the world being a global village, increased knowledge among stakeholders primary of whom are employees and customers, to name only a few. Strategic Management is one of the disciplines that will enable an organization deal with such changes. Strategic Management is a two headed coin, strategy formulation and strategy implementation. Whereas, Strategy Formulation spells out the game plan of success for the organization, Strategy Implementation spells out how to turn the formulated strategy into required actions which will bring about the desired results. This study seeks to determine the influence of strategy content on strategy implementation, among Primary Cooperative Societies in Nairobi, Kenya. Strategy Content is defined by two elements; quality of the strategic plan and the strategy formulation process. The study population consisted of 2,895 Primary Cooperative societies which was whittled down to 2,149 societies. From this figure 291 societies were randomly sampled. Only 200 questionnaires were received back and out of these only 180 were useable for data analysis purposes. Descriptive and inferential statistics were used to analyze the data. The study found a strong positive correlation between strategy content and strategy implementation ( $r=0.598$   $n=180$   $p=.000$ ). Furthermore, the respondents agreed that the quality of the strategic plan was good (Mean 3.725) and that the strategy formulation process was good (Mean 3.70). The study concluded that strategy content as defined by the quality of the strategic plan and the strategy formulation process was good. It was concluded that any failure in strategy implementation among primary Cooperative societies in Nairobi, Kenya was as a result of factors other than the strategy content.

**Key Words:-** Strategy Implementation, Strategy Content, Quality of the Strategic Plan, Strategy Formulation Process.

### **I. BACKGROUND OF THE STUDY**

In the 21<sup>st</sup> Century, organizations face a highly dynamic environment. The volatility of the environment is a result of constant changes such as rapid technological advancement, globalization, more knowledgeable and demanding customers and workforce to name but a few. Events happen quickly in today's business environment. To combat such volatility, top management tend to focus on technology and process improvement, with minimal results. Strategic Management is the discipline that will enable organizations deal proactively with environmental challenges. By constantly monitoring the environment, management will make the organization more adoptive to it.

Strategic management is a two headed coin, strategy formulation and strategy implementation and control. Strategy formulation gives the organization its game plan in successfully operating in its current environment while strategy implementation and control is the side which spells out the how of turning the formulated strategy into required action which will give rise to the desired outcome. Whereas strategy formulation has received tremendous research support, research on strategy implementation and control has been described by (Bhalova & Knapkora 2010) as eclectic. Yang Li et al (2008) aver that a myriad of factors can potentially affect the process by which strategic plans are turned into organizational action.

In studying strategy implementation researchers have come up with different frameworks. One such framework is the content, context and outcome framework. Okumus (2003) is one such study which utilizes the later framework. The author came up with four broad categories, namely, Strategy Content, External environment context, internal environmental Strategy Context, operational process and outcomes. This study will focus on only one of the four factors influencing strategy implementation, namely strategy content. This will be looked at under two sub topics namely; the quality of the strategic plan and the process of coming up

with the plan. Van Der Maas (2008) posits that implementation failure happens often during the formulation phase than at the implementation stage.

**Study Objectives**

- 1) To establish the influence of strategy quality on strategy implementation.
- 2) To determine the effect of strategy formulation process on strategy implementation.

**II. RESEARCH METHODOLOGY**

This study was conducted in Nairobi City County, where all the Cooperative Societies registered by the County Cooperative Commissioner formed the study population. Nairobi is the capital city of Kenya and is one among forty seven counties in Kenya. Being the capital city makes it have a high concentration of business organizations, including cooperative societies. The list that the researcher received and used had 2,895 cooperative societies. Some societies were eliminated as being too new (less than five year in existence), thus may not have had the time to formulate and implement a strategy. In this way a total of seven hundred and forty six (746) societies were eliminated leaving two thousand, one hundred and forty nine (2,149) as the actual population in the study. Before embarking on the full study validity and reliability of the research instrument was tested.

**Validity of the Research Instrument:**

According to Mugenda and Mugenda (2008), the validity of a research instrument has to do with how well the data obtained represents the variables of the study. External validity refers to generalizability of the research results to the entire population while the content validity refers to the appropriateness of the contents of the research instrument. Both can be improved by carrying out a pilot test. In order to improve the validity of the research instrument it was subjected to a pilot test as well as to the scrutiny by an expert panel.

**Reliability of the Research Instrument:**

Mugenda and Mugenda (2008) define reliability as a measure of the degree to which a research instrument yields consistent results after repeated trials. This study was tested for reliability by calculating the cronbach alpha coefficient. Cronbach alpha calculated on the pilot test study yielded the following results

**Table 1: Reliability of the study Variable**

Variable	Reliability Cronbach alpha	Number of items	Comments
Strategy Content	0.952	8	Accepted
Strategy Implementation success	0.938	14	Accepted
<b>Mean</b>	<b>0.945</b>		<b>Accepted</b>

As seen in Table 1 Strategy content had a coefficient of 0.952 while strategy implementation success had a coefficient of 0.938. The mean value is 0.945. Cronbach alpha reliability coefficient normally ranges between 0 and 1. The closer the coefficient to 1 the greater the internal consistency.

Attempts to form various Cooperative clusters, (Housing Cooperatives, Investment Cooperatives, Multi-Purpose Cooperatives, Transport Savings and Credit Cooperatives and General Savings and Credit Cooperatives) collapsed as more than eighty percent (80%) of the population fell in one strata that is the General Savings and Credit Cooperative Societies strata. The entire population was therefore handled as though it were homogenous. From the actual population of two hundred and forty nine societies, two hundred and ninety one (291) societies were randomly selected as the sample for this study.

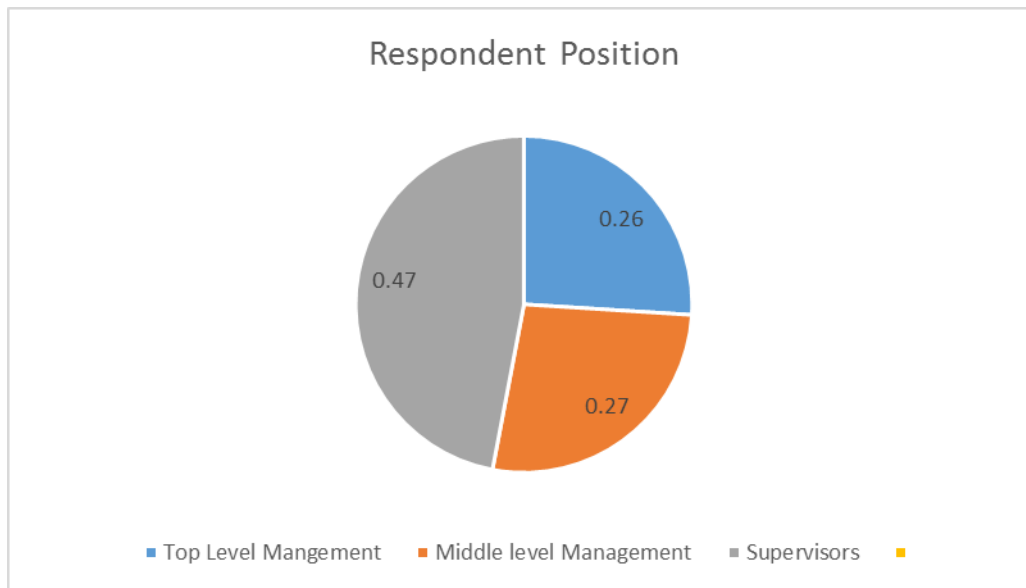
Data was collected from this sample using a structured questionnaire. The questionnaires were dropped at the society offices and later on picked by research assistants. Out of the two hundred and ninety one questionnaires dropped two hundred were completed and returned, giving a response rate of 68.73%. Richardson (2005) avers that a response rate of at least 60% is both desirable and achievable in a survey research.

**III. RESULTS AND DISCUSSION**

**Respondent Job Position**

Results indicate that the study participants were top level managers (26%), middle level managers (27%) while the remaining 47% were supervisors. Responses by supervisors compared to top or middle level

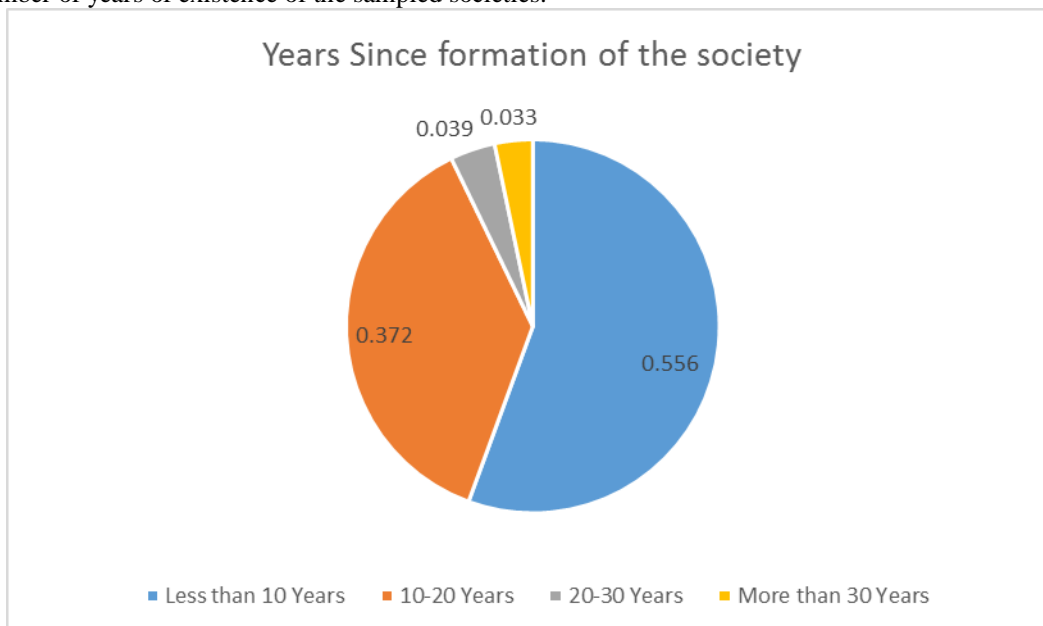
managers was viewed as possibly being more authentic as they did not have as much pressure as the top management to present ‘good’ results. The downside of this being that supervisors may not have all the required information where information flow in the organization is not free. The latter would result to a higher level of neutral responses. Mbaka and Mugambi (2014) in their research findings indicated that human resource capabilities of the executors play a very critical role in strategy implementation. Executors are comprised of top, middle and lower level management.



**Figure 1: Questionnaire Respondent Position in the Society**

**Years of operation of the cooperative society**

Strategic planning looks three to five years ahead. It charts a definite course based on strong indicators of the management prediction of what the business environment will be like in those years. Figure 2 illustrates the number of years of existence of the sampled societies.



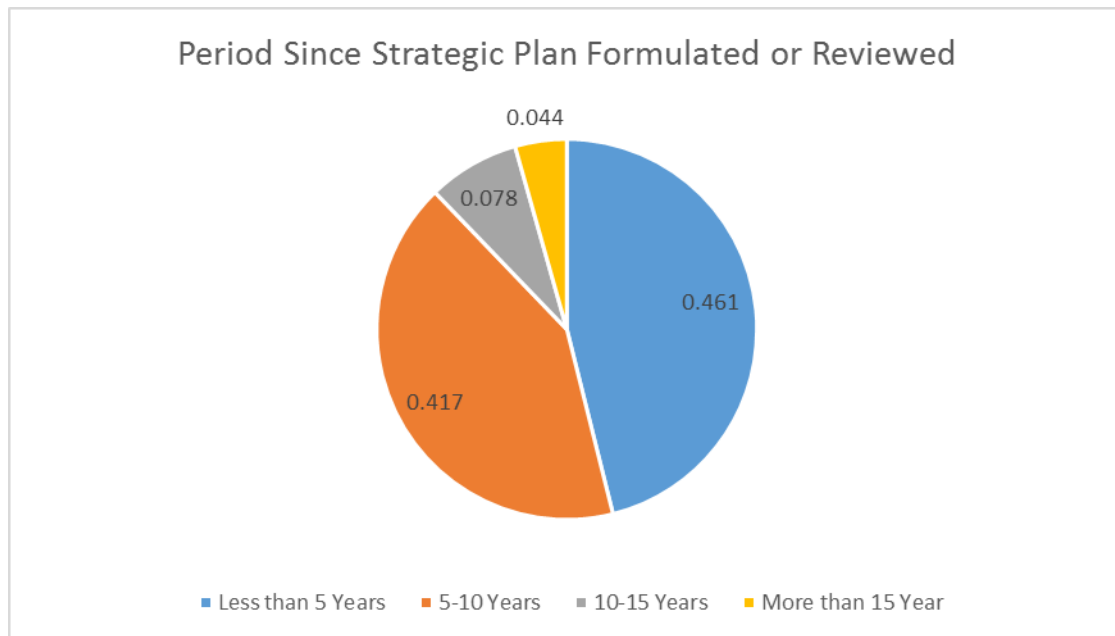
**Figure 2 – Number of Years passed since the formation of the Society**

**Existence of a Strategic Plan**

Out of the 200 questionnaire results received, 10% or 20 societies did not have a strategic plan, the analysis therefore focused on the remaining 90% or 180 societies.

### **Years since the Formulation or Review of the Strategic Plan**

The importance placed on Strategic Management is revealed in the frequency of its review. This is particularly important when we are thinking of strategy implementation. In its implementation, there will invariably be areas that need review. The responses to the question of review indicate that most of the sampled societies had high regard for strategic Management. It shows that 46.1% had formulated or reviewed their plans in the last five years. There was never the less a good proportion which had gone beyond the five year period. The graph of this information in relation to the study respondents looks like this;

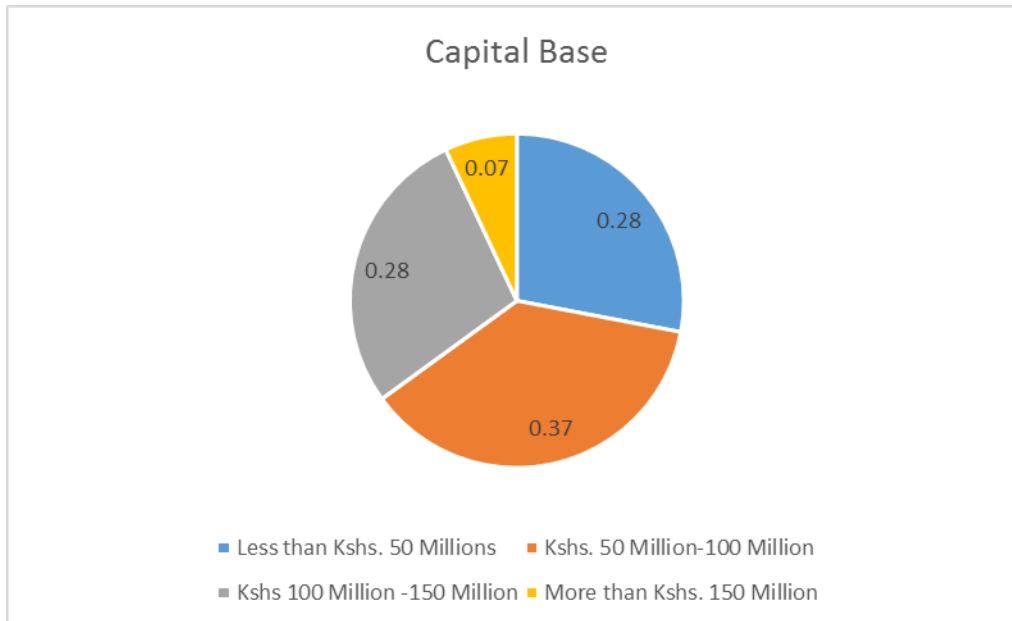


**Figure 3: Period since Strategic Plan was Formulated or Reviewed**

When looked at side by side, the data on society formation and the data on years since strategic plan was formulated, it is indicative that the newer societies placed more importance on formation and review of strategic plans than the older societies. This can be explained by the older societies fall in the group which tend to focus more on technological and process improvement as a way to maintain their profitability. Where they have the plans this are probably not only delayed in review but also possibly unimplemented.

### **Capital Base of the Society**

In a Cooperative society a member can have savings as well as shareholding. This together with any other interest a member may be having in a society form the capital base of a society. A high capital base is desirable as it increases the lending capacity of a savings and credit society, while for every society it gives the organization the ability to take advantage of any arising opportunity. It also leads to increased public confidence. According to Cheruyot, Kimeli & Ogendo (2012), savings mobilization is a key component in any development endeavor as it is believed to be the surest way of increasing income and boosting productivity. The study questionnaire had a question on the capital base of the society and the results captured in fig 4 below showed that 72% of the societies had more than Kshs.50 Million. This supplied an adequate resource base for the implementation of the strategic plan



**Figure 4 - Capital Base of the Society**

### **Strategy Content and Strategic Plan Implementation**

The study objective was to assess the influence of strategy content on strategy implementation among Primary Cooperative Societies in Nairobi, Kenya. In order to fulfill the study objective two specific objectives were considered, the quality of the strategic plan and the strategy formulation process.

#### **Quality of the Strategic Plan**

In dealing with strategy implementation, it is important to start with a well formulated strategy. According to Hambrick and Canella (1989), a well formulated strategy is one that is implementable. During the course of strategy formulation, lack of a realistic assessment of the firm will lead to the development of a weak strategy. Van Der Maas (2008) avers that a strong strategy should have a clear vision, a clear strategy and an implementation plan.

A clear vision will give the organization members security about the direction they are taking and what they have to do to get there. A clear strategy will enable them understand the implementation objectives and implementation consequences to the organization and to themselves as individuals. Implementation plan will enable them see exactly what they need to do to make the implementation succeed. All these will facilitate ownership of the implementation elements by members of the organization.

The first item on strategic plan quality is that it must be written down. It must clearly bring out the objectives that are to be achieved to enhance the success of the organization. A written down plan puts all stakeholders on the same page on the direction that the organization is taking. It thus enhances unity of thought and unity of direction.

In considering the quality of the strategic plan, the formulators must consider, the internal consistency of the plan. It was judged desirable that the Vision and Mission of the strategic plan should direct all stakeholder towards the same direction, which is the overall purpose of the Strategic plan. This is what question two in table 2 sought to capture. The consistency should however go beyond the internal stakeholders to incorporate the wider environment. Is the strategy appropriate for the current as well as the future environment?

There was also the consideration of the strategy appropriateness in terms of the available resources. Such resources include finances but go further than that. What are the critical resources for the organization? According to Seymour (1963), critical resources are those that a company has most of or least of, usually money, competence and physical facilities. By far money is the most flexible, allowing an organization to quickly respond to any arising opportunities or threats within their environments. This was captured in questions three and five in table 2.

**Table 2: Quality of the Strategic Plan**

SN	Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5	Mean Response
1	Plan had a clear vision & mission	1.7%	1.1%	2.8%	46.7%	47.8%	4.37
2	Vision & Mission directed all stakeholders to the overall purpose of the society	3.3%	2.8%	10.6%	66.1%	17.3%	3.91
3	Resource requirements for the plan implementation were clearly specified	3.3%	3.3%	18.3%	53.9%	21.1%	3.83
4	Plan clearly defined key implementation tasks and activities	3.9%	5.0%	14.4%	57.2%	19.5%	3.83
5	Plan was implementable given society's current abilities to Marshall resources	6.7%	9.4%	17.8%	43.9%	22.2%	3.66
6	Plan Objectives were easily understandable	8.9%	26.7%	11.1%	37.2%	16.1%	3.25

**Table 3: Key to result interpretation:**

SN	Response outcome Range	Interpretation
1	1.0 - 1.7	Strongly Disagree
2	1.8 - 2.5	Disagree
3	2.6 - 3.3	Neutral
4	3.4 - 4.1	Agree
5	4.2 - 5.0	Strongly Agree

From the above two tables (Table 2 and Table 3), the results indicate that respondents strongly agreed that the cooperative societies had a clear Vision and Mission with a mean of 4.37. This confirmed the findings of Bart et al (2001), who aver that a well written Vision and Mission statement ensure that each element of the strategic management process is well aligned to the company's long term goals. Managers use clear vision and Mission statements to communicate their aspirations to stakeholders. They also agreed with all other points except on the issue of whether the plan objectives were easily understandable, where they were neutral.

**Strategy Formulation Process**

Strategy implementation process is as important to strategy content as the quality of the formulated strategy, indeed the process can serve to enhance or lower the quality of the strategy formulated. Indeed Dean, Sharfiman & Mintzberg (as quoted in Pun & White 2005) maintain that ineffective strategy formulation is one of the reasons for failure to achieve expected performance in many companies. This makes it imperative that implementation issues are considered at the formulation stage. Mintzberg & Waters (1985) posit that when formulation is separated from its implementation, thinking is separated from doing, which inhibits learning.

Hrebianiak (2008), aver that inter dependence between formulation and implementation suggests that an overlap between the planners and doers improves the probability of implementation success. Lack of involvement threatens the transfer of knowledge, commitment and indeed the entire implementation process. The importance of involvement is supported by Yang Li et al (2008) and Aosa (1992). Responses to the question on strategy formulation process were as given in table 4 below.

**Table 4: Strategy Formulation Process**

SN	Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5	Mean Response
1	Strategic plan formulation process incorporated the views of most staff members	6.1%	11.1%	12.8%	51.1%	18.9%	3.66
2	Formulators considered external environmental factors such as the industry and technological changes	3.9%	4.4%	14.4%	54.4%	22.8%	3.88
3	Formulators considered implementation factors during the formulation	3.9%	10.6%	27.2%	45.0%	13.3%	3.53
4	The middle level managers tasked with implementation tasks were part of the formulation team	5.6%	5.6%	17.8%	50.0%	21.1%	3.76

The above results indicate that in the case of the respondents they were all agreed that implementers were involved, staff member views were sought, the environmental issues and implementation factors were considered during the formulation process.

**Table 5: Correlation between Strategy Content and Strategic Plan Implementation**

		Strategy Content	Strategy Implementation
Strategy Content	Pearson Correlation	1	.598**
	Sig. (2 tailed)		.000
	N	180	180
Strategy Implementation	Pearson Correlation	.598**	1
	Sig. (2 tailed)	.000	
	N	180	180

\*\* Correlation is significant at the .005 level (2-tailed)

#### IV. CONCLUSIONS

The study objective was to assess the influence of strategy content on strategy implementation among primary cooperative societies in Nairobi City County, Kenya. The results indicate that respondents strongly agreed that they had a clear vision and mission. They agreed that the objectives were clear, the plans were implementable and the resource requirements were well spelt out in the strategic plans. In short they agreed that the quality of the strategic plan was good. In this case any implementation failure would not be attributed to the quality of the strategic plan but to other factors.

Further to the quality of the strategic plan, respondents agreed that the formulation process was appropriate. All implementation issues were considered and implementers were involved. There was therefore a link between implementation and formulation.

The correlation results reveal that there is a positive correlation between strategy content and strategy implementation and that the relationship is statistically significant. The study thus concludes that strategy content and strategy implementation are correlated. Doubtlessly, many other factors have a correlation with strategy implementation, but strategy content is one such factor.

#### Areas for Further Research

1) This study focused on only one factor affecting Strategy Implementation, further studies could focus on other factors affecting strategy implementation, individually or even collectively.

2) The study focused on only one sector of the economy, it would be interesting to replicate in other sectors and see if there are any differences in strategy implementation in different sectors.

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