

EFFECTS OF INTERNAL ORGANIZATIONAL FACTORS ON STRATEGY IMPLEMENTATION IN KENYAN PARASTATALS: A CASE STUDY OF HIGHER EDUCATION LOANS BOARD

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Abstract: The successful execution of a strategy is the key survival asset of the organization. Many organizations find it difficult to maintain their competitive advantages, in spite of the existing process of drafting a strong strategy, due to the lack of achievement in the strategy implementation stage. Further, many organizations find strategy implementation as something difficult to understand or implement. This is evidenced by the unsatisfying low success rate (only 10 to 30 percent) of intended strategies. Thus, when the strategic plan is not implemented successfully, a gap is created which makes it difficult to achieve success. This study therefore aimed to determine the effect of internal factors on strategy implementation in parastatals in Kenya. It focused on four internal factors of leadership, organization structure, culture of the organization and policies & procedures. Leadership plays a key role in Implementing corporate strategy. It is important for the entire organization to understand the role of leadership in strategic implementation so as to make delegating responsibility more effective. Organizations structure is also another key factor in strategy implementation, as strategy follows structure and the structure supports strategy. There is need to have a sound and firm structure in place to support the implementation of strategies that have been formulated. Organizational culture incorporates the common convictions, values and qualities inside an organization. It sets the establishment for strategy. For a strategy inside an organization to be created and be actualized effectively, it should completely be in line with the organizational culture. Policy refers to specific measurements guidelines, methods, procedures, rules, forms, and administrative practices established to support and encourage work towards stated goals. Most companies use these specific measurements to keep track of their goals and objectives. The study adopted a descriptive research design as it is more investigative and focuses on a particular variable factor. The target population of the study was 147 parastatals in Kenya with the case study of the Higher Education Loans Board. The study used primary data which was collected using a self-administered questionnaire. The reliability of the research instrument was estimated using Cochran's Alpha sample size formula of at least 0.0025 at 95% significance level was accepted. The study data was analyzed through using both descriptive and inferential statistics using the statistical package for social sciences based on the questionnaires (SPSS V23). From the findings, there was a strong positive correlation between leadership style and strategy implementation at HELB as shown by a correlation coefficient of 0.812 and a p-value of 0.000. In addition, there is a strong positive and significant association between policies and procedures and strategy implementation as shown by a correlation coefficient of 0.621 and a p-value of 0.000. Further, there is a strong positive and significant correlation between organization culture and strategy implementation at HELB. This is shown by a correlation coefficient of 0.680 and a p-value of 0.000. Lastly, the findings infer that there is a strong positive association between organization structure and strategy implementation as shown by a correlation coefficient of 0.647 and a p-value of 0.000. The study recommends that organizations need to invest considerable amounts of resources in implementing measures that reflect all dimensions of their strategy implementation. They must be very vigilant on such internal organizational factors to be in tandem with successful strategy implementation.

Keywords: Corporate Strategy, Internal appraisal, Internal organizational factors, Strategic Fit, Strategy implementation, Strategic leadership, Strategic management practices.

1. INTRODUCTION

Background of the Study

According to Robertson et al (2010), strategy implementation focuses not only on teams, programs, processes and the organization as a whole but also on individual employees. A well-developed strategy implementation program addresses individual and organizational strategic matters necessary to properly create and sustain a healthy and effective results-oriented culture. Public agencies have a greater challenge to define and measure results than private sector organizations, whose results are almost exclusively tied to financial goals. Public agencies are also required to comply with complex regulations that govern their strategy implementation programs. Effective strategies will help an organization raise individual performance, foster ongoing employee and supervisor development, and increase overall organizational effectiveness (Harrington, 2016).

Jooste and Fourie (2009) on their study of perceptions of South African leaders, argues that the high failure rate of implementation proves that there are barriers to strategy implementation. They further emphasize that these failures usually occur during the implementation phase of the strategy in spite of the existence of several books and articles on strategy formulation and organizational development, since there is limited research on strategy implementation.

To implement a new strategic initiative, leaders at subordinate levels must reinforce it; that is, they must allocate resources for it, deal effectively with resistance to it, and convince employees that the new initiative is important and in the employees' interests to support. A number of studies have illustrated how a crucial determinant of successfully implementing a new strategic initiative is for lower level leaders support the change (Troshani et al., 2011). For example, in a study of 196 managers across 20 organizations, Bass (2010) found that the more involved middle level leaders were in formulating their organization's strategy, the more the organization's performance improved as a result of the new strategy. Nyakoe (2010) reported that when middle level leaders did not support the strategy, they were sometimes able to sabotage it.

In Search of Excellence, Ambira and Kemoni, (2011) proposed that when firms achieve an integrated harmony among three "hard" "Ss" of strategy; structure, and systems, and four soft "Ss" of skills, staff, style, and super-ordinate goals, they tend to become higher performing or excellent firms. Similarly, in examining high performing firms,

Specific Objectives

The study was guided by the following specific objectives.

- i. To establish the effect of leadership style on strategy implementation in Higher Education Loans Board
- ii. To determine the effect of policies and procedures on strategy implementation in Higher Education Loans Board
- iii. To assess the effect of organization culture on strategy implementation in Higher Education Loans Board
- iv. To establish the effect of organization structure on strategy implementation in Higher Education Loans Board.

2. METHODOLOGY

Research Design

The study adopted descriptive research design in order to provide a framework to examine current conditions, trends and status of events. Descriptive research design is more investigative and focuses on a particular variable factor. It is analytical and often single out a variable factor or individual subject and goes into details and describing them. According to Cooper and Schindler (2003), such a study is concerned with finding out who, what, when, where and how of the relevant phenomena. This enabled the researcher to collect original data from the sample population and thus saving time and resources. Descriptive design was therefore the most appropriate design for the study.

Target Population

There are currently 147 operational Parastatals in Kenya (See Appendix E), however, the study focused on Higher Education Loans Board as the target population. The population of interest was the best fitted as they have traditionally been involved in strategy implementation like in embracing new technologies and so would always want to achieve efficient strategy implementation for maximum customer satisfaction while curbing the internal organizational factors that affect strategy implementation. The researcher therefore, dispensed self-structured questionnaires to the desired sample in

order to collect rich and objective primary data required for the study. In order to get adequate information on successful strategy implementation, the researcher targeted all the management and supervisors of higher education loans board.

Table 3.1: Target Population

Department	Target Population
Top managers	31
Project managers	21
Operation staffs	177
Total	229

Source: (Higher Education Loans Board, HR Manual, 2018)

Sampling Frame

Sampling frame of the study included all the three levels of management at the HELB (Top Managers, Project Managers and the operational staff). Mugenda and Mugenda (2009) in their research have stated that a study ought to take 10% of the target population for the purpose of research findings as this is representative of the total population.

Sample and Sampling Technique

Stratified random sampling method was applied in this study where a random sample of the employees was drawn from the target population and the respondents were randomly selected from the three levels of staff at the HELB, namely the project managers, top management and a few staffs in operations department since they are the ones who are directly involved with strategy implementation. The study therefore used the sample population (from Cochran's formula) as summarized below;

Table 3.2: Sample Size

Category	Estimated Population Size	Desired Sample Size
Top Managers	$31=31 \div 229 \times 146$	20
Project managers	$21=21 \div 229 \times 146$	13
Operations staffs	$177=177 \div 229 \times 146$	113
Total	229	146

Sampling and sampling Procedure

Sampling procedure is explained as process or technique of sampling a suitable sample or representative of population for purpose of determining parameters of the whole population. The ultimate test of a sample design is how well it represents the characteristics of the population it purports to represent (Cooper & Schindler, 2008). In this particular study, the sample size was obtained using the Cochran's (1977) formula (Mugenda & Mugenda, 2003) as follows:

$$n = \frac{N}{1 + N(d)^2}$$

Where;

'n' is the desired sample size, (When the population is less than 10,000)

'N' is the target population and

'd' is the acceptable margin of error estimated at 0.05 (at 95% CL).

$$d^2 = (0.05)^2 = 0.0025$$

Therefore, Sample size (n) =

$$n = \frac{229}{1 + 229(0.0025)}$$

$$n = \frac{229}{1 + 0.5725} = \frac{229}{1.5725}$$

$$n = 146 \text{ (Sample population)}$$

Data collection instruments

The study used self-structured questionnaires to collect primary data from respondents. Open and closed ended questions were also included so that each respondent was capable of receiving the same set of questions in exactly the same way. Questionnaires were used as the appropriate instrument to collect data as they yielded more comparable data than information obtained through an interview. The questionnaires allowed the respondents to express their opinions resulting to collection of objective data.

Pilot test

Mugenda and Mugenda (2009) opined that, the accuracy of data to be collected largely depend on the data collection instruments in terms of validity and reliability. The questionnaire must yield data that can be accurately used to answer the research questions. Therefore, a pilot test was conducted with nine respondents (three from each targeted department) to refine the questionnaire questions before they were administered to the selected sample. This helped detect weakness in design and instrumentation and to provide proxy data for selection of a probability sample. The pilot testing also helped in measuring reliability and validity of the research instruments and establishing how the data generated would be consumed.

Reliability of Research Instruments

Reliability is the ability of an instrument to yield consistent results when used severally. (Joppe 2000) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population, which can be reproduced under similar methodology. Common methods are the test-retest technique, the equivalent-form technique and the split half technique (Mugenda & Mugenda, 2009) in test-retest, the questionnaire was administrated twice to the same group of respondents. The test retest method involves selecting a group of respondents, administer the test to them first time and then keeping all initial conditions constant, administer the same test to the same respondents, and correlate the scores from both testing periods. To test for reliability, the researcher selected a pilot group of 9 individuals (3 individuals per sampled department) from the target population and administer to them the questionnaires, after which, the study used the Cronbach alpha score which measures internal consistency. Cronbach alpha reliability coefficient ranges from 0-1 where, the closer the Cronbach alpha is to 1 the greater the internal consistence of the item in scale.

Validity of Research Instruments

Validity is the extent to which a research instrument may be said to commensurately measure a trait (Joppe 2000). Validity is about the extent to which the questionnaires helped the researcher gain access to the right knowledge and get the right information. In this study, the data collected was a true reflection of the variables and the inferences were meaningful as well as accurate. Validity is measured by posing a series of questions and will often look for answers in the research of others. The questionnaire was tested to determine whether it measured the intended objective. This led to adjustments being made to the questionnaire to refine it. Then it was pre-tested on nine respondents.

Data processing and Analysis

Data collected was analysed using both descriptive and inferential statistics. This is because descriptive statistics helps to describe the data collected and aim to summarize a [sample](#) while inferential statistics are used to interpret the meaning of descriptive statistics besides making propositions about populations and so helps in drawing conclusions. The filled in questionnaires were collected, cleaned, coded and fed in the computer for analysis by SPSS V23 for both descriptive and inferential statistics.

This descriptive statistical tool helped deriving descriptive data and the inferential statistics which were of interest. The mode (most commonly attained measurement or value) was used more so to analyse the responses in the questionnaires. This was used as the response/measurement that appeared most in a particular question/variable among a sample of subjects, (Cooper & Schindler, 2003). The questionnaires were edited for accuracy, consistency and completeness. The study used descriptive statistics and integrated both qualitative techniques in the data analysis, editing, coded and classified so as to present the results of the data analysis in a systematic and clear way using SPSS V23 software.

The Determinants of strategy implementation (Y) of higher education loans board are denoted by X (independent variables).

Thus the following multiple regression equation was used:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

Where Y is the dependent variable (strategy implementation),

β_0 is the regression constant

$\beta_1, \beta_2, \beta_3,$ and β_4 and are the slopes of the regression equation,

X_1 is the leadership style independent variable,

X_2 is the policies and procedures independent variable,

X_3 is organization culture independent variable,

X_4 is the organization structure independent variable, while

E is an error term normally distributed about a mean of 0 and for purposes of computation, the α is assumed to be 0. Kothari, (2004) explains that Error term is the part of the statistical equation that indicates what remains unexplained by the independent variables.

3. RELIABILITY ANALYSIS

Reliability Test

Test of reliability was done to ascertain if the questionnaires could enable collection of the needed information even when repeated severally. This helped detect weaknesses of the research instrument as to provide consistent and reliable data. The researcher selected a pilot group of nine respondents from the target population to test the reliability of the research instruments. Internal consistency techniques were applied using Cochran's Alpha. The alpha value ranges between zero and one with reliability increasing with the increase in value. Mugenda and Mugenda (2009) was of the opinion that, a Coefficient of 0.6 to 0.7 is a commonly accepted rule of thumb that indicates acceptable construct reliability and from the same line, the alpha values

From the findings, leadership style had a mean of 2.44, policies and procedures had a mean of 2.22, organization culture had a mean of 2.48 and organization structure had a mean of 2.81 while strategy implementation had a mean of 2.29. From the findings, organization structure had higher rating than the four variables; it was rated more favorably in terms of level of agreement than the other variables. Leadership style, policies and procedures, organization culture and strategy implementation had aggregate means below three. This infer that the three variables were rated lowest showing the general respondents' disagreement with two to be within the disagree rate of the Likert scale.

Descriptive Statistics

Descriptive statistics are brief descriptive coefficients that summarize a given data set. In this study these were the representation of the entire sample population. Descriptive statistics are broken down into measures of central tendency and measures of variability or spread. The statistics included means and standard deviations as follows:

Inferential Analysis

From the average means calculated in the descriptive statistics, the researcher conducted a multivariate regression model analysis of variance and coefficients determination to further establish the true relationship between the dependent variable (strategy implementation) and the independent variables (leadership style, policies and procedures, organization culture and organization structure).

Correlation Analysis

Table 4.11: Correlation Matrix

		Strategy Implement ation	Leadership style	Policies and Procedures	Organization Culture	Organization Structure
Strategy Implementation	Pearson Correlation	1	.812**	.897**	.741**	.565**
	Sig. (2-tailed)		.000	.000	.000	.000

	N	129	129	129	129	129
Leadership style	Pearson Correlation	.812**	1	.621**	.680**	.647**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	129	129	129	129	129
Policies and Procedures	Pearson Correlation	.897**	.621**	1	.649**	.525**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	129	129	129	129	129
Organization Culture	Pearson Correlation	.741**	.680**	.649**	1	.652**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	129	129	129	129	129
Organization Structure	Pearson Correlation	.565**	.647**	.525**	.652**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	129	129	129	129	129

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

Reliability Analysis

Table 4.12 Reliability Coefficient

Variables	Number of items	Cronbach Alpha
Leadership style	6	0.765
Policies and procedures	04	0.723
Organization Culture	06	0.799
Organization Structure	25	0.731
Strategy Implementation	07	0.710

Leadership style had alpha of 0.765, policies and procedures had 0.723, organization culture had 0.799, organization structure had 0.731 and strategy implementation had 0.710. This inferred strong internal consistency in the questionnaires. This enhanced the ability to predict outcomes using the scores and justified the aggregation of the arithmetic mean. This is evident from the subsequent correlation analysis, ANOVA and regression Analysis all of which established that all the independent variables under study were significant to the dependent variable.

Aggregation of Variables

The set of items that measured each variable was aggregated by computing the mean, standard deviation, maximum and minimum given to each of the four independent variables as shown below;

Table 4.13 Descriptive Statistics of Aggregated Variables

	N	Min	Max	Mean	Std. Deviation
LS	129	1.50	5.00	2.4483	.77359
PP	129	1.25	4.00	2.2287	.67606
OC	129	1.17	4.83	2.4845	.81661
OS	129	1.68	5.92	2.8171	.72237
SI	129	1.43	4.43	2.2968	.64326
Valid N (listwise)	129				

Model Summary

Table 4.14 Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Sig. F Change
1	.960	.922	.919	.18306	.000

Predictors: (Constant), leadership style, policies and procedures, organization culture , organization structure.

Dependent Variable: Strategy Implementation

The R-squared is the proportion of variance in the dependent variable which can be explained by the independent variables. The R-squared in this study was 0.922, which shows that the four independent variables (leadership style, policies and procedures, organization culture, organization structure.) explain 92% of the changes in the dependent variable.

This shows that the other factors not in the study contribute to the remaining 8% of the dependent variable in (Strategy Implementation).

ANOVA - Analysis of Variance

This section summarizes the findings from the Analysis of variance that was computed using the field data findings;

Table 4.15 ANOVA

Model		Sum of Squares	D.f	Mean Square	F	Sig.
1	Regression	48.808	4	1.122	364.128	0.000 ^b
	Residual	4.155	124	0.34		
	Total	52.964	128			

a. Dependent Strategy Implementation

b. Predictors: (Constant), leadership style, policies and procedures, organization culture, organization structure.

The analysis of variance in this study was used to determine whether the model is a good fit for the data. According to the findings, the P. Value (0.000) is less than the significance level (0.05) and so this infers that the model was significant, thus the regression model is significant in predicting changes in the dependent variable. The F critical at 5% level of significance was 364.128. Since F calculated is greater than the F critical (value = 1.122), this infers that the independent variables were significantly (P. value, 0.000) related to the dependent variable. This is in line with a study conducted by Sabina, (2010) who confirmed that that internal organizational factors in a great way affect strategy implementation in business organizations.

Regression Coefficient

Table 4.16 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.173	.069		2.495	.014
	LS	.341	.032	.410	10.672	.000
	PP	.582	.033	.611	17.472	.000
	OC	.109	.031	.139	3.507	.001
	OS	-.099	.032	-.111	-3.114	.002

a. Dependent Variable: SI

From the findings above;

The regression equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) becomes:

$$Y = 173 + 0.341X_1 + 0.582X_2 + 0.109X_3 - 0.099X_4$$

According to the regression equation established, taking all factors (leadership style, policies and procedures, organization culture, organization structure) constant and at zero, strategy implementation will be 0.173. The data findings analyzed also shows that taking all other independent variables at zero, if HELB embraces the appropriate leadership style, strategy implementation will be successful by 0.341. If the HELB embraces the most suitable policies and procedures, its strategy implementation will be more successful by 0.582; if the HELB embraces the best organization culture, successful strategy implementation will be experienced by an increase of 0.109. However, when the HELB embraces a suitable organization structure, the success in executing its strategies will decrease by 0.099.

Ranking the predictors variables in terms of their individual influence on strategy implementation, the table above shows the relative importance of each the predictions in other words policies and procedures had the highest effect (0.582), followed by leadership style (0.341), and then organization culture (0.109) while organization structure had an inverse relationship with strategy implementation of 0.099 respectively. All the variables were statistically significant ($p < 0.05$).

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