Effect of Organizational Structure on Strategy Implementation in Non-Governmental Organizations in Kenya

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Abstract: **The general objective of the study was to analyze the effect of organizational structure on strategy implementation in non-governmental organizations in Kenya. The study was guided by three theories: The Competency Model Theory; The Resource Based theory and Holistic Strategy Implementation Theory. Descriptive research design was employed to determine the relationship between the dependent and the independent variables and to establish any association between these variables. The study population comprised a total of 36 employees of Land O'Lakes International Development from various organizational functions or divisions. The study adopted a stratified random sampling technique to come up with the required sample since the strata of the employees is homogeneous. The sample of this study was 33 respondents. The study adopted the use of a questionnaire to collect primary data. Questionnaires were self-administered and the researcher dropped the questionnaires personally. The study employed the Drop and pick method to administer the questionnaires. Descriptive statistics was applied to analyze quantitative data in order to generate percentages, means, median, mode, standard deviation and variance of both dependent and independent variables. Correlation analysis was done to establish whether there was correlation between independent variables and the dependent variable. This was achieved through the use of Pearson correlation. Data was presented in the form of frequency distribution tables, graphs and pie charts that facilitate description and explanation of the study findings. The respondents agreed that identifying the activities required to achieve inter-departmental objectives affect strategy implementation.**

Keywords: **Organization Structure, Strategy Implementation, Non-Governmental Organizations.**

1. INTRODUCTION

One of the measures of an organization's success is its agility whether it manages to stay at least one step ahead of its market. Achieving real alignment, where strategy, goals, and meaningful purpose reinforce one another, gives an organization a major advantage because it has a clearer sense of what to do at any given time, and it can trust people to move in the right direction. The result is an organization that can focus less on deciding what to do and more on simply doing (Nautin, 2014). The strategic management process implies the management staff has at least three engagements: define, conduct and evaluate applied strategy. However, the most common reasons of organization bankruptcy are linked to wrong implementation and that's why implementation is often defined as the Achilles' Heels of the strategic management process (Roney, 2004). Unfortunately, most strategic planning efforts fail during this crucial phase and firms waste significant resources already invested.

According to Myler (2012), 65% of organizations have an agreed-upon strategy; 14% of employees understand the organization's strategy and less than 10% of all organizations successfully execute the strategy. He states that alignment is an often-missing component that, if consistently applied, will dramatically enhance the progression of strategy creation, communication and execution. Popular Fortune research noted that less than 10% of well formulated strategies are

effectively executed and conclude it is better to have a less excellent strategy which is fully implemented than to formulate an excellent strategy which is never or only partially executed (Rumelt, 2011). In another study in The Times 1000, 80% of directors said they had the right strategies but only 14% of them thought the strategies were implemented well (Cobbold and Lawrie, 2001). The connections between direction, strategy, goals, and purpose are important to an organization's sustained performance. A new vision is of little use on its own unless it becomes a strategy that supports a tangible set of organizational goals. Together, they outline where the organization's competitive advantage will come from and how it will be sustained. Connection brings the vision and strategy into people's daily work, raising the question of how the organization will communicate the transformation more broadly (Nautin, 2014).

According to Australian Public Service Commission (APSC) (2013), alignment between organizational strategy, group and individual goals is necessary to ensure that individuals can see how their individual effort and performance contribute to the attainment of organizational and governmental goals. When alignment is successfully achieved, clear goals are evident at the top of the organization/group and are clearly communicated at all hierarchical levels. The commission further states that employee motivation is likely to be enhanced where employees can clearly see how their work contributes to broader organizational and governmental goals: it demonstrates how they are making a difference. It is critical for employees to understand the broader context, the interdependencies which exist within and across organizations, and why it is important for them to achieve particular performance standards. When employees at all hierarchical levels have a clearer understanding of performance expectations this is likely to lead to improved performance. According to this research by APSC, it was evident that the ability to obtain alignment was often difficult to achieve. Alignment between strategic plans, group business plans and individual performance was often tenuous, with the ability of individual employees to link their performance agreements to high-level goals not achieved in many cases.

A non-governmental organization (NGO) is an organization that is not part of a government and was not founded by states. NGOs are therefore typically independent of governments. Although the definition can technically include for-profit corporations, the term is generally restricted to social, cultural, legal, and environmental advocacy groups having goals that are primarily noncommercial. NGOs are usually non-profit organizations that gain at least a portion of their funding from private sources. A 1995 UN report on global governance estimated that there are nearly 29,000 international NGOs. National numbers are even higher: The United States has an estimated 2 million NGOs, most of them formed in the past 30 years. Russia has 65,000 NGOs. Dozens are created daily. In Kenya alone, some 240 NGOs come into existence every year. The phrase non-governmental organization came into use with the establishment of the United Nations in 1945 with provisions in Article 71 of Chapter 10 of the United Nations Charter [1] for a consultative role for organizations that neither are governments nor member states – see Consultative Status. The definition of international NGO (INGO) is first given in resolution 288 (X) of ECOSOC on February 27, 1950: it is defined as 'any international organisation that is not founded by an international treaty'. The vital role of NGOs and other "major groups" in sustainable development was recognized in Chapter 27[2] of Agenda 21, leading to revised arrangements for consultative relationship between the United Nations and non-governmental organizations. Land O'Lakes International Development International Development is a nonprofit organization whose vision is to be a global leader in transforming lives by engaging in agriculture and enterprise partnerships that replace poverty with prosperity and dependency with self-reliance. It leverages Land O'Lakes International Development Inc.'s (registered in USA) near-century of history by engaging in international agriculture and economic development programs, implementing more than 280 programs in 80 countries since 1981. Its headquarters is in United State of America's Minnesota state with a regional office in Nairobi, Kenya.

2. STATEMENT OF THE PROBLEM

Strategy implementation is a relative new field whose genesis was the high failure rate and lack of a framework. The field is about several years old and the research on the subject is just being gathered. There have been various researches such as Kaplan and Norton, the originators of the Balance Scorecard, who also published that 90% of organizations fail to execute their strategies successfully. In a study of 200 UK organizations in the Times 1000, 80% of directors said they had the right strategies but only 14% thought they were implementing them well, no doubt linked to the finding that despite 97% of directors having a strategic vision, only 33% reported achieving significant strategic success. Harvard Business School teaches that at least 70% of all change initiatives fail and a long term study by Newcastle University; showed that business success is governed more by how well strategies are implemented than how good the strategy is to begin with. Economist Intelligence Unit reported that organizations realize only around 60% of their strategy's potential

value- because of failures in planning and execution McKinsey Quarterly. Moreover, research also reveals that on average 95% of a company's employees are unaware of or do not understand its strategy (Kaplan & Norton, 2005). According to Johnson and Scholes (2002) it should also be recognized that how top managers conceive strategies are not the same as how personnel lower down in the organization conceive them. Several studies have been carried out on strategy implementation and its challenges among organizations. Machuki (2005) looked at the challenges to strategy implementation at CMC Motors Group. Koske (2003) studied strategy implementation and its challenges in public corporations using the case of Telkom Kenya Ltd. Awino (2000) looked at the effectiveness and` problems of strategy implementation of financing higher education in Kenya by the HELB. Muthuiya (2004) studied strategy implementation and its challenges in nonprofit organizations in Kenya using the case of AMREF. Aosa (2002) did a study on the aspects of strategy implementation within large, private non-governmental companies in Kenya. There is very limited literature on the effects effect of organizational structure on strategy implementation in non-governmental organizations in Kenya.

3. LITERATURE REVIEW

The structure of the organization is considered to be very essential when it comes to the implementation of the strategy, Heide et.al (2012). It has been asserted that if an organization seeks to be effective in the process of strategy implementation it needs to craft an effective organization structure. This means therefore that if on the other hand the organization structure is ineffective then it follows that the organization structure acts as a barrier to effective organization structure. According to Drazin and Howard (2009) it is important for an organization to put in place a strategy-structure alignment which is effective so as to effectively implement the business strategies (Noble, 2009). According to them it is important for any organization that wants to remain successful to ensure that they constantly make adjustments to their organizational structure so as to ensure that the organization structure aligns the organization model with the changes in the competitive environment require. According to Schaap (2010) a successful organization always adjusts the organization structure with respect to a perfect strategy so as to make sure that the organization strategy is implemented effectively.

According to researchers it has been argued that the fit between the strategy and structure of a firm leads to better performance because the structure provides the necessary systems and processes essential for successful strategy implementation (Rumelt, 2014). However, it has been also established that at the international there is still no sufficient research that has shown if indeed there is empirical evidence to prove the notion that firms which have been successful in matching the organization strategy with its structure perform better than those that have not. In majority of the research conducted, it has only been established that organizations which have been successful in achieving a fit between their strategy and structure are likely to create a significant competitive advantage as compared to other firms in the same market niche, but have ignored the a fit are left vulnerable to external changes and internal inefficiencies (Miles & Snow, 2000). Similarly it has been established that there are a number of ways in which the relationship between the chosen strategy and the organization structure can be defined. This is because of the fact that there exists a prescriptive tradition and the proponents of the prescriptive tradition maintain that structure is dictated by strategy (Chandler & Williamson). Additionally there has been a school of thought that has insisted on the existent of a two way relationship between these variables, (Senge, Quinn & Mintzberg).

Scholars such as Burgelman (2013), have gone a long way to make an argument of how different chronologies are likely to come into play given that strategy and structure exist in a reciprocal relationship. Structures are an essential part of strategy implementation, (Whittington, 2012). Since the technology and production environments constantly change in even the most stable industries, implementation is an ongoing process rather than a one shot allocation of resources. It is the summation of activities in which people use various resources to accomplish the objectives of the strategy, (Higgins & Vincze 2012). Steiner et al (2009) have been of the opinion that implementation of strategies is concerned with the design and management of systems so as to achieve the best integration of people, structures, processes and resources in reaching organizational objectives. Strategy execution is considered to be very crucial when it comes to the success of the organization given that it involves different activities which might take a longer time frame as compared to the strategy formulation, and largely involves more people as compared to what is considered to be greater task complexity, and has a need for sequential and simultaneous thinking on part of managers who are largely involved in the execution of the strategy, (Hrebiniak & Joyce 2011).

4. RESEARCH METHODOLOGY

Descriptive research design was employed to determine the relationship between the dependent and the independent variables and to establish any association between these variables. The study population comprised a total of 36 employees of Land O'Lakes International Development from various organizational functions or divisions. The study adopted a stratified random sampling technique to come up with the required sample since the strata of the employees is homogeneous. The sample of this study was 33 respondents. The study adopted the use of a questionnaire to collect primary data. Questionnaires were self-administered and the researcher dropped the questionnaires personally. The study employed the Drop and pick method to administer the questionnaires. Descriptive statistics was applied to analyze quantitative data in order to generate percentages, means, median, mode, standard deviation and variance of both dependent and independent variables. Correlation analysis was done to establish whether there was correlation between independent variables and the dependent variable. This was achieved through the use of Pearson correlation. Data was presented in the form of frequency distribution tables, graphs and pie charts that facilitate description and explanation of the study findings.

5. FINDINGS

The questionnaire contained attitude-measuring questions in which the respondents reflected their opinions or attitudes on to what extent organizational structure affected strategy implementation in their organization. The respondents' level of agreement with each of the statements was measured on a five-point Likert scale, where 1 represents 'no extent' and 5 represents 'very large extent'.

Table1 Perceived effect of organizational structure on strategy implementation

Factors	N	Mean	Std. Deviation
Identifying the activities required to achieve inter-departmental objectives	33	4.3636	.60302
Assigning duties and responsibilities to subordinates in order to achieve the tasks assigned.	33	4.2424	.61392
Delegating authority necessary and useful for the accomplishment of tasks assigned.	33	4.1212	.89294
Providing a system of co-ordination for integrating the activities of individuals and departments.	33	3.9394	.89928
Identifying the activities required to achieve organizational objectives	33	4.0909	.80482
Facilitates administration, clarifies authority & defines jobs and roles	33	4.5758	.66287
Facilitates division of work & task specialization	33	4.3939	.70442
Ensures growth, expansion and diversification	33	4.0303	.95147
Determines individual responsibility & offers sense of job security	33	4.0909	.94748
Ensures optimum utilization of human resources & technology	33	4.3030	.88335

It is evident from Table 1 that respondents differ in their perceptions. The respondents agreed that Identifying the activities required to achieve inter-departmental objectives affect strategy implementation with a mean of 4.36 and standard deviation of 0.60. The respondents were of the opinion that: Assigning duties and responsibilities to subordinates in order to achieve the tasks assigned: Delegating authority necessary and useful for the accomplishment of tasks assigned with a mean of 4.24 and 4.12 respectively. The respondents agreed that providing a system of co-ordination for integrating the activities of individuals and departments with a mean of 3.93 and standard deviation of 0.89. The respondents agreed on the following statements on organizational structure in relation to strategy implementation: Identifying the activities required to achieve organizational objectives; Facilitates administration, clarifies authority & defines jobs and roles; Facilitates division of work & task specialization; Ensures growth, expansion and diversification; Determines individual responsibility & offers sense of job security; Ensures optimum utilization of human resources & technology with a mean of 4.09, 4.57, 4.39, 4.03, 4.09 and 4.30 respectively.

6. CONCLUSION AND RECOMMENDATIONS

There is a positive correlation between strategy implementation and organizational structure as shown by positive correlation of 0.680; the relationship is also significant as shown by the P-Value of 0.001. The model presents a unit change in the organizational structure caused a 16.9% increase in the strategy implementation. The findings agree with Chitale, Mohanty and Dubey (2013), organization structure also enables organizations to gain competitive advantage. They state that, the way the organization designs its structure is an important determinant, as well as, how much value the organization creates depends on organization design, because it is the means of implementing an organization's strategy. Key factors of organizational structure lies on organizational design and the process of selecting the right combination of organizational structure, the study therefore recommends that Land O'Lakes International Development needs to monitor and oversee its organizational design process to achieve superior performance and overall efficiency.

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