

Role of Strategy Implementation on Performance of State corporations In Kenya: A Case of National Social Security Fund

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Abstract: Organizations both private and public tend to employ strategies which are likely to improve on performance. Strategy in this case can be considered as choices which an individual or player makes in certain situation. Individuals and institutions which implement strategies effectively and efficiently harvest positive performance results. Strategy implementation can be viewed as a process which induces different forms of organizational learning, mainly as a result of both environmental threats and strategic responses which are a prime trigger for learning process within an organizations.it is an iterative process of implementing policies, strategies, programs and action plans which allow a firm to utilize its resources to take advantage of opportunities in the competitive environment. This study explored the role of strategy implementation on the Performance of State Corporations in Kenya, with reference to National Social Security Fund in Kenya. The study was guided by the following specific objectives: To determine the influence of benefit processing strategies on performance of NSSF; To assess the relationship between payment strategy and performance of NSSF; and to ascertain the effect of competitive strategy on performance of NSSF. The study collected data from 163 employees of NSSF departments of headquarters and branches operating in Nairobi Region. The study used both descriptive and inferential statistics to analyze the data. The Pearson Product Moment Correlation Coefficient results indicated that benefit processing strategy ($r=0.451$), Payment strategy ($r=0.336$) and Competitive strategy ($r=0.557$) all had a positive moderate correlation with performance of NSSF. The slope coefficients of the regression results showed that benefit processing strategy (0.434), Payment Strategy (0.395) and Competitive Strategy (0.59) all influenced performance of NSSF positively.

Keywords: Strategic implementation, Performance, Process.

1. INTRODUCTION

Strategy as defined in game theory by Arthur *et al* (2008) refers to a plan which specifies the choices a player (individual or organization) will make in certain situations. It concerns management's action plan for running an organization and conducting operations. As described by Rono, (2013) strategy represents a managerial commitment in pursuing a particular set of actions growing an organization, attracting and pleasing customers, competing successfully, conducting operations and improving an organization financial and market performance.

Performance as defined by Jones and George (2011), is a measure of how efficiently and effectively managers use available resources to satisfy customers' needs and achieve organizations goals Ginneken (2000) refers to social security as benefits that the society provides to individuals and households through public and collective measures to guarantee them a minimum standard of living and to protect them against low or declining living standards arising out of a number of basic risks and needs. The NSSF in Kenya was established through an act of parliament (Cap 258) following the sessional paper Number 10 of 1965. The fund at inception operated as a Department under the Ministry of Labour until

1987 when the NSSF Act was amended thereby transforming the fund into a State Corporation under the Management of a Board of Trustees. The NSSF act was established as a mandatory national scheme whose main objective was to provide financial security benefits to Kenyans upon retirement. The question of how to use social policies to link successful economic development with effective poverty reduction is at the core of contemporary political debate especially the fact that social security sector is one of the key players in the pension industry. The social security after retirement concerns for the Kenyan work force is a factor that leads to growth of the pension industry (Chelimo, 2012)

Statement of the Problem

The environment within which social security organizations operate has increasingly been growing over the years. According to Help Age International (2006), social security is often times viewed as a form of insurance against the economic (income and Productivity) losses incurred during the aging process. In a bid to sustain the pressure from both the aging and young population which is increasingly demanding the services and products of social security, organizations have been implementing strategies aimed at improving performance such as increasing customer and membership base among others (Jay *et al*, 2008).

Various studies have been carried out with regards to strategies influencing the performance of organizations and businesses. For instance, Mbuuko (2013), examined the factors influencing choice of unrelated diversification strategies in the insurance industry in Kenya. His results indicated that the insurance industry in the Country has been adopting and employing unrelated diversification strategies which have led to the growth in their performance. Chelimo (2012), researched on strategies and control practices used at National Social Security Fund in Kenya. Her results indicated that evaluation and control strategies such as benchmarking, international standardization in organization processes, information communication technology, strategic audit, strategy monitoring, performance appraisal and customer care surveys contributed to the positive performance of NSSF in Kenya. Otieno (2013), examined the influence of strategic levers on performance of Kenya's manufacturing operating under the East African Community Regional Integration. The findings revealed that, adoption of strategic levers significantly influences performance of Kenya's manufacturing firms operating under East African Community regional integration in terms of Sales, Profits and Employment. Strategic levers in this case comprised of rationalization, technology acquisition, and automation of production, product quality and regionalization. Fakkii (2013), researched on the influence of strategy on organizational performance of state corporations in Kenya. The outcomes of the study showed that strategies based on cost leadership and diversification of products and services positively influences the performance of state corporations. Maringa (2008), examined the relationship between investment in ICT strategy and corporate performance at Kenya Revenue Authority. The study noted that the investment in ICT strategy by KRA significantly influenced revenue collection and tax compliance thereby concluding that a positive relationship exists between ICT strategy and performance.

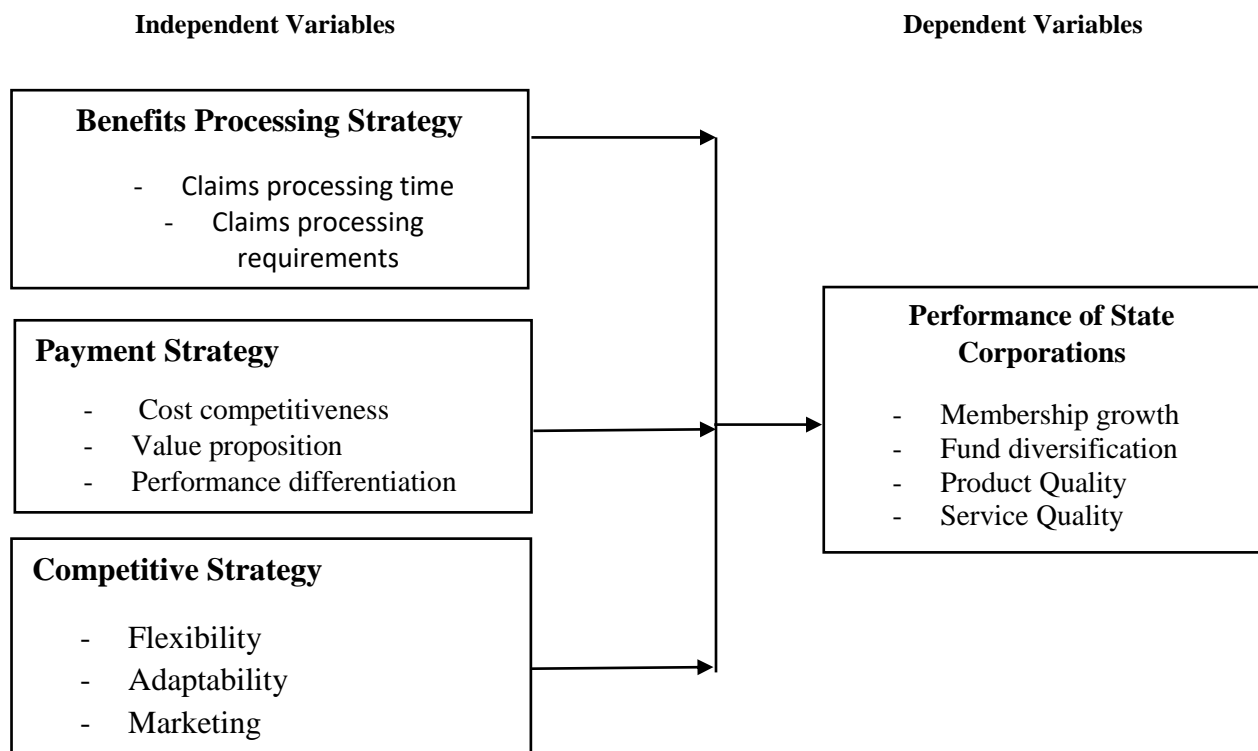
Despite these literature findings, majority of organizations globally, Kenya included continue to devise and implement strategies aimed at improving performance. No significant studies have been done to demonstrate the role of strategy implementation on performance of state corporations. Therefore, the study will aim at exploring the role of strategy implementation on performance of state corporations in Kenya with specific reference to NSSF.

Objectives of the Study

1. To determine the influence of benefit processing strategies on performance of NSSF.
2. To assess the relationship between payment strategy and performance of NSSF.
3. To ascertain the effect of competitive strategy on performance of NSSF.

Conceptual Framework

A conceptual frame work can be defined as a set of broad ideas and principles taken from relevant fields enquiring how to structure a subsequent presentation. As a research tool, it is intended to assist the researcher develop awareness and understanding of the situation under scrutiny and communicate it. Independent variables are the factors that the researcher thought that they would explain the variation while the dependent variable was the variable that the researcher attempted to predict. Figure 2.1 below.



2. RESEARCH METHODOLOGY

Introduction

This section described the methodology to be relied upon in the study. It described the research design, target population, sample size, sampling procedure, research instruments, instrument validity and reliability, data collection procedure, data analysis before concluding on data presentation.

Research Design

Survey research design was adopted for this study. As described by Mugenda and Mugenda (2003), survey research design concerns investigating populations by selecting samples from a variety of occurrences. It also allows for cross referencing of responses from a variety of respondents through the use of the survey instrument.

Target Population

The target population often has some general observable characteristic which the study uses to generalize the study Mugenda & Mugenda 2003. The study focused directly on National Social Security Fund which is Kenya's National Social Security and Pension institution. The target population of the study constituted employees of National Social Security Fund (NSSF) in Nairobi as shown below

No	Location	Department Name/Branch	Departmental Staff No
1	Upper Hill - Head Quarters	Benefits	42
2	Upper Hill - Head Quarters	Corporate Legal Affairs	33
3	Upper Hill - Head Quarters	Human Resource	41
4	Upper Hill - Head Quarters	Finance	44
5	Upper Hill - Head Quarters	Registration and Collection	45
6	Upper Hill - Head Quarters	Administration	42
7	Upper Hill - Head Quarters	Social Security	42
8	Upper Hill - Head Quarters	Research and Development	43

9	Upper Hill - Head Quarters	Ethics and Integrity	42
10	Nairobi CBD	City Center Branch	31
11	Upper Hill - Head Quarters	Upper Hill Branch	38
12	Kitengela	Kitengela Branch	35
13	Donholm	Donholm Branch	36
14	Eastleigh	Eastleigh Branch	30
15	Ongata Rongai	Ongata Rongai Branch	36
16	Westlands	Westlands Branch	33
Total			613

Sampling Frame

In cases of large target population, sampling is usually seen as an important tool which enables the study of relatively small number of units (Mugenda & Mugenda, 2003). Sampling was used in this study so as to select the number of respondents from the target population. Information illustrated in Table 3.1 was obtained from the National Social Security Fund and was relied upon in developing the Sampling Frame. The sampling frame as previously described included nine departments and seven branches of NSSF operating and located in Nairobi Region. The target population will be the staff of NSSF working in Nairobi Region.

Therefore, the actual sample size that the study considered was 220 respondents from the nine departments and seven branches of NSSF operating in Nairobi Region as shown in Table 3.2.

No	Location	Department Name/Branch	Departmental Staff No	Sample Size	Percentage (%)
1	Upper Hill - Head Quarters	Benefits	42	15	7%
2	Upper Hill - Head Quarters	Corporate Legal Affairs	33	12	5%
3	Upper Hill - Head Quarters	Human Resource	41	15	7%
4	Upper Hill - Head Quarters	Finance	44	16	7%
5	Upper Hill - Head Quarters	Registration and Collection	45	16	7%
6	Upper Hill - Head Quarters	Administration	42	15	7%
7	Upper Hill - Head Quarters	Social Security	42	15	7%
8	Upper Hill - Head Quarters	Research and Development	43	15	7%
9	Upper Hill - Head Quarters	Ethics and Integrity	42	15	7%
10	Nairobi CBD	City Center Branch	31	11	5%
11	Upper Hill - Head Quarters	Upper Hill Branch	38	14	6%
12	Kitengela	Kitengela Branch	35	13	6%
13	Donholm	Donholm Branch	36	13	6%
14	Eastleigh	Eastleigh Branch	30	11	5%
15	Ongata Rongai	Ongata Rongai Branch	36	13	6%
16	Westlands	Westlands Branch	33	12	5%
Total			613	220	100%

Sampling Techniques

The study employed random sampling technique to achieve the desired representation of respondents from the staff of NSSF in Nairobi Region. As described by Francis (2005), random sampling ensures that each and every member of the population under consideration has an equal chance of being selected as part of the sample

Data Collection Instruments

The study obtained primary data through the use of open ended questionnaires. A questionnaire is a set of systematically structured questions used by a researcher to obtain needed information from respondents, (Mugenda & Mugenda, 2003)

Data Collection Procedures

Self-administered questionnaires were used to collect data from the respondents. The main reason from use of the questionnaires is because it collects important information from the population since each item in it is developed to address the specific objectives and research questions of the study

Reliability Test of the Research Instrument

According to Mugenda and Mugenda (2003), reliability is the measure of the degree to which a research instrument yields consistent results after repeated trials.

Validity Test of the Research Instrument

As indicated by Mugenda and Mugenda (2003), validity is the accuracy and meaningfulness of inferences which are based on research results

Data Analysis

Data obtained from the survey was analyzed using quantitative analysis so as to make deductions and inferences as described by Kombo and Tromp (2006).

The questionnaire was coded and the data was entered into the computer using the Statistical Package for Social Science (SPSS V-20) statistical software (Mugenda & Mugenda, 2003). This software was used in analyzing both descriptive and inferential statistics.

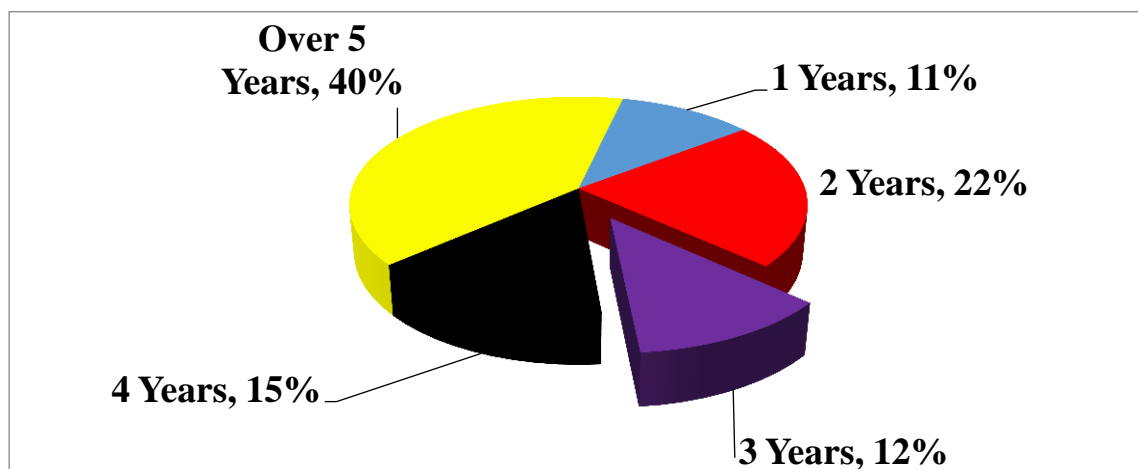
The variables were rated in Likert scales which were used to measure perception, attitude and behavior of the respondents. The numerical scales helped to minimize the subjectivity and made it possible to use quantitative analysis. The Likert scale was in declarative form and comprised 5 response categories.

Data Presentation

Quantitative data was presented using instruments such as charts, tables and graphs. According to Mugenda and Mugenda (2003), quantitative data analysis involves presenting results in tables with explanations, Charts took into account & Graphs with frequency tables

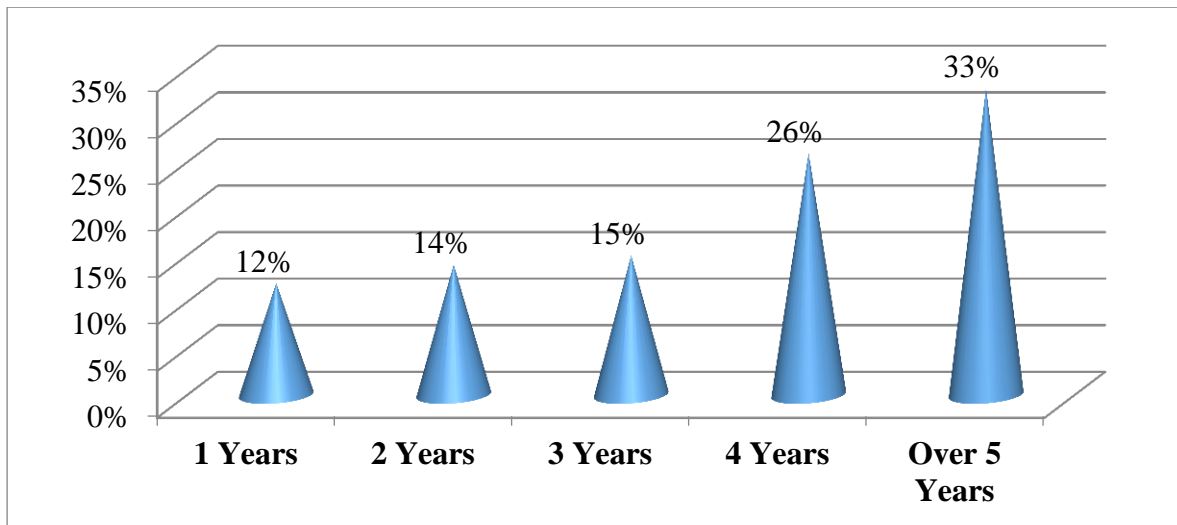
3. RESEARCH FINDINGS AND DISCUSSIONS**Respondents Service Duration at NSSF**

40% of the respondents had served at NSSF for over 5 years, 22% for over 2 years, 15% for over 4 years, 12% for over 3 years and 11% for year. Figure 4.2 illustrates the respondents service duration at NSSF.

**Respondents Service Duration at Current Position in NSSF**

With regards to duration of service at the current position, it was established that 33% of the respondents had served for more than 5 years at their current position, 26% had served for more than 4 years, 15% had served for more than 3 years,

14% had served for more than 2 years and 12% had served for more than one year. Figure 4.3 illustrates the respondents service duration at Current Position in NSSF.



Information on Benefit Processing Strategy

In order to demonstrate the effect of benefit processing strategy on performance of state corporations, the respondents were asked whether NSSF Claims processing steps have been simplified. 74% of the respondents were in agreement, 22% were in disagreement and 4% were neutral

Information on Payment Strategy

In order to demonstrate the effect of payment strategy on performance of state corporations, the respondents were asked whether NSSF attracts employees with reputable ability and skills. 61% of the respondents were in agreement, 36% were in disagreement and 3% were neutral. were in agreement and 7% were neutral

Information on Competitive Strategy

In order to demonstrate the effect of competitive strategy on performance of state corporations, the respondents were asked whether the market response for NSSF products is usually responsive, 55% of the respondents were in agreement, 38% were in disagreement and 7% were neutral. When asked whether NSSF strives to meet the demand of its customers by introducing new products, 48% of the respondents were in agreement, 43% were in disagreement and 9% were neutral. When asked whether NSSF services are usually custom made to fit customer's needs, 89% of the respondents were in agreement, 6% were neutral and 5% were in disagreement.

Information on Performance of State Corporations

With regards to performance of state corporations, when respondents were asked whether NSSF customer base in terms of membership has grown due to its strategies, 70% of the respondents were in agreement, 25% in disagreement and 5% were neutral. In terms of whether NSSF Product quality has improved over the years as a result of implementation of the above strategies, 65% of the respondents were in agreement, 33% were in disagreement and 2% were neutral

4. SUMMARY, CONCLUSION AND RECOMMENDATIONS

Benefit Processing Strategy

The first specific objective of the study was to determine the influence of benefit processing strategies on performance of NSSF. The results indicated that benefit processing strategy positively influences the performance of NSSF.

Payment Strategy

The second specific objective of the study was to assess the relationship between payment strategy and performance of NSSF. Again the study measured how respondents rated the list of information on payment strategy by strongly agreeing, agreeing, strongly disagreeing or neither agreeing nor disagreeing.

Competitive Strategy

The third specific objective of the study was to ascertain the effect of competitive strategy on performance of NSSF. Once again the study measured how respondents rated the list of information on competitive strategy by strongly agreeing, agreeing, strongly disagreeing or neither agreeing nor disagreeing.

Conclusion

Given the findings above, the three variables benefit processing strategy, payment strategy and competitive strategy positively influenced the performance of NSSF. For the case of benefit strategies, the following strategies were identified to be significant: improving claims processing; making clear claims processing procedure; ensuring that claims processing forms are available and reducing the process of approving claims among others. For the case of payment strategy, the following strategies were identified to be important: attracting employees with reputable ability and skills, investing in and retaining employees with reputable skills, basing salary structure on performance, rewarding employees with bonuses and developing policies which assist in reducing wastage of resources. For the case of competitive strategy, the following strategies were identified to be significant: ensuring the NSSF product respond to market demand, meeting the demand of the customers by introducing new products, custom making NSSF products to fit the market, carrying out research on its customers to identify their need and wants and benchmarking its services and products based on what is offered in the market.

Suggestions for Areas of Further Research

The study proposes that future research should be carried on the following key areas:

- Factors influencing adoption of Competitive Strategies by State Corporations in Kenya.
- Challenges encountered in implementing strategic policies by State Corporations in Kenya.
- To investigate the effect of payment strategies among State Corporations in Kenya.

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