DETERMINANTS OF STRATEGY IMPLEMENTATION AT NATIONAL HEALTH INSURANCE FUND IN KENYA

BY

MERCY MUSYOKA

UNITED STATES INTERNATIONAL UNIVERSITY

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MERCY MUSYOKA

A Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY

SPRING 2016
DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: _______________________    Date: _________________________

Mercy Musyoka (642942)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: _______________________    Date: _________________________

Fred Newa

Signed: _______________________    Date: _________________________

Dean, Chandaria School of Business
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ABSTRACT

Organizations operate in an ever changing environment. This change is often manifested in form of modified law, an innovative technology or a new behavior of people or customers; this forces organizations to react accordingly. Organizations consequently formulate plans in form strategies in order to gain a competitive edge against their rivals or to stay afloat in the dynamic business environment. A good strategy should be of a long term nature, innovative, inspirational and stretching, and it should have a direct impact on the customer and competitor. The mission, vision and major organizational goals form the basis for strategy choice.

Many organisations often fail to attain the objectives of their strategic plan because of a number of factors. Therefore this study was conducted to assess the determinants of strategy implementation at NHIF Kenya. The objectives of this study were to assess the effects of organisation culture, organisation leadership, resources and organisation structure on strategic plan implementation.

This study adopted a descriptive research design. This approach was used to describe variables rather than to test a predicted relationship between variables. The population of this study incorporated 800 employees working with NHIF in Nairobi County. This study used both stratified sampling design and random sampling design. In stratified random sampling, the strata were formed based on members' shared attributes or characteristics. A random sample from each stratum was then taken in a number proportional to the stratum's size when compared to the population. The sample size of this study consisted of 93 respondents selected from the study population for the quantitative data. This study used primary data that was collected by the use of both the questionnaire and interview guide. The questionnaire had 5 sections consisting of both open and closed ended questions. The questions was constructed using likert scale since it was easy to construct and easy for the respondents to understand. Questionnaires were delivered to the respondents to fill by the researcher in person.

Descriptive statistics including the means and standard deviations were used to analyze quantitative data and capture the characteristics of the variables under study. Inferential statistics were used to test the nature and magnitude of the hypothesized relationships. The analyzed data will be presented in form of tables, charts and graphs. Content analysis
was used to analyse qualitative data collected using open ended questions and interview guide.

The study findings established that organisation culture had a positive relationship with Strategic plan implementation. Organisations with a good working culture are more likely to be good strategy implementers. The findings also established that organisation leadership was significantly and positively related to strategic implementation. The study found out those organisations with competent leadership that is trusted by all the employees are good strategic plan implementers. In the study findings on effects of resources on strategic plan implementation; both financial and human resources were found to have a positive influence on the success of strategic plan implementation. Finally, the findings of this study revealed that organisation structure had positive effects on strategic plan implementation. Communication channels and board composition were structural factors that had impacts on strategic plan implementation.

The study concluded that an organization with a culture where employees understands the core values, belief and principles of an organisation is crucial to the success of strategic plan implementation. The study also concluded that organisations with strong and transformational leadership always succeed in strategic plan implementation than those without strong leadership. Leadership is an attitude and a work ethic that empowers an individual in any role to lead from the top, middle, or bottom of an organization. Organisation leadership from board of directors, top management, supervisors are important in the progress of organisations Effective strategy implementation must be spearheaded by strong leadership that is able to consolidate all the necessary efforts and direct them toward the organisation goals. Further, organisations should have properly working structures for successful strategy implementation since, the manner in which people, department and all other organisational systems co-ordinate with each other and how employees are supervised in an organisation is also critical in strategy implementation. To successful implement strategies organisations need also resources both human resources and financial resources. Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives.

Based on the finding above the study recommended that organisation should engage the employees in building a good organisation culture will in turn have positive effects on strategy implementation. The study recommended that organisations should be structured
such that there is timely and effective flow of information both vertically and horizontal within the organisation. The study also recommended that organisations should strive to look for strong individuals who have the qualities to imbued, motivate, inspire and equip other staff with the vision of the future in order to attain the set objectives. Individuals mandated with the responsibilities to lead other must understand that the success of the organisation depended on their abilities to coordinate all the system in an efficient manner. They should encourage a culture that is results oriented, focused and discipline in order to succeed.
ACKNOWLEDGEMENT

The completion of this project required a lot of work and dedication. The completion could not have been possible in the absence of support of few individuals and organizations. Therefore I would like to extend my sincere gratitude to all of them. I express my gratitude toward my supervisor, family, friends and also respondents for their kind co-operation and encouragement which helped me in completion of this project.
DEDICATION

I dedicate this research project to my beloved parents and family members.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Organizations operate in an ever changing environment. This change is often manifested in form of modified law, an innovative technology or a new behavior of people or customers; this forces organizations to react accordingly (Brinkschroder, 2014). Organizations consequently formulate plans in form strategies in order to gain a competitive edge against their rivals or to stay afloat in the dynamic business environment. A good strategy should be of a long term nature, innovative, inspirational and stretching, and it should have a direct impact on the customer and competitor (Corboy and O’Corrbui, 1999). The mission, vision and major organizational goals form the basis for strategy choice (Buul, 2010).

According to Hrebiniak (2006) formulating a strategy is difficult; making strategy work-executing the strategy throughout the organization is even more difficult. Hambrick and Cannella (1989, p.278) state that “Without successful implementation, a strategy is but a fantasy”. Johnson, Scholes and Whittington (2005) noted that strategy implementation involves describing how resources are going to be use and allocated to make the chosen strategic option happen. Strategy execution requires that all aspects of the organization be in congruence with the strategy and that every individual’s effort be coordinated towards accomplishing strategic goals (Richard, Kendrick and Vershinina, 2010).

Barnely and Hesterly (2008) noted that the ability to implement a strategy depends on the adjustments of a firm’s structure, its management controls, and its compensation policies to be consistent with that strategy. Strategies are implemented through changes in structure, leadership, information and controls systems, and human resources (Richard, Kendrick and Vershinina, 2010). According to Thompson and Strickland (2007), strategy implementation can be considered successful if things go smoothly enough that the company meets or beats its strategic and financial performance target and shows good progress in achieving management strategic vision.

Raps (2004) stated that the rate of successfully implemented strategies is between 10% and 30%. Globally, strategy implementation is slowly taking into account functional areas
such as accounting, marketing, human resource management, or information management (Naranjo-Gil and Hartmann, 2006). In America, a study by the Fortune magazine revealed that 90% of strategies are unsuccessful and single most important cause of this is believed to be the weak application of the strategies (Koseoglu, 2009). During planning, challenges include lack of consensus among decision makers, lack of identification of major problems, lack of effective role formulators, unsuitable training system and unclear regulation and executive policies. In the implementation stage obstacles include incompatible organizational culture, competing activities among people, lack of adequate communication, lack of effective co-ordination and “Lack of adequate information system.

In China, a survey in the health sector revealed that out of the 100% surveyed organizations 83% organizations failed in implementation of their strategy smoothly and only 17% organizations were successful in implementation (Shamim, Ahmed, Gavazzi, Gohil, Thomas, Poulsen and Dasgupta, 2013). The main reasons for strategy implementation failure were improper monetization political influence, lack of responsibility acceptance, idle human resources and incremental budget rather than activity base budget. In Iran a failure rate of 70% is reported and is attributed to unclear strategy, non-acceptor organizational culture, resource limitation, improper management team and divergent organizational structure (Kalali, Anvari, Pourezzat and Dastjerdi, 2011).

In South Africa, compensation management, managerial behaviour, institutional policies and resource allocation have a considerable impact on successful strategy implementation within public schools (Mango, 2014). However, on a lean success scale of one (not successful) to ten (successful) 90% of organizations do not score more than three while only 10% score more than eight. In Nigeria, reasons for strategy implementation include poor understanding of the strategy by the workforce and ineffective communication of the strategy to the workforce (Mwijuma, Omido, Garashi, Odera and Akerele, 2013).

The insurance company in Kenya is quite crowded. As at 31st December 2014, there were 53 insurance companies (IRA, 2014). Among them, there are 28 medical insurance providers. The industry is governed by the Insurance Act and is regulated by the Insurance Regulation Authority (IRA). Kenya’s insurance industry leads within the East
Africa Community (a trading block of Kenya, Uganda and Tanzania), and is a key player in the COMESA region, (Common Market for Eastern and Southern Africa).

The National Hospital Insurance Fund (NHIF) was established in 1966 to provide health insurance to Kenyans over the age of 18 and with monthly income of over Ksh 1000 (NHIF Handbook, 2004). The then monthly contribution was Ksh. 20. This was revised in 1988 and was until March 2015, Ksh. 320. Effective 1st April, the rates shot 431% amid protests from civil union organizations (NBR, 2015). The fund is managed by an all inclusive board with representatives from stakeholders and interest groups such the Central Organization of Trade Unions (COTU).

The Fund operates under the social security principle that the rich should support the poor, the healthy support the sick and young support the old. Benefits from the fund include reimbursement upon admission to their accredited hospitals. Proposed benefits with the new rates include an outpatient cover in which the fund will pay for prescribed laboratory tests/investigations, drugs/medicines prescribed X-rays and ultra sound diagnosis, treatment of Sexually Transmitted Infections, treatment, dressing or diagnostic testing family planning, ante-natal and post-natal care clinical counseling services, health and wellness education and general consultation with general practitioner.

NHIF received Ksh. 13.63 Billion in 2014 in member contributions up from Kshs. 12.23 Billion in 2013. Expenses in form of benefits paid to the members of the fund increased from Kshs. 8.24 Billion in 2013 to Kshs. 9.08 Billion in 2014 (NHIF Financial Statement, 2014). It is expected that contributions and consequently the benefits paid will increase with the new rates in the year 2015.

Whilst NHIF is mandatory for all civil servants and formal sector employees, household survey data show that the large majority of Kenyans (98% of the lowest, 96% of the 2nd and 95% of the 3rd quintile) have no health insurance, whereas 12% of the 4th and 25% of the highest quintile do have insurance (Xu, James, Carrin and Muchiri, 2006). This implies that there exists a vast market of individuals that have yet to be members of the fund. Effective strategy implementation is therefore necessary to create awareness, attract and retain members especially from the informal sector where membership is not statutory.
1.2 Problem Definition

Organizational culture is considered the “glue” that holds an organization together and for others, the “compass” that provides direction (Cameron, 2005). Organizational leadership on the other hand is the process that ensures the organizational is constantly moving forward by seeking new opportunities to improve the competitiveness of the firm (Chathoth and Olsen, 2002). According to Barney (1991) organizational resources are strengths a firm can conceive to and implement their strategies. Organizational structure consists of activities such as task allocation, coordination and supervision, which are directed towards the achievement of organizational aims (Lin and Germain, 2003). These factors are expected to influence the strategy implementation in organizations irrespective of whether they are in the public or the private sector.

NHIF has undergone various internal restructuring to attain a competitive edge in the now highly dynamic insurance sector. Majority of the strategies applied by the fund revolve around quality management, cost rationalization, benefit maximization, financial mix restructuring, market penetration, product development, integrated communication and operational attainments (Njau, 2011). Despite this, NHIF still suffers from poor perception and low awareness among the public. The NHIF 2006-2010 strategic plan set out various objectives for the fund. The fund intended to register members, collect contributions and pay out contributions efficiently; adhere and conform to international standards in quality service delivery; embrace and utilize modern technology, implement corporate responsibility programmes; ensure prudent management of resources; endear the organization to the stakeholders; and constantly monitor and evaluate programs and processes. A strategic review report issued by Deloitte (Strategic Review of National Health Insurance Fund-Kenya, 2010) indicated that strategy objectives were yet to be met by NHIF. The report indicated that there existed a disconnection between NHIF’s corporate, functional and individual performance. This consequently results in low membership enrolment. The low membership enrolment implies that managerial targets are not being met. This is the managerial gap that this study wishes to address.

Kenya’s Vision 2030 envisions a health care system that is more preventive than curative (Njau, 2011). The NHIF scheme is supposed to reduce out of pocket expenditure on health issues through an outpatient cover. Kenya’s Economic Recovery Strategy for Wealth and Employment Creation (as cited by Swallow, 2005) asserted that the high cost
of healthcare in the country is one of the leading causes of poverty. This is the policy gap that this study wishes to address.

Empirical studies in the area are scarce. Njau (2011) examined the implementation challenges faced by NHIF; Mathauer, Schmidt and Wenyaa (2008) analyzed the factors affecting health insurance in the informal sector whilst Xu, James, Carrin and Muchiri (2006), established an empirical model for healthcare and poverty in Kenya. From the above studies, it is clear that none of the studies focused on the strategy implementation in NHIF. This study sought to fill this knowledge gap by examining the determinants strategy implementation at NHIF Kenya.

1.3 General Objectives

The general objective of this study was to determine the factors affecting the implementation of strategies at the NHIF Kenya.

1.4 Specific Objectives

The following specific objectives were used to guide the study;

1.4.1 To determine the influence of organizational culture on strategy implementation at NHIF Kenya

1.4.2 To investigate the influence of organizational leadership on strategy implementation at NHIF Kenya

1.4.3 To examine the influence of resources on strategy implementation at NHIF Kenya

1.4.4 To determine the effect of organizational structure on strategy implementation at NHIF Kenya

1.5 Significance of the Study

1.5.1 Significance to the Board Members and Management of NHIF

The board of directors and the management of NHIF may use the findings of this study to develop solutions to the challenges of strategy implementation in the present and future.
This may result in enhanced performance and serve as a source of reference for future strategies that will be formulated.

The study was also expected to provide valued information that contributors of NHIF from which they can be able to make prudent decisions about their membership to the fund. The study findings may help contributors understand and appreciate the internal workings of NHIF in delivering their mandate to the members. This is especially significant now when the rates are being implemented.

1.5.2 Significance to the Government

The government and regulators in the health sector and the insurance sector may also find invaluable information on how good strategies can be adopted and as a result put in place policies that may guide and encourage other firms within and without the industry in implementing their strategies.

1.5.3 Significance to Academicians and Researchers

The findings of this study may be important to current and future scholars who may need to research on the challenges to strategy implementation within parastatals in Kenya. This may help them expand their knowledge and also identify areas of further research.

1.5.4 Significance to Employees

The responsibility to implement organisation strategy lies with the employees. The employees often take the blame and accolade in equal measures when organisation strategy is properly or poorly implemented. Therefore, the findings of this study may of importance to employees since it will provide an insight on the determinants of strategy implementation.

1.5.5 Significance to Customers

The findings of this study may also be significant to the NHIF customers since they major players in the smooth running of the organisation. Customers may use the findings of this study to understand the sustainability and reliability of the organisation to meet their medical expenses.
1.6  **Scope of the Study**

The study concentrated on NHIF Kenya. The study focused on the organisation culture, leadership, resources and organizational structure in relation to strategy implementation. The unit of the study was the 1600 staff members in the human resource master list of NHIF as at 31st December 2014. The study was carried out in 2015.

The study was not free of limitations. The nature of the study called for confidential information related to NHIF Kenya. Respondents may feel intruded when requested to complete a questionnaire which required them to disclose such information. In order to mitigate this short coming the respondents were assured of confidentiality and ethical handling of the information.

1.7  **Definition of Terms**

1.7.1  **Strategy**

Strategy is direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations (Johnson, Scholes and Whittington, 2008).

1.7.2  **Implementation**

Implementation was defined as a specified set of activities designed to put into practice an activity or program of known dimensions, (Meyers, Durlak and Wandersman, 2012).

1.7.3  **Strategy Implementation**

Strategy implementation was defined as the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plans stated objectives (Noble, 1999).

1.7.4  **Organizational Culture**

Organizational culture was defined as the company’s prevailing ideas, values, attitudes, and beliefs guide the way in which its employees think, feel and act (Tharp, 2009).
1.7.5 Leadership

Leadership was defined as a process whereby intentional influence is exerted by one person over others in order to guide, structure and facilitate organizational activities and relationships” (Yukl, 2002, p. 7).

1.7.6 Organizational leadership

In this study, organizational leadership was defined as the style of leadership applied by the management in influencing the rest organization towards achieving the goals of the organization (Chathoth and Olsen, 2002).

1.7.7 Organizational Resources

Organizational resources were defined as all assets, capabilities, organizational processes, firm’s attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness (Rose, Abdullah and Ismad, 2010).

1.7.8 Organizational Structure

Organizations structure referred to how organization arranges people and jobs so that its work can be performed and its goals can be met (Elsaid, 2013).

1.8 Chapter Summary

This chapter outlined the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, and significance of the study, scope of the study, limitations of the study and definition of terms. The main purpose of the study was to assess strategy implementation at NHIF Kenya. The study explored how organizational culture, organizational leadership, resources and organizational structure influenced strategy implementation at NHIF Kenya. The study may be of great significance to the government, scholars and the contributors. The study focused on NHIF Kenya and was undertaken in the year 2015.

Chapter two explored the literature that focused on the strategy implementation at NHIF in Kenya. It also entailed operational framework and theoretical framework. The empirical review addresses the various studies that have been done on the area. Chapter
three entailed the identification of the research design, the target population, the sample design, the data collection instrument, pilot testing and methods of data analysis. Chapter four presented the study findings and chapter five contained conclusion and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This section provided a review of the literature on the influence of organisational culture, organisational leadership, resources availability and organisational structure on strategy implementation. The section also provides theories that inform the impacts of study variables on the implementation of strategic plans.

2.2 Influence of Organisational Culture on Strategy Implementation

2.2.1 Strategic Implementation

Strategy implementation (SI) is the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plans stated objectives (Noble, 1999). Strategy implementation is critical to any company's success, addressing who, where, when, and how to reach the desired goals and objectives. It focuses on the entire organization. Implementation occurs after environmental scans, SWOT analyses, and identifying strategic issues and goals. Organisations and companies that effectively implement their strategies also realize high performance. For a company to implement its strategic plans it requires all systems to be in place, adequate resources to finance the plan, skilled human resource and proper and well functioning structures.

2.2.2 Organisational Culture

Organisational Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. Ravasi and Schultz (2006) wrote that organizational culture is a set of shared assumptions that guide what happens in organizations by defining appropriate behavior for various situations. Organisation culture is very important in strategy implementation because the level of understanding of organisational core values, objectives, beliefs, expectations plays a crucial role in the people level of engagement.
2.2.2 Organisation Culture and Strategy Implementation

Organisation culture encompasses basic values, underlying norms, habits and belief that define an organisation. These aspects further define how employees operate, relate and co-ordinate within the organisation. Different organisations have different organisation cultures where people have different perceptions on the path the organisation should follow. In an organisation culture where people are open to new ideas and have clear understanding of the organisation objectives implementation of strategy become easy. On the other hand an organisation where people are reluctant to change and has a culture of sabotaging efforts to bring change has a high likelihood of failing in attempt to implement new strategies.

Successful strategy execution depends on doing a good job of working with and through others, building and strengthening competitive capabilities, motivating and rewarding people in a strategy- supportive manner, and instilling discipline of getting things done (Arthur and Boyles, 2007). These sentiments point to the significance of staff involvement in the strategy implementation process.

McKinsey 7-S framework developed in the early 1980s by Tom Peters and Robert Waterman working at the McKinsey & Company consulting firm identifies seven internal aspects of an organization that need to be aligned if it is to be successful. The framework categorizes the seven elements into “hard” and “soft” elements. The hard elements are easier to define and identify and can directly be influenced by the management. They include organizational strategy statements, structure and system. Soft elements on the other hand are difficult to describe, and are less tangible and more influenced by culture. They include shared values, skills (employee competencies), style (leadership) and staff (Kaplan, 2005).

Cocks (2010) pointed out that implementation is not merely a matter of operationalizing the strategy by exercising command over resources, employees and their work. McKinsey’s model assumes a logical and hierarchical distinction between strategy formulation and implementation, with implementation delegated to a subordinate status as the responsibility of “middle management” (Cocks, 2010). McKinsey’s model places shared values which are basically organisational culture in the middle of the model and emphasizes that these values are central to the development of all the other critical
elements. The company's structure, strategy, systems, style, staff and skills all stem from why the organization was originally created, and what it stands for.

2.2.3.1 Organisational Values and Strategy Implementation

Every organization has a set of values, whether or not they are written down. The values guide the perspective of the organization as well as its actions. Writing down a set of commonly-held values can help an organization define its culture and beliefs. According to Schein (2009) organizational culture is a collective behaviour of people that are part of an organization. It is formed by the organization values, visions, norms, working language, systems, and symbols, beliefs and habits. It is also the pattern of such collective behaviours and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Schein noted that organisational values is a strength because it eases and economizes communication, facilitates organizational decision making and control and may generate higher levels of cooperation and commitment to the organization which are necessary for strategy implementation.

Several studies have been done to investigate the influence of organisation values in strategy implementation. For instance, Comerford (1985) argues that a culture that is grounded in strategy-supportive values, practices and behavioural norms adds to the power and effectiveness of a company’s strategy execution effort. Thomson (2007) also noted that long standing values and attitudes, vested interests, inertia and ingrained organizational practices do not melt away when managers decide on a new strategy. Thomson (2007) sentiments were supported by Harison (2004) who argued that organisations that are oblivious on the organisational culture find themselves unable to successfully implement strategies.

According to McNeal, (2009) various aspects of culture exist at different levels or layers within an organization. Shared assumptions and philosophies form the inner most layer. The next layer is organizational cultural values which are the collective beliefs, assumptions, and feelings about what things are good, normal, rational and valuable. The next layer is the shared behaviours which include the norms; they are more visible and easier to change than values. The top most layer has the cultural symbols which are the words, gestures, pictures and other physical objects which carry meaning with a culture;
they are the most visible and most superficial. All these cultural aspects interconnect to bring about effective and high performing organisations.

2.2.3.2 Teamwork and Strategic Implementation

Teamwork is a subset of organisation culture and organisational culture that emphasizes on teamwork among its staff is also effective in implementing strategic plan. For instance, Miller, Wilson, and Hickson (2004) proposed turning poor coordination into teamwork by realigning roles, responsibilities, and accountabilities with strategy help to improve strategy implementation. These authors findings showed that organisations with a culture that emphasis on teamwork is a good strategy implementer than those that don’t encourage teamwork.

Similarly, Manzoor, Ullah, Hussain and Ahmad, (2011) in their study effect of teamwork on employee performance concluded that there is clear evidence that teamwork and other measures of employee performance are positively related with employee performance. Although the research didn’t focus specifically on effect of teamwork on strategy implementation, its findings are still important because success in strategy implementation is product of high performing staff.

A culture of teamwork is a significant tool of new type of work organization. Teamwork is a precise organizational measure that shows many different features in all type of organizations including non-profit (Mulika, 2010). Strategy implementation is a process that requires a close collaboration of all employees working together to achieve the objectives of the strategic plan.

2.2.3.3 Result Oriented Culture and Strategy Implementation

A result oriented culture is a culture that emphasis on performance and always aim to achieve the set objectives. This is where employees of an organisation will work extra miles to take the organisation to the next level. Organisations that have nurtured such culture are effective in strategy implementation. Mohamed (2015) noted that as the experience is gained through implementation of any task, the performance of a worker improves, time taken to perform the activity reduces and his productivity goes up e.g. as people involved in production become more efficient than before. This improvement in productivity of a worker is due to learning effect.
Further, it is worth noting that strategy implementation encompasses a change process. According to Eastman and McCarthy (2012) apart from the overarching purpose of change management, which is to accelerate the speed at which people move successfully through the change process so that anticipated benefits are achieved faster, the process improve organizational outcomes and performance; enhance employee satisfaction, morale, and engagement. When people learn new skills, meet performance expectations, and contribute to a greater good they feel pride in their accomplishments.

2.2.3.4 Quality Staff Culture and Strategy Implementation

Quality staff is a staff that is competent, skilled and focused to execution of responsibilities. Personality of the employees is one of the primary determinants of strategy implementation actions. Judge and Stahl (1995) set up a conceptual model of implementation effort by middle managers in a multinational context. They refined Guth and MacMillan’s (1986) insights by identifying the relative importance of the three determinants of implementation effort: perceived ability, perceived probability of success, and perceived consistency between personal goals of staff and the strategic change goals. As a further extension of this theory, they found that the personal characteristics of the managers influence their perceptions. They also found that national culture characteristics influence the perceptions of middle managers.

Heracleous (2000) also finds that if middle management do not think the strategy is the right one, or do not feel that they have the requisite skills to implement it, then they are likely to sabotage its implementation. He refers to groups within the organization who will inevitably disagree with the strategy. These groups may sabotage strategy implementation by deliberate actions or inactions, if implementing the strategy may reduce their power and influence. Thus, Heracleous also sees the perceived ability and perceived consistency between personal goals and the strategic change goals as the decisive factor.

Waldensee and Sheather (1996) believe that the approach of matching strategy and managers’ style ignores the causal role of the organizational context or the interaction of personality and context on implementation actions. It is widely accepted that different strategies need to be implemented in different ways. Their study demonstrates, at least in
a laboratory setting, that strategy plays a significant role in shaping managers’ intentions. Managers can alter their behaviors to suit different strategy situation.

2.3 **Influence of Organisational Leadership on Strategy Implementation**

2.3.1 **Organisational Leadership**

In this study, organizational leadership is the style of authority applied by the management in influencing the rest organization towards achieving the goals of the organization (Chathoth and Olsen, 2002). Organisational leadership can also be viewed as a dual focused management approach that works towards what is best for individuals and what is best for a group as a whole simultaneously. It is also an attitude and a work ethic that empowers an individual in any role to lead from the top, middle, or bottom of an organization. Effective strategy implementation must be spearheaded by strong leadership that is able to consolidate all the necessary efforts and direct them toward the organisation goals.

2.3.2 **Organisation Leadership and Strategy Implementation**

Organisation leadership and strategy implementation cannot be separated because organisation leadership is supposed to spearhead strategy implementation. Organisations leadership must co-ordinate resources, people and all the other things necessary for strategy implementation in an efficient manner. A theory of transformational leadership posits that the role of leader in an organisation is the ability to motivate the follower to accomplish more than what the follower planned to accomplish (Mithas, Krishnan and Fornell (2005).

According to the theory, leaders transform their followers in three ways: increasing their awareness of task importance and value, getting them to focus first on team or organizational goals, rather than their own interests and activating their higher-order needs. Transformational leaders use their personal values, vision, commitment to a mission, and passion to energize and move others towards accomplishment of organizational goals (Arbon, Facer and Wadsworth (2012).

Transformational leaders are proactive in that they can develop followers’ capabilities, help map new directions, mobilize resources, facilitate and support employees, and
respond to organizational challenge. They consider change whenever it is necessary for the organization (Kandeke, 2015). They act as agents of change and try to create it. Transformational leadership has four components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985). The influence of the four components of transformational leadership is discussed in the section below.

2.3.2.1 Idealized Influence and Strategy Implementation

Idealized influence is defined as having transformational leaders who behave in ways that result in their being role models for their followers. These leaders are admired, respected and trusted. Followers identify with the leaders and want to emulate them. Abeysekera (2011) studied the attribute of idealized influence on the behavior of a salesperson in the Banking sector in Sri Lanka. Two state banks and six private banks were selected. From these eight banks, a random sample of 170 corporate customers was selected. It was found that idealized influence behavior is higher in the private banks and the salespersons in private banks had higher job satisfaction.

Hetland and Sandal (2008) revealed another side of transformational leadership in their study in Norway to investigate the relationship between transformational leadership and followers rating on satisfaction, effectiveness and work motivation as well as the relationship between transformational leadership and personality in five private and public institutions. The results yielded substantial support for a strong and consistent link between satisfaction, effectiveness and motivation.

Griffith (2004) conducted a study on the impact of transformational leadership on job satisfaction, staff turnover and job performance. It was found that schools in which principals were perceived as transformational leaders had school staff that were more satisfied with their jobs and had less staff turnover. While, school principals with transformational leadership skills are found to have the ability to imbued, inspire and equip teachers with the vision of the future, and strengthen commitment of teachers to school affairs (Yu, 2002).
2.3.2.2 Individualized Consideration and Strategy Implementation

Individualized consideration is the degree to which the leader attends to each follower's needs, acts as a mentor or coach to the follower, and listens to the follower's concerns. This kind of leadership has significant influence on strategy implementation. Lacerda (2010) explored the impact of transformational leadership with the inclusion of ethical integrity in the implementation corporate social responsibility strategies among large firms in Portugal. The study revealed that inspirational motivation and individualized consideration were positively associated with corporate social responsibility strategies. On the other hand, ethical integrity was not found to be linked with the implementation of corporate social responsibility.

Studies have been done on influence of individualised consideration on strategy implementation among them is that by Long, Yusof, Kowang and Heng (2014) who examined the relationship between transformational leadership style and employee job satisfaction. An empirical study was conducted in a Government Linked Company in Malaysia. 378 employees from 6 different departments were invited to be the respondents of this research. The findings show that only one of the four transformational leadership characteristics is found to have significant relationship with job satisfaction. Characteristic of individualized consideration was found to be contributed most in job satisfaction.

Another study by Ejimofor’s (2007) in Nigeria examined transformational leadership skills and teacher job satisfaction, in secondary cycle institutions and concluded that transformational leadership behavior affected teachers’ job satisfaction. This finding for making and the creation of opportunities rather showed that engagement of teachers in decision for teachers’ professional growth development by transformational leaders predicted teachers’ job satisfaction. These findings in the African settings do not only prove the versatile nature of transformational leadership but also its applicability to diverse background.

2.3.2.3 Inspirational Motivation and Strategy Implementation

Inspirational motivation is the ability of top leadership in an organisation to motivate and inspire their subordinates in a way that will enhance their commitment and engagement to their work. This kind of leadership ensures that employees are focused to implementation
of the organisation strategies. Schaap (2012) study's findings revealed that consensus is vital in the implementation process. The study also indicated that frequent communication up and down the organization structure enhances strategic consensus through the fostering of shared attitudes and values. According to the study, an organization which ties rewards to the success of the strategy employed is rewarded with higher levels of organizational performance and concluded that strategy implementation plans must be clearly developed, indicating particular tasks for individuals, with clear-cut time frames, and identifying the people responsible for task completion.

Study by Mapetere, Mavhiki, Nyamwanza, Sikomwe and Mhonde (2012) on the link between active leadership involvement and strategy implementation success revealed that a relatively low leadership involvement in strategy implementation led to partial strategy success. The study concluded that leadership should be able to craft a vision for any strategic programme, design effective communication strategies as well as to role model behavior changes that are consistent with new strategies.

2.3.2.4 Intellectual Stimulation Influence and Strategy Implementation

Intellectual stimulation is defined as having a leader who encourages innovation and creativity, as well as critical thinking and problem-solving. Intellectual stimulation involves arousing followers' thoughts and imagination, as well as stimulating their ability to identify and solve problems creatively. Studies conducted on the influence of intellectual stimulation include that by Jooste and Fourie (2009) who examined the role of strategic leadership in effective strategy implementation in South African organizations. The study found that strategic leadership positively contributes to effective strategy implementation. The study argued that strategic leadership is supposed to offer strategic direction and establish balanced organizational controls. The organizational leadership is able to achieve this managing the organization’s resource portfolio (efficiently), sustaining effective organizational culture and emphasizing ethical practices. These strategic leadership actions in turn positively contribute to effective strategy implementation.

Another study by Chepkirui (2012) examined the role of strategic leadership in the strategy implementation in Agricultural Development Corporation (ADC) in Kenya. The study found that strategic leadership was very effective implementation of strategy.
According to the study, strategic leadership stirs commitment among people within the organization to embrace change and implement strategies intended to achieve the strategic vision. The study enumerated the role of leadership in strategy implementation determination of strategic direction, building an organization, shaping effective organizational culture, effective management of organization's resource portfolio, enforcement of ethical compliance, communicating strategy, development of short-term objectives and operational plans.

Ngure (2013) examined the influence of leadership style on strategy implementation at Co-operative Bank in Kenya. The study found that participative (democratic) leadership style and transformational leadership style were the dominant leadership styles at Co-operative Bank. The study found that leadership styles influence strategy implementation. The study recommended that organizations apply transformational and participative leadership styles to achieve successful strategy implementation.

Lekasi (2014) investigated the challenges facing strategic leadership in strategy implementation at the Independent Electoral and Boundaries Commission (IEBC) in Kenya. Data was collected through interview guides and key informant interviews. The study found that strategic leadership was critical in giving direction, managing resources and influenced strategic performance of the IEBC. The study cited limited resources, management of diversity among staff, political interests and interference, wide mandate covering the entire aspects of electoral process and delimitation of boundaries across the country and negative publicity, as some of the challenges facing strategy implementation at IEBC. The study recommended the entire organization be rallied toward effecting change by the leadership.

2.4 Influence of Organisation Resources on Strategy Implementation

2.4.1 Resources

Resources can be defined as the inputs used in the production of those things that we desire. When resources are productive, they are typically called factors of production (Kraaijenbrink, Spender and Groen, 2010). Some economists use factors of production and resources interchangeably to mean the same thing. Resources are among the most important aspects of strategy implementation. Organisations that are large such as
National Hospital Insurance Fund also require a lot of resources when launching their new strategic plans.

2.4.2 Organisation Resources on Strategy Implementation

To successful implement strategies organisations need resources both human resources and financial resources. Organisation resources are inputs that are used in production. Resource based theory which is said to originate from Penrose’s idea (1959) of the firm as a coordinated ‘bundle’ of resources, tackles the question of a firm’s goals and strategic behaviour (Barney, Corte and Sciarelli 2008). If the strategy is a firm’s theory about how to compete successfully (Alvarez and Barney, 2002), the source of the sustainable competitive advantage is the capacity to exploit a bundle of resources that the business has at its disposal or has access to, which are valuable, rare and inimitable. The organisation, in the widest sense of the term, must favour the coordination and complete exploitation of the potential of these resources. Mechanisms that block or limit imitative processes play a decisive role. A business culture, a reputation, and interpersonal relations between managers may be the result of socially complex phenomena and therefore difficult to replicate.

According to research there is a growing instability of the markets which limits the possibility of developing resources internally; in this case companies can establish a relationship, not necessarily commercial (alliance), with one or more firms with the necessary resource, creating a strategic alliance (Ireland, Hitt and Vaidyanath, 2002), to undertake, or at least facilitate, learning processes and boost internal resources (Nonaka and Takeuchi, 2002) for strategy implementation. This also makes it difficult for company management to monitor the evolution of the strategy while it requires the company to develop dedicated resources and capabilities to manage the cooperation and potential for conflict that coexist in any agreement (Das and Teng, 2000).

2.4.3.1 Financial Resources and Strategy Implementation

Financial resources are about the finance required to fund the budget of implementing new strategy. Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. A number of studies support the need of adequate financial resources in strategy implementation. According to Bateman and Zeithman (1993), a strategy is a pattern of actions and resource allocations designed to
achieve the goals of the organization. The amount and nature of resources an organisation has access to and how these resources are allocated has a significant role in strategy implementation.

Similarly, Johnson and Scholes (2002), view strategy as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, and fulfill stakeholders’ expectations. Strategic management is, hence, both a skill and an art. Good strategic management requires both clear thought and sound judgment. Kirui (2013) also analysed factors influencing implementation of strategic plans in local authorities in Migori County and found that financial resources affected strategic implementation through budgetary allocations, financial controls and revenue efficiency.

Gakenia (2008) sought to determine the factors that influence strategy implementation at Kenya Commercial Bank. Gakenia employed a case study design and interviewed the head of strategy and functional heads in charge of finance, risk management, information technology and operations, human resources, marketing and research division, and public affairs and communication division in the bank. The study found that resources (both financial and human resources), management support and the organization structure greatly influenced strategy implementation at KCB.

2.4.3.2 Human Resource and Strategy Implementation

Human resources are the manpower required in strategy implementation. Strategy are implemented by the people therefore, skills, knowledge and experience of the employees of organisation contribute to successful strategy implementation. The importance of human resources has thus got the central position in the strategy of the organization, away from the traditional model of capital and land (Purcell and Boxal, 2003). All leading organisations such as IBM, Microsoft, Cisco, etc put extraordinary emphasis on hiring the best staff, providing them with rigorous training and mentoring support, and pushing their staff to limits in achieving professional excellence, and this forms the basis of these organizations strategy and competitive advantage over their competitors. It is also important for the organization to instill confidence among the employees about their future in the organization and future career growth as an incentive for hard work (Purcell and Boxal, 2003).
Shared values which are the core or fundamental set of values that are widely shared in the organization and serve as guiding principles of what is important; vision, mission, and values statements that provide a broad sense of purpose for all employees (Kaplan, 2005). All members of the organization share some common fundamental ideas or guiding concepts around which the business is built. This may be to improve performance of their organisation or to achieve excellence in a particular field. These values and common goals keep the employees working towards a common destination as a coherent team and are important to keep the team spirit alive. The organisations with weak values and common goals often find their employees following their own personal goals that may be different or even in conflict with those of the organization or their fellow colleagues (Martins and Terblanche, 2003).

According to Hunger and Wheelen (2003) both managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Elements that require consideration during the implementation process include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture Hunger and Wheelen (2003). Dooley, Fryxell and Judge (2000) further endorsed that there is a positive association between strategic consensus and firm performance. Effective strategy implementation is affected by the quality of people involved in the process. Peng and Litteljohn (2001) claimed the quality of people as skills, attitudes, capabilities, experiences and other characteristics required by a specific task or position.

Further, conflict management also plays an integral role within the implementation process. According to David (2003) the human element of strategic implementation plays a key role in successful implementation and involves both managers and employees of the organization. Both parties should directly participate in implementation decisions and communication that play a key role in ensuring that this occurs. Business performance is influenced by this human element of strategic implementation. Through providing performance incentives to employees during the implementation phase, it is suggested by David (2003) that business performance will be positively influenced. Lorange (1998) investigated the importance of human resources in implementing strategies in organizations and found that if a strategy implementation needs to succeed, then top
management must be heavily involved in monitoring and reviewing the progress of each strategic program created by the company.

Çalişkan (2010) noted that parallel to the understanding that human resource are vital for an organization, human resource management function is also going up in organizational hierarchy. Human resource management aims to ensure that the organization obtains and retains the skilled, committed and well motivated workforce it needs. This means taking steps to assess and satisfy future people needs and to enhance and develop the inherent capacities of people their contributions, potential and employability by providing learning and continuous development opportunities. It involves the operation of recruitment and selection procedures, management development and training activities linked to the needs of the business.

Besma (2014) highlighted that strategic human resource management represents a relatively new transformation in the field of human resource management. strategic human resource management is concerned with the role human resource management systems play in firm performance, particularly focusing on the alignment of human resources as a means of gaining competitive advantage. Organizations are becoming aware that successful human resource policies and practices may increase performance in different areas such as productivity, quality and financial performance.

Shi, Markoczy and Dess, (2009) stated that human resources are becoming the key focus of strategy implementation and reiterated that people, not financial resources, are the key strategic resources in strategy implementation. In a study involving 172 Slovenian companies, Cater and Pucko (2010) demonstrated that managers mostly rely on planning and organizing activities when implementing strategies, while the biggest obstacle to strategy implementation and execution is poor leadership. Their results showed that adapting the organizational structure to serve the execution of strategy has a positive influence on performance.

Ferguson and Reio (2010) mentioned that human resources management plays an important role in the effective implementation of strategic plans. It is important for both organization departments and employees to be enthusiastic about the strategy implementation. Getting people involved and having a motivating reward system will have a positive influence on the implementation of strategy.
2.5  Influence of Organisational Structure on Strategy Implementation

2.5.1. Organisational Structure

An organisational structure defines how activities such as task allocation, coordination and supervision are directed towards the achievement of organizational aims. It can also be considered as the viewing glass or perspective through which individuals see their organization and its environment (Porter, 2008). There is several other definition of organisational structure but they all narrow down on the effectively of the organisation systems.

2.5.2. Organisation Structure and Strategy Implementation

Organisation structure in this context includes board composition, co-ordination and supervision and communication structures. Organisations should have properly working structures for successful strategy implementation. According to the agency theory which explains the relationship between the principal and the agents in organisations organisation structure is made up of hierarchal levels where principals and agents interact in their day to day activities in the view of realizing the set objectives. An agency relationship arises when one or more principals (manager) engage another person as their agent (subordinates) to perform a service on their behalf (Audit quality forum, 2005). The board of directors and the top management team are central governance structures in the agency relationship (Daily, Dalton and Cannella, 2003). Agents may have conflicting motives with those of principal for various reasons; financial rewards, labour market opportunities, and relationships with other parties that are not directly relevant to principals.

2.5.3.1 Board Composition and Strategy Implementation

Board composition comprises of many aspects, this study will assess board gender diversity, board skills and experience, board independence and board size. Studies have been done on the influence of board composition on strategy implementation and among them is a study by Balsmeier, Bermig and Dilger (2013) who analyzed the effects of supervisory board size and composition on the valuation and performance over the period 1998-2007 (n=294 companies with 2,382 firm-year-observations). Controlling for a large number of other (potential) determinants of firm performance the study estimated the
joint as well as the separate influence of board size, union representatives, works council representatives, independent worker representatives, bank representatives and former managing board members on firm performance. Contrary to most available studies, Balsmeier, Bermig and Dilger were unable to find a consistent effect of either board size or board composition on firm valuation and performance.

Similarly Belkhir (2009) investigated the relationship between board size and performance in a sample of 174 bank and savings-and-loan holding companies, over the period 1995-2002. Contrary to theories predicting that smaller boards of directors are more effective, increasing the number of directors in banking firms does not undermine performance. In contrast, the evidence was in favor of a positive relationship between board size and performance, as measured by Tobin's $Q$ and the return on assets. The paper investigated whether this positive association is due to the fact that banks reduce the number of their directors in the aftermath of poor performance by testing for the relationship between board size and performance. The findings show that the number of directors leaving the board and the number of those joining the board for the first time increase following a poor performance, but the net change in board size is not affected by past performance.

Schmidt and Brauer (2008) also examined the effectiveness of the board in strategy implementation. According to the study non-executive directors function at the interface of the firm and its environments and thus seem particularly suited to track the development of the firm’s behavior from the outside. Ensuring consistency between the announced strategy and individual resource allocations should be a prerogative of boards of directors.

Chen (2015) found that firms with more gender-diverse boards achieve greater innovative success. The results are not driven by endogenous matching between female directors and firms with high innovative potential. By investigating the mechanisms, we find that the positive effect of gender diversity on innovation is stronger when product market competition is lower and when managers are more entrenched, consistent with increased monitoring by female directors improving manager’s incentives to innovate. Furthermore, we find that although gender diversity does not enhance firm performance on average, it increases the performance of firms for which innovation and creativity play a particularly important role.
2.5.3.2 Co-ordination and Supervision and Strategy Implementation

The manner in which people, department and all other organisational systems co-ordinate with each other and how employees are supervised in an organisation is also critical in strategy implementation. Bushardt, Glascoff, and Doty (2011) studied the relationship between organizational culture and organizational reward structure and found that they are positively correlated. Feurer and Chaharbaghi’s (1995) article also investigated the strategic implementation process at leading computer giant Hewlett-Packard and proposed that support structures in the form of formal organizational structures are necessary for employees to act readily on the knowledge developed to craft and implement strategy.

In a strategy structure study, Chandler (1962) suggested that organizational structure has been influenced by the organization’s strategies (structure follows strategy). Concurring with Chandler’s (1962) study, Rajasekar (2014) revealed that strategy is formulated by top management exclusively and middle-level managers only implement the strategy unless a wide range of changes is required before implementation (structure alignment with strategy). In contrast, Contractor and Lorange (2002) presented a concern with business restructuring and proposed that it has to be outweighed by the anticipated gains of the new strategy. He said that too often the restructuring / right-sizing efforts lead to the unintentional discarding of know-how that could have been used for future growth in another context.

Many studies have addressed the link between organizational strategy and structure by pointing out that one of the challenges in strategy implementation is weak coordination of activities. Similarly, Miller, Wilson, and Hickson (2004) proposed turning poor coordination into teamwork by realigning roles, responsibilities, and accountabilities with strategy. In contrast, Brache (1992) proposed that from an implementation perspective, it is more valuable for an organization to apply cross-functional processes to enforce strategy implementation than to change the organizational structure.

Rajasekar (2014) focused their study on how organizational structure influences strategy implementation and found the process of strategy implementation to be structured and formal. They also concluded that during the strategy development process greater emphasis is placed on financial information, but during the implementation phase both
financial and non-financial information are emphasized. In an exploratory study involving corporate communication and strategy implementation, Forman and Argenti (2005) found that the internal communication within a company has an overarching hand not only in making strategy, but also in successfully implementing strategy.

2.5.3.3 Communication Structures and Strategy Implementation

According to David (2003), both managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Elements that require consideration during the implementation process include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture (David 2003). Pérez, Manuel and José (2004) argues that there is a consensus on the idea that organizations making the effort to introduce a culture which encourages communication among their members and motivates employees to question fundamental beliefs will achieve a favorable working atmosphere.

In essence, the study of Skivington and Daft (2001) and Noble (2000) reviews strategy implementation research from a structural view (emphasizing organizational structure and control mechanisms) and an interpersonal process view (emphasizing strategic consensus, autonomous strategic behaviors, diffusion perspectives, leadership and implementation style, communication and interaction processes). Frambach, Prabhu and Verhallen (2003) add a third view the individual-level processes view, emphasizing cognition, organizational roles and commitment besides the structural and interpersonal process view.

Beer and Eisenstat (2000) examine 12 profiles in depth from 4 companies – 10 for business units and 2 for corporate. They put forward six silent killers of strategy implementation which are rarely publicly acknowledged or explicitly addressed just as follows: top-down or laissez-faire senior management style (9 of 12 cases); unclear strategy and conflicting priorities (12 of 12 cases); an ineffective senior management team (10 of 12 cases); poor vertical communication (9 of 12 cases); poor coordination across functions, businesses or borders (9 of 12 cases); inadequate down-the-line leadership skills and development (8 of 12 cases). Among them, poor vertical communication is treated as a core barrier which not only hinders strategy
implementation but also impedes discussion of the barriers themselves. The six killers are grouped into three categories: quality of direction, quality of learning and quality of implementation.

Studies lead by Pye and Pettigrew (2005) group implementation variables into a larger number of categories. These categories are: strategic content, context (consisting of organizational context: organizational structure, organizational culture; and environmental context: uncertainty in the general and uncertainty in the task environment), process (operational planning, resources, people, communication, control and feedback) and strategic outcome.

2.6 Chapter Summary

This chapter provided review of previous literature related to this study. This chapter analyses the previous studies conducted on the influence of organisation culture, organisational leadership, organisational resources and organisation structure on strategy implementation. The chapter also provides some of the theories that this study is anchored on. Previous study findings and methodology are reviewed. Finally this chapter illustrates how study variables were operationalized. Chapter three entailed the identification of the research design, the target population, the sample design, the data collection instrument, pilot testing and methods of data analysis.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this study was to establish the determinants of strategy implementation at NHIF. This chapter presented a review of the research methodology that was adopted in this study. Specifically, the chapter discussed the methods and procedures that were used in the research. These included, research design, the population of the study, the sample size, the sample design, data collection instruments, research procedure, ethics and the data analysis approach to be taken.

3.2 Research Design

This study adopted a descriptive research design. Descriptive research refers to research design that focuses on the accurate portrayal of the characteristics of persons, situations or groups (Polit and Hungler 2004). This approach was used to describe variables rather than to test a predicted relationship between variables. Descriptive survey makes standardized measurement more precise by enforcing uniform definitions upon the respondents (Streubert, Speziale and Carpenter 2003). Standardization ensures that similar data was collected from groups then interpreted comparatively. Descriptive survey was appropriate for this study because it entailed collecting data from samples that can be compared in terms of demographic factors and also it focused on complex analysis to bring out the correlation of variables. The researcher opted to use this kind of research considering the desire of the researcher to obtain first hand data from the interviewee so as to formulate rational and sound conclusions and recommendations for the study.

3.3 Population and Sampling Design

3.3.1 Study Population

A research population is a well-defined collection of individuals or objects known to have similar characteristics and usually have a common, binding characteristic or trait (Connaway and Powell, 2010). NHIF has 1712 employees of whom 800 are in the Nairobi region. The population of this study incorporated these employees.
Table 3.1  
Study Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top level Management</td>
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<td>0.47%</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>168</td>
<td>9.81%</td>
</tr>
<tr>
<td>Operation</td>
<td>822</td>
<td>48.01%</td>
</tr>
<tr>
<td>Lower Level Management</td>
<td>714</td>
<td>41.71%</td>
</tr>
<tr>
<td>Total</td>
<td>1712</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Research (2016)

3.3.2  Sampling Design

A sample design is the architecture or the strategy used to select study participants or respondents (Kothari, 2004).

3.3.2.1  Sampling Frame

A sampling frame is a list of population from which a sample is drawn (Leary, 2001). It is the source material or device from which list of all elements within a population that can be sampled is drawn and may include individuals, households or institutions. The sampling frame for this study included all the employees in the human resource master list of NHIF as at 31st December 2014.

3.3.2.2  Sampling Technique

Sampling refers to the systematic selection of a limited number of elements out of a theoretically specified population of elements (Kothari, 2004). This study adopted Stratified random sampling and random sampling. Stratified sampling was carried out because the study selected employees of NHIF from various departments. Random sampling was used because the study population was large. Random sampling enabled the study to select a sample that represented the whole population (Cooper and Schindler, 2005). According to Lumley (2004) suggested that for population that can be categorized into different strata, a two stage sampling method can be applied i.e. stratified sampling and random sampling techniques.
3.3.2.3 Sample Size

The sample size of this study consisted of 93 respondents selected from the study population for the quantitative data. For every population that has less than 10 people, the whole sample was considered for qualitative data analysis. The study sampled 5% of the remaining in order to come up with a good sample that represented the population.

Table 3.2 Study Sample

<table>
<thead>
<tr>
<th>Category</th>
<th>100%</th>
<th>% of Population</th>
<th>Sample</th>
</tr>
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<td>822</td>
<td>5%</td>
<td>41</td>
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<tr>
<td>Lower Level Management</td>
<td>714</td>
<td>5%</td>
<td>36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1712</strong></td>
<td></td>
<td><strong>93</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Data collection is the precise, systematic gathering of information relevant to the research sub-problems, using methods such as interviews, participant observations, focus group discussion, narratives and case histories (Burns and Grove, 2005). This study used primary data that was collected by the use of both the questionnaire and interview guide. Questionnaire was used to collect quantitative data while qualitative data was collected by use of interview guide. The questionnaire had 5 sections consisting of both open and closed ended questions. The questions was constructed using likert scale since it was easy to construct and easy for the respondents to understand. The response to the questions ranged from ‘strongly disagree’ to ‘strongly agree’. The researcher used drop and pick method in administering the questionnaire. The first section of the questionnaire was based on demographic characteristics of the respondents and the other sections were based on the research objectives. The study used primary data because the researcher was collecting information for the specific purposes of this study. In essence, the questions the researcher asked were tailored to elicit the data that helped to achieve objectives of this
study. The respondents to the questionnaire were employees that were in the sample selected. The questionnaire was used to collect quantitative data. This study also used an interview guide to collect qualitative data from the key informants that consists of the Top management, HR, Finance and Strategy and Planning departments.

3.5 Research Procedures

After constructing the data collection instruments the researcher conducted a pilot study in order to minimize the possible instrumentation error and hence increase the reliability and validity of the data collected, pilot study was conducted to measure the research instruments reliability and validity (Mathiyazhagan and Nandan, 2010). A pilot study was undertaken on 5% of the sample that was not included in the final sample.

Piloting was carried out to assess the ability of research instruments in collecting viable and reliable data that correspond to the objectives of the study. According to Mugenda and Mugenda (2010) it is adequate to use between 1% and 10% of the sample size for pilot study. To test for validity this study used the test-retest method which involves administration of the research instruments twice to the same individuals after a certain time lapse (Cooper & Schindler, 2000). In this case, a time lapse of one week was used. The researcher then assessed their response to check for consistency in the response. To test reliability, the questionnaires were administered to 10 respondents which were not in the final sample. Then the Cronbach’s α Reliability Coefficients was used to measure reliability of the research instruments. A Cronbach’s α Reliability Coefficients of α > 0.7 was deemed acceptable.

Questionnaires were delivered to the respondents to fill by the researcher in person. The questionnaires were emailed to those respondents that were inaccessible. The researcher also conducted in-depth interviews in person to selected key informants. For the informants that were not available the researcher used phone to conduct interview. The researcher also followed suitable protocols before approaching the respondents to do the assessment. Appropriate ethical consideration regarding respect for human dignity, full disclosure and privacy was also taken to account.
3.6 Data Analysis Methods

Data Analysis is the processing of data collected to make meaningful information out of them (Saunders, Lewis and Thornhill, 2009). Data collected from questionnaires was coded and keyed into a computer. Quantitative data was analyzed using the Statistical Package for Social Sciences (SPSS version 20). Descriptive statistics including the means and standard deviations were used to analyze quantitative data and capture the characteristics of the variables under study. Inferential statistics were used to test the nature and magnitude of the hypothesized relationships. Simple linear regression analysis and Pearson’s Product Moment Coefficient ($r$) were computed to test hypothesis and to determine the nature and the strength of the relationship among the variables, with $r$ ranging from -1 to +1. Multiple regression analysis and ANOVA tests was also used to test hypothesis. Both descriptive and inferential statistics were employed to analyze and test the research hypotheses. A linear multivariate regression model was used to measure the relationship between the independent variables and the dependent variable which are explained in the model. The regression model helped to explain the magnitude and direction of relationship between the variables of the study through the use of coefficients like the correlation, coefficient of determination and the level of significance.

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where:
\( Y \) = Strategy implementation
\( X_1 \) = Organizational Culture
\( X_2 \) = Organizational leadership
\( X_3 \) = Organizational Resources
\( X_4 \) = Organisational Structure

\( \epsilon \) = Error term
\( a \) = constant

In the model \( a \) is the constant term while the coefficient \( \beta_1 \) to \( \beta_4 \) are used to measure the sensitivity of the dependent variable (\( Y \)) to unit change in the explanatory variable (\( X_1, X_2, X_3, X_4 \)). \( \epsilon \) is the error term which captures the unexplained variations in the model. The analyzed data will be presented in form of tables, charts and graphs.
3.6.1 Operational Frameworks

Table 2.1 Data Analysis and Variables Operationalization

<table>
<thead>
<tr>
<th>Variables</th>
<th>Type of variable</th>
<th>Measurement</th>
<th>Tests</th>
</tr>
</thead>
</table>
| Strategy implementation        | Dependent Variable | • Revenue performance  
|                                |                   | • Objectives Met  
|                                |                   | • Increased coverage | Correlation & regression analysis |
| Organisational leadership     | Independent Variable | • Idealized Influence  
|                                |                   | • Individualized Consideration  
|                                |                   | • Inspirational Motivation  
|                                |                   | • Intellectual Stimulation | Descriptive statistics, Correlation & regression analysis |
| Organisational Resources      | Independent Variable | • Financial Resources  
|                                |                   | • Human Resource | Descriptive statistics, Correlation & regression analysis |
| Organisational structure      | Independent Variable | • Board composition  
|                                |                   | • Co-ordination and Supervision  
|                                |                   | • Communication Structures | Descriptive statistics, Correlation & regression analysis |

Source: Researcher (2015)

3.6.1 Content Analysis

Content analysis was used to analyse qualitative data collected using open ended questions and interview guide. Content analysis was conducted for qualitative data for all the variables. Content analysis involved presenting the information as reported by the respondents. Content analysis is a research technique for making replicable and valid inferences from data to their context (Krippendorff, 2012). Content analysis was used because it sought to analyse data within a specific context in the view of the meaning someone attributed to them. Therefore, it was a good tool of analysing data of non probabilistic data collected through interviews.
3.7 Chapter Summary

This chapter outlined the various research procedures that were used in undertaking the study. The research design is the overall study plan; the study adopted a case study research design. The population of the study was the employees of NHIF Kenya as at 31st December 2014. A sample of 93 selected through stratified random sampling was used. A questionnaire and key informant guide will used to collect data. The data collected was analyzed using SPSS and content analysis. Chapter four entailed the presentation of results and findings.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter contained details of presentation of data analysis, results and findings. Results presentation was organized based on the specific objectives of the study. Descriptive analysis has been employed; which includes; mean frequencies and percentages. Inferential statistics such as correlation analysis has also been used to test for the relationship of the variables. The organised data has been interpreted on account of concurrence to objectives using assistance of computer packages especially Statistical Package for Social Sciences (SPSS) to communicate the research findings. The analyzed data was presented in frequency and percentage tables; this enhanced easier interpretation and understanding of the research findings. The total number of questionnaires issued was 93 out of which only 80 questionnaires were duly filled and returned which represented a response rate of 86%. According to Mugenda and Mugenda (2003) a response rate of over 50% is adequate for a descriptive study. The study also conducted successful interviews for the five top management of NHIF. This was a response rate of (5) 62.5% out of the total of 8 top management.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned questionnaires</td>
<td>80</td>
<td>86.0%</td>
</tr>
<tr>
<td>Unreturned questionnaires</td>
<td>5</td>
<td>5.8%</td>
</tr>
<tr>
<td>Successful interviews</td>
<td>5</td>
<td>5.8%</td>
</tr>
<tr>
<td>Unsuccessful interviews</td>
<td>3</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>93</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
4.2 Demographic Characteristics of the Respondents

The demographic data sort from the respondents included gender, academic level, job level, and work experience and income levels of the respondents. The results in the subsection below were obtained from the respondents on their demographic information.

4.2.1 Gender of the Respondents

The respondents were asked to indicate their gender. Majority of the respondents were males while only 35 were females.

![Gender of the Respondents](image)

**Figure 4.1 Gender of the Respondents**

4.2.2 Academic Level of the Respondents

The respondents were asked to indicate their level of education. Majority of the respondents indicated that they had other level of education up to university level. The second majority had master level of education while those with secondary education were the least.
The study also sought to find out the job level of the respondents. The findings indicate that majority were from operation department.

The respondents were asked to indicate work experience in the NHIF. Majority indicated that they had worked at NHIF for a period of between 12 to 17 years; followed by those who had worked for between 6 to 11 years and those who had worked for less than 5 years and over 24 years were the least.
The study also sought to find out the income level of the respondents. The results indicate that majority of the respondents had an income level of between kshs 61,000 and kshs 100,000. Those that indicated that they earn less than kshs 30,000 were the least. The findings are shown in the figure below.

**Figure 4.5  Income Level the Respondents**

---

The first objective of the study was to determine the influence of organisation culture on strategy implementation at NHIF. The results are presented in Table 4.2. Exactly 50% of the respondents agreed and strongly agreed on the statements on the influence of organisation culture on strategy implementation. Majority (50%) of the respondents agreed that NHIF had a good working culture. on whether there was a clear mission that was...
understood by all staff, 43.8% of the respondents strongly agreed. On whether organisation culture at NHIF hindered strategy implementation, 37.5% of the respondents disagreed. The small variation in standard deviation means that the responses were clustered around the mean response.

Table 4.2: Descriptive Results for Organisation Culture

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHIF has a good working culture</td>
<td>0.0%</td>
<td>31.2%</td>
<td>12.5%</td>
<td>50.0%</td>
<td>6.2%</td>
<td>3.31</td>
<td>0.99</td>
</tr>
<tr>
<td>There is a clear mission that is understood by all staff</td>
<td>0.0%</td>
<td>12.5%</td>
<td>6.2%</td>
<td>37.5%</td>
<td>43.8%</td>
<td>4.13</td>
<td>1.00</td>
</tr>
<tr>
<td>Culture of employees at NHIF encourages work commitment</td>
<td>6.2%</td>
<td>18.8%</td>
<td>18.8%</td>
<td>50.0%</td>
<td>6.2%</td>
<td>3.31</td>
<td>1.05</td>
</tr>
<tr>
<td>Organisation culture at NHIF influences effective strategy implementation</td>
<td>0.0%</td>
<td>25.0%</td>
<td>18.8%</td>
<td>50.0%</td>
<td>6.2%</td>
<td>3.38</td>
<td>0.93</td>
</tr>
<tr>
<td>NHIF has a culture that emphasizes on performance</td>
<td>0.0%</td>
<td>25.0%</td>
<td>25.0%</td>
<td>31.2%</td>
<td>18.8%</td>
<td>3.44</td>
<td>1.07</td>
</tr>
<tr>
<td>NHIF has a culture that emphasizes on achieving set objectives</td>
<td>6.2%</td>
<td>18.8%</td>
<td>12.5%</td>
<td>31.2%</td>
<td>31.2%</td>
<td>3.63</td>
<td>1.28</td>
</tr>
<tr>
<td>Organisation culture at NHIF hinders strategy implementation</td>
<td>12.5%</td>
<td>37.5%</td>
<td>37.5%</td>
<td>6.2%</td>
<td>6.2%</td>
<td>2.56</td>
<td>1.00</td>
</tr>
</tbody>
</table>

4.3.2 Correlations Results of Organisation Culture and SI

Pearson is a measure of the linear correlation between two variables $X$ and $Y$, giving a value between +1 and −1 inclusive, where 1 is total positive correlation, 0 is no correlation, and −1 is total negative correlation. The correlation was conducted to test whether there existed association between organisation culture and SI. The finding implies the organisation culture and strategy implementation has a strong correlation where $r=0.706$, $p=0.000<0.05$. 

40
Table 4.3: Correlation Results for Organisation Culture and SI

<table>
<thead>
<tr>
<th></th>
<th>Strategy implementation mean</th>
<th>Organisation culture mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.706</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.706⁴</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>

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

4.3.3 Univariate Regression Result of Organisation Culture

This study conducted a univariate regression analysis to ascertain the relation between organisation culture and strategy implementation. F-statistic indicates the model was statistically significant. R square results imply that organisation culture accounts for 49.9% variation in strategy implementation. The findings also imply that a unit change in organisation culture can result to change of 0.82 units in strategy implementation. The findings demonstrates that organisation culture and strategy implementation have a positive and significant relationship.

Table 4.4: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.706⁴</td>
<td>.499</td>
<td>.493</td>
<td>.59546</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organisation culture mean

Table 4.5: ANOVA for Organisation Culture

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>27.544</td>
<td>1</td>
<td>27.544</td>
<td>77.682</td>
<td>.000⁵</td>
</tr>
<tr>
<td>Residual</td>
<td>27.656</td>
<td>78</td>
<td>.355</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.200</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation mean

b. Predictors: (Constant), Organisation culture mean
Table 4.6: Organisation Culture Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.616</td>
<td>.323</td>
<td></td>
<td>1.909</td>
</tr>
<tr>
<td>1 Organisation culture mean</td>
<td>.820</td>
<td>.093</td>
<td>.706</td>
<td>8.814</td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation mean

The formula used to compute the relationship was:

\[
\text{Strategy Implementation} = 0.616 + 0.820 \times \text{Organisation Culture} + e
\]

The study sought to find out the effects of organisation culture on strategic plan implementation. The equation above implies that organisation culture positive influence strategic plan implementation.

4.3.4 Qualitative Analysis of Effects of Organisation Culture

This study also conducted interviews for five top manager of NHIF in regard to how organisation culture affected strategic plan implementation. The top managers interviewed felt that NHIF had a flexible, strong and unified culture that will always approach strategy implementation in a positive manner.

The top managers interviewed felt that their culture was aligned with strategic plan objectives. They pointed out that NHIF was able to efficiently operate in the marketplace because of the culture that allowed organizational leaders to work both individually and as teams to develop strategic initiatives within the organization. Some of them felt that the culture they had at NHIF enabled them to broaden their customer base and re-establishing old ones to continue delivering the best possible products and services.

The top managers interviewed felt that organization culture at NHIF was good and that it ensured that all work performed by each individual in the company and work group focused on performance and on the strategic importance of the company. This allowed culture to align with strategy implementation at the most basic level. The culture at NHIF ensured that unification to work, goal setting was aligned with and supported by systems,
policies, procedures and processes within the organization, thereby helping to achieve strategy implementation and continuing the cultural integrity of the organization.

The top management also pointed out that the culture of wrong attitude; poor perception and corruption were among major attributes of organisation culture that hindered strategic plan implementation. They also mentioned lack of inclusiveness and transparency and selfishness among the some of the leadership at NHIF affected establishment of strong organisation culture.

4.4 Organisation Leadership and strategy implementation

4.4.1 Descriptive Results of Organisation Leadership

The second objective of the study was to determine the influence of organisation leadership on strategy implementation at NHIF. The results are presented in Table 4.7. Majority of the respondents disagreed with most of the statements on the influence of organisation leadership on strategy implementation. Majority (43%) of the respondents disagree that NHIF had a transformational leadership. On whether NHIF leadership influences workers motivation, 31.2% of the respondents disagreed. On whether leadership at NHIF “practice what they preach, 31.2% of the respondents strongly disagreed. Majority of the respondents also disagree that NHIF leadership offer strategic decisions in strategy implementation.

Table 4.7: Descriptive Results for Organisation Leadership

<table>
<thead>
<tr>
<th>Statements</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHIF has transformational leadership</td>
<td>0.0%</td>
<td>43.8%</td>
<td>25.0%</td>
<td>18.8%</td>
<td>12.5%</td>
<td>3.00</td>
<td>1.07</td>
</tr>
<tr>
<td>NHIF leadership influences employees’ effectiveness</td>
<td>6.2%</td>
<td>18.8%</td>
<td>18.8%</td>
<td>37.5%</td>
<td>18.8%</td>
<td>3.44</td>
<td>1.18</td>
</tr>
<tr>
<td>NHIF leadership influences workers motivation</td>
<td>12.5%</td>
<td>31.2%</td>
<td>31.2%</td>
<td>18.8%</td>
<td>6.2%</td>
<td>2.75</td>
<td>1.10</td>
</tr>
<tr>
<td>Leadership at NHIF hinders strategy implementation</td>
<td>12.5%</td>
<td>25.0%</td>
<td>12.5%</td>
<td>43.8%</td>
<td>6.2%</td>
<td>3.06</td>
<td>1.20</td>
</tr>
<tr>
<td>Leadership at NHIF inspires their subordinates</td>
<td>12.5%</td>
<td>37.5%</td>
<td>12.5%</td>
<td>25.0%</td>
<td>12.5%</td>
<td>2.88</td>
<td>1.28</td>
</tr>
<tr>
<td>Leaders in NHIF “practice what they preach</td>
<td>31.2%</td>
<td>31.2%</td>
<td>18.8%</td>
<td>12.5%</td>
<td>6.2%</td>
<td>2.31</td>
<td>1.22</td>
</tr>
<tr>
<td>NHIF leadership offer strategic decisions in strategy implementation</td>
<td>6.2%</td>
<td>43.8%</td>
<td>12.5%</td>
<td>25.0%</td>
<td>12.5%</td>
<td>2.94</td>
<td>1.20</td>
</tr>
</tbody>
</table>
4.4.2 Correlations Results Organisation leadership and SI

The correlation was conducted to test whether there existed association between organisation leadership and SI. The finding implies the organisation leadership and strategy implementation has a strong correlation ($r=0.686$, $p<0.000$).

<table>
<thead>
<tr>
<th>Table 4.8: Correlation Results for Organisation leadership and SI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy implementation mean</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Organisation leadership mean</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

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

4.4.3 Univariate Regression Results of Organisation Leadership

This study conducted a univariate regression analysis to ascertain the relation between organisation leadership and strategy implementation. F-statistic indicates the model was statistically significant. R square results imply that organisation leadership accounts for 47.1% variation in strategy implementation. The findings also imply that a unit change in organisation leadership can result to change of 0.798 units in strategy implementation. The findings demonstrate that organisation leadership and strategy implementation have a positive and significant relationship.

<table>
<thead>
<tr>
<th>Table 4.9: Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organisation leadership mean
Table 4.10: ANOVA for Organisation Leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>26.008</td>
<td>1</td>
<td>26.008</td>
<td>69.494</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>29.192</td>
<td>78</td>
<td>.374</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.200</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation mean
b. Predictors: (Constant), Organisation leadership mean

Table 4.11: Organisation Leadership Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.076</td>
<td>.287</td>
<td>3.747</td>
<td>.000</td>
</tr>
<tr>
<td>1</td>
<td>Organisation leadership mean</td>
<td>.798</td>
<td>.686</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation mean

The formula used to compute the relationship was:

\[ \text{Strategy Implementation} = 1.076 + 0.798 \times \text{Organisation leadership} + e \]

The equation in Table 4.11 above implies that organisation leadership had positive effects on strategic plan implementation. Organisation leadership accounted for variation of 0.798 units in strategic plan implementation.

4.4.4 Qualitative Analysis of Effects of Organisation Leadership

The study conducted interviews on the five managers in top management on the effect of NHIF leadership on the strategic plan implementation. Most of the managers interviewed felt that it was the role of the leadership at NHIF to make sure that all the objective of strategic plans are met and that every stakeholder was involved. They also pointed that the leadership at NHIF was doing its best to attain the objectives of the strategic plan of the organisation.

The managers interviewed were of the opinion that top management or leadership predominantly used their technical skills to spearhead strategy implementation. However, due to limited degrees of success in previous strategies, the managers interviewed felt that
many employees’ perception of their leadership expertise power had drastically reduced leading to failure in attaining the objectives of the organisation.

The study further sought to find out some of the challenges that leadership at NHIF faced that could contributed to low success in strategy implementation. Most of the managers felt that lack of faith in leadership, sabotage from junior staff and corruption were the major challenges that leadership at NHIF faced. Sabotage from the junior staff was mentioned by all the managers interviewed as the most contributors to low success in strategic plan implementation.

4.5 Organisation Resources and strategy implementation

4.5.1 Descriptive Results Organisation Resources and SI

The third objective of the study was to determine the influence of organisation resources on strategy implementation at NHIF. Majority of the respondents agreed with most of the statements on the influence of organisation leadership on strategy implementation. Majority (43%) of the respondents agree that NHIF has enough resources for strategy implementation. On whether NHIF has adequate financial resources, 50% of the respondents agreed. On whether NHIF has a competent human resource, 46.2% of the respondents agreed. Majority of the respondents also disagree that inadequate resources at NHIF affect strategic plan implementation. Similarly, majority disagree that inadequate financial resources at NHIF affect strategic plan implementation. On the other hand, majority of the respondents agreed that competent human resource at NHIF influences the success of strategic plan implementation.
Table 4.12: Descriptive Results for Organisation Resources

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHIF has enough resources for strategy implementation</td>
<td>0.0%</td>
<td>1.2%</td>
<td>5.0%</td>
<td>50.0%</td>
<td>43.8%</td>
<td>4.36</td>
<td>0.64</td>
</tr>
<tr>
<td>NHIF has adequate financial resources</td>
<td>0.0%</td>
<td>0.0%</td>
<td>1.2%</td>
<td>50.0%</td>
<td>48.8%</td>
<td>4.48</td>
<td>0.53</td>
</tr>
<tr>
<td>NHIF has a competent human resource</td>
<td>0.0%</td>
<td>0.0%</td>
<td>10.0</td>
<td></td>
<td>46.2%</td>
<td>43.8%</td>
<td>4.34</td>
</tr>
<tr>
<td>Inadequate resources at NHIF affect strategic plan implementation</td>
<td>37.5</td>
<td>18.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inadequate financial resources at NHIF affect strategic plan implementation</td>
<td>0.0%</td>
<td>%</td>
<td>%</td>
<td>31.2%</td>
<td>12.5%</td>
<td>3.19</td>
<td>1.08</td>
</tr>
<tr>
<td>Competent human resource at NHIF influences the success of strategic plan implementation</td>
<td>0.0%</td>
<td>%</td>
<td>%</td>
<td>18.8%</td>
<td>12.5%</td>
<td>3.06</td>
<td>1.04</td>
</tr>
</tbody>
</table>

4.5.2 Correlations Results of Organisation Resources

The correlation was conducted to test whether there existed association between organisation resources and SI. The finding implies the organisation resources and strategy implementation has a strong correlation where \( r=0.638, p<0.000 \).

Table 4.13: Correlation Results for Organisation Resources and SI

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Strategy implementation mean</th>
<th>Organisation resources mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy implementation</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.638**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Organisation resources</td>
<td>Pearson Correlation</td>
<td>.638**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>

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

4.5.3 Univariate Regression Results of Organisation Resources

This study conducted a univariate regression analysis to ascertain the relation between organisation resources and strategy implementation. F-statistic indicates the model was statistically significant. R square results imply that organisation resources accounts for 40.8% variation in strategy implementation. The findings also imply that a unit change in organisation resources can result to change of 1.114 units in strategy implementation. The
findings demonstrate that organisation resources and strategy implementation have a positive and significant relationship.

**Table 4.14: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.638²</td>
<td>.408</td>
<td>.400</td>
<td>.64746</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organisation resources mean

**Table 4.15: ANOVA for Organisation Resources**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>22.502</td>
<td>1</td>
<td>22.502</td>
<td>53.679</td>
<td>.000²</td>
</tr>
<tr>
<td>Residual</td>
<td>32.698</td>
<td>78</td>
<td>.419</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.200</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation mean  
b. Predictors: (Constant), Organisation resources mean

**Table 4.16: Organisation Resources Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.833</td>
<td>.582</td>
<td></td>
<td>1.431</td>
</tr>
<tr>
<td>1 Organisation resources mean</td>
<td>1.114</td>
<td>.152</td>
<td>.638</td>
<td>7.327</td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation mean

The formula used to compute the relationship was:

Strategy Implementation = 0.833 + 1.114 Organisation Resources + e

The optimal model above implies that organisation resources positively contribute to strategic plan implementation. This further implies that the more the resources the higher the chances of successful implementing strategic plans. These resources include both financial and human resources.
4.5.4 Qualitative Analysis of the Effects of Resources

The findings of the interview revealed that resources especially lack of sufficient funds contributed to lack of attainment of strategic plan objectives. They were of the opinion that lack of sufficient funds to implement training programs of staff members hindered strategic plan implementation. Further, the manager interviewed pointed out that resource allocation for different functions had very significant implications on the ability and pace of strategic implementation performance.

The managers interviewed were of the opinion that the current human resource at NHIF was competent, skillful and adequate to see through the implementation of any strategic plans. They felt that NHIF had a strong team of dedicated individuals and that lack of attainment of strategic goals had nothing to do with the capability of the workforce. However, some of the managers felt that there were a few individuals that had ill motives of sabotaging the efforts of others that posed challenges.

The top management also felt that having sufficient financial resources would ensure proper allocation of funds to units in appropriate to their contribution of strategic role and that consuming resources (inputs) will cause desirable outputs. The managers also stated that lack of funds to motivating people and units for implementation of strategies, to design remunerations that can cause optimal level of performance and to encourage tendencies for achievement of aims significantly contributed to laxity in strategic plan implementation.

4.6 Organisation Structure and Strategy Implementation

4.6.1 Descriptive Results Organisation Structure and SI

The fourth objective of the study was to determine the influence of organisation structure on strategy implementation at NHIF. Majority of the respondents disagreed with most of the statements on the influence of organisation structure on strategy implementation. Majority (68.8%) of the respondents disagree that NHIF structure is very complex. On whether NHIF has adequate financial resources, 50% of the respondents agreed. On whether NHIF has a transformational board of directors, 43.8% of the respondents disagreed. Majority of the respondents also disagree that NHIF structure in all branches and satellites was based on education qualification of employees. Similarly, majority
disagree that NHIF has effective communication structures. On the other hand, majority of the respondents agreed that Communication structures at NHIF affect effective strategy implementation.

**Table 4.17: Descriptive Results for Organisation Structure**

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHIF structure is very complex</td>
<td>25.0%</td>
<td>68.8%</td>
<td>6.2%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>1.81</td>
<td>0.53</td>
</tr>
<tr>
<td>NHIF has a transformational board of directors</td>
<td>0.0%</td>
<td>43.8%</td>
<td>18.8%</td>
<td>25.0%</td>
<td>12.5%</td>
<td>3.06</td>
<td>1.09</td>
</tr>
<tr>
<td>NHIF structure in all branches and satellites is based on education qualification of employees</td>
<td>6.2%</td>
<td>50.0%</td>
<td>6.2%</td>
<td>25.0%</td>
<td>12.5%</td>
<td>2.88</td>
<td>1.23</td>
</tr>
<tr>
<td>The board at NHIF influences effective strategy implementation</td>
<td>0.0%</td>
<td>31.2%</td>
<td>31.2%</td>
<td>6.2%</td>
<td>31.2%</td>
<td>3.38</td>
<td>1.23</td>
</tr>
<tr>
<td>NHIF has effective communication structures at NHIF affects effective strategy implementation</td>
<td>12.5%</td>
<td>25.0%</td>
<td>37.5%</td>
<td>18.8%</td>
<td>6.2%</td>
<td>2.81</td>
<td>1.08</td>
</tr>
<tr>
<td>NHIF has good supervision systems</td>
<td>5.0%</td>
<td>12.5%</td>
<td>20.0%</td>
<td>62.5%</td>
<td>6.2%</td>
<td>3.40</td>
<td>0.89</td>
</tr>
<tr>
<td>NHIF has effective communication structures</td>
<td>12.5%</td>
<td>23.8%</td>
<td>31.2%</td>
<td>26.2%</td>
<td>6.2%</td>
<td>2.90</td>
<td>1.12</td>
</tr>
</tbody>
</table>

**4.6.2 Correlations Results of Organisation structure and SI**

The correlation was conducted to test whether there existed association between organisation structure and SI. The finding implies the organisation structure and strategy implementation has a strong correlation where $r=0.795$, $p<0.000$.

**Table 4.18: Correlation Results for Organisation structure and SI**

<table>
<thead>
<tr>
<th></th>
<th>Strategy implementation mean</th>
<th>Organisation structure mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.795**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.795**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>1</td>
</tr>
<tr>
<td>N</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).**
4.6.3 Univariate Regression Results of Organisation structure

This study conducted a univariate regression analysis to ascertain the relation between organisation structure and strategy implementation. F-statistic indicates the model was statistically significant. R square results imply that organisation structure accounts for 63.2% variation in strategy implementation. The findings demonstrate that organisation structure and strategy implementation have a positive and significant relationship.

Table 4.19: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.795a</td>
<td>.632</td>
<td>.627</td>
<td>.51030</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organisation structure mean

Table 4.20: ANOVA for Organisation Structure

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>34.888</td>
<td>1</td>
<td>34.888</td>
<td>133.978</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>20.312</td>
<td>78</td>
<td>.260</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.200</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation mean

Table 4.21: Organisation Structure Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.239</td>
<td>.279</td>
<td>.859</td>
<td>.393</td>
</tr>
<tr>
<td>1 Organisation structure</td>
<td>1.093</td>
<td>.094</td>
<td>.795</td>
<td>11.575</td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation mean

The formula used to compute the relationship was:

**Strategy Implementation = 0.239+1.093 Organisation Structure + e**

The formula above implies that a unit change in organisation structure can result to change of 1.093 units in strategy implementation. This further implies that organisation
with better structure are likely to have a higher success rate in strategic plan implantation compared to those with structure that is not well organized.

4.6.4 Qualitative Analysis of Effects of Organisation Structure

The study further conducted interviews to establish the effects of organisation structure on strategic plan implementation from the perspective of top management of NHIF. On attributes of organisation structure that affected strategic plan implementation one of the manager interviewed stated that “street level bureaucrats have a lot of discretion”. Another respondents stated that “some management and board members have hold their position for a long time particularly those who stated from low management hence hinders/affects strategic plan implementation”.

The managers also felt that apart from a few challenges they were confident that the structure at NHIF was good, they had a board of directors that was transformational and their communication structures were effective both horizontally and vertically. They also pointed out that the communication structures and supervision systems were not in any way impediment to strategic plan implementation.

Majority of the managers interviewed also pointed out that the structure at NHIF was simple, operational, with well structured corporate hierarchy, division of labour, delegation and communications systems. Majority stated that NHIF structure was configured to conform to organisation plans. Their views implied that organisation structure at NHIF was not a hindrance to strategic plan implementation.

4.7 Multivariate Regression Results

The study conducted a multivariate regression analysis to test the joint influence of the independent variables on the dependent variable. The model summary results indicate that independent variables accounted for 76.5% of the variation in strategy implementation. The ANOVA results also imply the model adopted was statistically significant ($F=61.143, p=0.0000$). The findings shows that organisation culture had insignificant relationship with strategy implementation ($B=0.150, p=0.185$). Further, the findings shows that organisation leadership had a significant positive relationship with strategy implementation ($B=0.400, p=0.000$). Similarly, organisation resources had a significant positive relationship with strategy implementation ($B=0.415, p=0.010$). Finally,
organisation structure had a significant positive relationship with strategy implementation ($B=0.495$, $p=0.001$).

Table 4.22:  Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.875$^a$</td>
<td>.765</td>
<td>.753</td>
<td>.41561</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organisation structure mean, Organisation leadership mean, Organisation resources mean, Organisation culture mean

Table 4.23:  ANOVA for Multivariate Regression

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>42.245</td>
<td>4</td>
<td>10.561</td>
<td>61.143</td>
<td>.000$^b$</td>
</tr>
<tr>
<td>Residual</td>
<td>12.955</td>
<td>75</td>
<td>.173</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.200</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation mean

b. Predictors: (Constant), Organisation structure mean, Organisation leadership mean, Organisation resources mean, Organisation culture mean

Table 4.24:  Multivariate Regression Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Organisation culture mean</td>
<td>.150</td>
<td>.112</td>
<td>.129</td>
<td>1.338</td>
</tr>
<tr>
<td>Organisation leadership mean</td>
<td>.400</td>
<td>.110</td>
<td>.343</td>
<td>3.642</td>
</tr>
<tr>
<td>1</td>
<td>Organisation resources mean</td>
<td>.415</td>
<td>.156</td>
<td>.238</td>
</tr>
<tr>
<td>Organisation structure mean</td>
<td>.495</td>
<td>.140</td>
<td>.360</td>
<td>3.525</td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation mean
Optimal Model

Strategy Implementation = 1.282 + 0.150 (organisation culture) + 0.400 (organisation leadership) + 0.415 (organisation resources) + 0.495 (organisation structure) + \varepsilon

The optimal model above was obtained from the findings of this study. The model reveals that all organisation culture, organisation leadership, resources and organisation structure had a positive relationship with strategic plan implementation.

4.8 Chapter Summary

This chapter provides presentation of the results and findings. The results and findings are presented in form of tables and charts. The results of the demographics characteristics of the respondents are provided in the introduction. The findings are presented based on the research questions. Both descriptive and inferential statistics were used to ascertain the relationship between independent variables and dependent variable. The correlation results revealed that organisation structure strong association with strategy implementation followed by organisation culture. Organisation leadership and resources had a positive correlation with strategy implementation respectively.

The multivariate model summary results indicated that independent variables accounted for 76.5% of the variation in strategy implementation. The ANOVA results also revealed that model adopted was statistically significant. The findings showed that organisation culture had positive but insignificant relationship with strategy implementation. Further, the findings showed that organisation leadership had a significant positive relationship with strategy implementation. Similarly, organisation resources had a significant positive relationship with strategy implementation. Finally, organisation structure had a significant positive relationship with strategy implementation. Chapter five contains discussions, summary, conclusion and recommendation of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter addresses the discussion, the conclusions and the recommendations. This is done in line with the objectives of the study. This chapter summarizes the findings of the study and makes conclusions upon which recommendations are drawn. Suggestions for further study are also captured as a way of filling the gaps identified in the study. The study pursued four objectives and five hypotheses upon which conclusions are aligned to.

5.2 Summary

The purpose of this study was to determine the factors affecting the implementation of strategies at the NHIF Kenya. The study sought to achieve the following research objectives; to determine the influence of organizational culture on strategy implementation at NHIF Kenya, to investigate the influence of organizational leadership on strategy implementation at NHIF Kenya, to examine the influence of resources on strategy implementation at NHIF Kenya and to determine the effect of organizational structure on strategy implementation at NHIF Kenya. This study adopted a descriptive research design.

NHIF had 1712 employees out of which 800 were in the Nairobi region. The population of this study incorporated these employees. This study used both stratified sampling design and random sampling design. In stratified random sampling, the strata were formed based on members' shared attributes or characteristics. A random sample from each stratum was then taken in a number proportional to the stratum's size when compared to the population. Stratified sampling was carried out because the study will select employees of NHIF from various departments. Random sampling was used to obtain a sample that represented the entire population equally. The sampling frame for this study included all the employees in the human resource master list of NHIF as at 31\textsuperscript{st} December 2014. The sample size of this study consisted of 93 respondents selected from the study population for the quantitative data.
This study used primary data that was collected by the use of both the questionnaire and interview guide. Questionnaires were used to collect quantitative data while qualitative data was collected by use of interview guide. The questionnaire had 5 sections consisting of both open and closed ended questions. The questions were constructed using likert scale since it is easy to construct and easy for the respondents to understand. Data collected from questionnaires was coded and keyed into computer software. Quantitative data was analyzed using the Statistical Package for Social Sciences (SPSS version 20). Descriptive statistics including the means and standard deviations were used to analyze quantitative data and capture the characteristics of the variables under study. Inferential statistics were used to test the nature and magnitude of the hypothesized relationships.

The first research objective was to determine the influence of organizational culture on strategy implementation at NHIF Kenya. The descriptive results revealed that over 50% of the respondents agreed and strongly agreed on the statements on the influence of organisation culture on strategy implementation. Further, Pearson correlation result and regression results revealed a positive relationship between organisation culture and SI.

The second research objective was to determine the influence of organizational leadership on strategy implementation at NHIF Kenya. The Pearson correlation results revealed that a positive association between organisation leadership and SI. Further, univariate regression results revealed a positive relationship between organisation culture and SI.

The third research objective was to determine the influence of organizational resources on strategy implementation at NHIF Kenya. Most respondents identified human and financial resources inadequacy as main factors that affect strategy implementation at NHIF. The Pearson correlation results and univariate regression results revealed a positive relationship between organisation leadership and SI.

The fourth research objective was to determine the influence of organizational structure on strategy implementation at NHIF Kenya. Most respondents identified communication structures as among the main factors that affect strategy implementation at NHIF. The descriptive results also revealed that majority of the respondents agreed and strongly agreed on the statements on the influence of organisation structure on strategy implementation. Further, inferential statistics result revealed a positive relationship between organisation structure and SI.
5.3 Discussions

5.3.1 Effect of Organisation Culture on SI

The study sought to find the effects of organisation culture on the strategic plan implementation at NHIF. The findings of this study revealed that organisation culture was one of the major factors that influence strategy implementation at NHIF. Ravasi and Schultz (2006) wrote that organizational culture is a set of shared assumptions that guide what happens in organizations by defining appropriate behavior for various situations. Organisation culture is very important in strategy implementation because the level of understanding of organisational core values, objectives, beliefs, expectations plays a crucial role in the people level of engagement. The finding of this study concurs with the arguments of Ravasi and Schultz (2006) by revealing a positive relationship between organisation culture and SI.

According to Arthur and Boyles (2007) successful strategy execution depends on doing a good job of working with and through others, building and strengthening competitive capabilities, motivating and rewarding people in a strategy-supportive manner, and instilling discipline of getting things done. These sentiments point to the significance of staff involvement in the strategy implementation process. Therefore having a staff that well understands the culture of the organisation is central to successful strategy implementation.

Similarly, Tom Peters and Robert Waterman working at the McKinsey & Company consulting firm formulated 7-S framework which identifies seven internal aspects of an organization that need to be aligned if it is to be successful. The framework categorizes the seven elements into “hard” and “soft” elements. The hard elements are easier to define and identify and can directly be influenced by the management. They include organizational strategy statements, structure and system. Soft elements on the other hand are difficult to describe, and are less tangible and more influenced by culture. They include shared values, skills (employee competencies), style (leadership) and staff (Kaplan, 2005).

McKinsey’s model places shared values which are basically organisational culture in the middle of the model and emphasizes that these values are central to the development of
all the other critical elements. The company's structure, strategy, systems, style, staff and skills all stem from why the organization was originally created, and what it stands for.

On the other hand, the findings of qualitative information collected from interviews conducted with top management at NHIF imply that NHIF had a flexible, strong and unified culture. Some of them felt that the culture they had at NHIF enabled them to broaden their customer base and re-establishing old ones to continue delivering the best possible products and services. This implies that the culture at NHIF had effect on the low success rate in strategic plan implementation. These findings contradicts the findings of Ravasi and Schultz (2006) who argued that organisation culture is very important in strategy implementation because the level of understanding of organisational core values, objectives, beliefs, expectations plays a crucial role in the people level of engagement.

The views of the top management interviewed also differ with the findings of Arthur and Boyles (2007). According to Arthur and Boyles (2007) successful strategy execution depends on doing a good job of working with and through others, building and strengthening competitive capabilities, motivating and rewarding people in a strategy-supportive manner, and instilling discipline of getting things done.

5.3.2 Influence of Organisation Leadership on SI

The study sought to find the effects of organisation leadership on the strategic plan implementation at NHIF. The findings also revealed that lack of transformational leadership hindered the success of strategy implementation. The finding significantly indicated that organisation leadership accounted for 47.1% of variation in strategy implementation. The findings demonstrate that organisation leadership and strategy implementation have significant relationship. A theory of transformational leadership posits that the role of leader in an organisation is the ability to motivate the follower to accomplish more than what the follower planned to accomplish (Mithas, Krishnan and Fornell, 2005). Leaders transform their followers in three ways: increasing their awareness of task importance and value, getting them to focus first on team or organizational goals, rather than their own interests and activating their higher-order needs. Transformational leaders use their personal values, vision, commitment to a mission, and passion to energize and move others towards accomplishment of organizational goals (Arbon, Facer and Wadsworth (2012).
Hetland and Sandal (2008) revealed another side of transformational leadership in their study to investigate the relationship between transformational leadership and followers rating on satisfaction, effectiveness and work motivation as well as the relationship between transformational leadership and personality in five private and public institutions. The results yielded substantial support for a strong and consistent link between satisfaction, effectiveness and motivation. Griffith (2004) on the other hand conducted a study on the impact of transformational leadership on job satisfaction, staff turnover and job performance. It was found that schools in which principals were perceived as transformational leaders had school staff that were more satisfied with their jobs and had less staff turnover. While, school principals with transformational leadership skills are found to have the ability to imbued, inspire and equip teachers with the vision of the future, and strengthen commitment of teachers to school affairs (Yu, 2002).

Another study by Ejimofor’s (2007) in Nigeria concluded that transformational leadership behavior affected teachers’ job satisfaction. Schaap (2012) study's findings further revealed that consensus is vital in the implementation process. The study also indicated that frequent communication up and down the organization structure enhanced strategic consensus through the fostering of shared attitudes and values. Study by Mapetere, Mavhiki, Nyamwanza, Sikomwe and Mhonde (2012) revealed that a relatively low leadership involvement in strategy implementation led to partial strategy success. The study concluded that leadership should be able to craft a vision for any strategic programme, design effective communication strategies as well as to role model behavior changes that are consistent with new strategies.

The study also conducted interview guide to find out the views of top management at NHIF on the effects of NHIF leadership on strategic plan implementation. Majority of the managers interviewed felt that NHIF had a transformational leadership implying that leadership had no effects on failure to attain strategic plan objectives. Their views contradict the arguments of previous scholars who conducted similar studies. For instance, Griffith (2004) who conducted a study on the impact of transformational leadership on job satisfaction, staff turnover and job performance found out that schools in which principals were perceived as transformational leaders had school staff that were more satisfied with their jobs and had less staff turnover. While, school principals with transformational leadership skills are found to have the ability to imbued, inspire and
equip teachers with the vision of the future, and strengthen commitment of teachers to school affairs.

The opinions of the top management also contradicts the arguments of authors such as Mapetere, Mavhiki, Nyamwanza, Sikomwe and Mhonde (2012), Schaap (2012), Ejimofor’s (2007) and Mithas, Krishnan and Fornell (2005) who all argued that organisations with transformational leadership were successful implementers of strategies compared with those with weak leadership.

5.3.3 Organisation Resources Effects on SI

The study sought to find out whether human and financial resources at NHIF influenced the success of strategy implementation. The study findings revealed that insufficient funds affected the programs such as staff training which significantly affected strategy implementation. Organisation resources are inputs that are used in production. Resource based theory which is said to originate from Penrose’s idea (1959) of the firm as a coordinated ‘bundle’ of resources, tackles the question of a firm’s goals and strategic behaviour (Barney, Corte and Sciarelli 2008).

According to Bateman and Zeithman (1993), a strategy is a pattern of actions and resource allocations designed to achieve the goals of the organization. The amount and nature of resources an organisation has access to and how these resources are allocated has a significant role in strategy implementation. Similarly, Johnson and Scholes (2002), view strategy as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, and fulfill stakeholders’ expectations.

Strategic management is, hence, both a skill and an art. Good strategic management requires both clear thought and sound judgment. Kirui (2013) also analysed factors influencing implementation of strategic plans in local authorities in Migori County and found that financial resources affected strategic implementation through budgetary allocations, financial controls and revenue efficiency.

Gakenia (2008) sought to determine the factors that influence strategy implementation at Kenya Commercial Bank. The study found that resources (both financial and human
resources), management support and the organization structure greatly influenced strategy implementation at KCB.

To further establish the effect of resources on strategic plan implementation, the study conducted interviews on the top management of NHIF to find their views on the same. The findings revealed that the top management felt that NHIF lacked sufficient financial resources which affected strategic plan implementation. These findings concur with the findings of quantitative data analysed. Similarly, the findings concurs with those of Bateman and Zeithman (1993), Kirui (2013) and Gakenia (2008) who all felt that financial resources was importance in strategy implementation.

On the other hand, the managers interviewed were of the opinion that NHIF had a competent, skillful and adequate to see through the implementation of any strategic plans. According to Bateman and Zeithman (1993), Kirui (2013) and Gakenia (2008) organisations with a good human resource successful implement their strategies. Therefore, their views contradict those Bateman and Zeithman (1993), Kirui (2013) and Gakenia (2008).

### 5.3.4 Impact of Organisation Structure on SI

This study also sought to investigate the effects of organisation structure on strategy implementation at NHIF Kenya. The findings of this study revealed that organisation structure was critical to strategy implementation since it ensures efficient flow of information from high level to lower levels. According to the agency theory which explains the relationship between the principal and the agents in organisations organisation structure is made up of hierarchal levels where principals and agents interact in their day to day activities in the view of realizing the set objectives.

Similarly Belkhir (2009) investigated the relationship between board size and performance in a sample of 174 bank and savings-and-loan holding companies, over the period 1995-2002. The findings showed that the number of directors leaving the board and the number of those joining the board for the first time increase following a poor performance, but the net change in board size is not affected by past performance.

Chandler (1962) suggested that organizational structure has been influenced by the organization’s strategies (structure follows strategy). Concurring with Chandler’s (1962)
study, Rajasekar (2014) revealed that strategy is formulated by top management exclusively and middle-level managers only implement the strategy unless a wide range of changes is required before implementation (structure alignment with strategy). In contrast, Contractor and Lorange (2002) presented a concern with business restructuring and proposed that it has to be outweighed by the anticipated gains of the new strategy. He said that too often the restructuring / right-sizing efforts lead to the unintentional discarding of know-how that could have been used for future growth in another context.

According to David (2003), both managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Frambach, Prabhu and Verhallen (2003) argue that the individual-level processes view, emphasizing cognition, organizational roles and commitment besides the structural and interpersonal process view. Pérez, Manuel and José (2004) argues that there is a consensus on the idea that organizations making the effort to introduce a culture which encourages communication among their members and motivates employees to question fundamental beliefs will achieve a favorable working atmosphere.

To further establish the effect of organisation structure on strategic plan implementation, the study conducted interviews on the top management of NHIF to find their views on the same. Managers interviewed pointed out that the structure at NHIF was simple, operational, with well structured corporate hierarchy, division of labour, delegation and communications systems. They also stated that NHIF structure was configured to conform to organisation plans. Their views implied that organisation structure at NHIF was not a hindrance to strategic plan implementation. these findings contradicts those of Belkhir (2009), Chandler (1962), Rajasekar (2014) and David (2003) who argue that organisation with good structures are good implementers of strategies.

The managers that were interviewed also pointed out that the communication structures and supervision systems were not in any way impediment to strategic plan implementation. This also disagrees with the arguments of David (2003) and Frambach, Prabhu and Verhallen (2003) who posits that organisation with effective structures performance better than their counterparts.
5.4 Conclusions

5.4.1 Effect of Organisation Culture on SI

Strategy implementation is critical to any company's success, addressing who, where, when, and how to reach the desired goals and objectives. It focuses on the entire organization. Organisations and companies that effectively implement their strategies also realize high performance. For a company to implement its strategic plans it requires all systems to be in place, adequate resources to finance the plan, skilled human resource and proper and well functioning structures. Having a culture that understands the core values, belief and principles of an organisation is crucial to the success of strategic plan implementation.

5.4.2 Conclusion on Effects of Organisation Leadership on SI

Leadership is an attitude and a work ethic that empowers an individual in any role to lead from the top, middle, or bottom of an organization. Organisation leadership from board of directors, top management, supervisors are important in the progress of organisations. Effective strategy implementation must be spearheaded by strong leadership that is able to consolidate all the necessary efforts and direct them toward the organisation goals. Organisations with strong and transformational leadership always succeed in strategic plan implementation than those without strong leadership.

5.4.3 Organisation Resources and Strategy Implementation

Resources can be defined as the inputs used in the production of those things that we desire. Resources are among the most important aspects of strategy implementation; therefore, large organisations such as National Hospital Insurance Fund require a lot of resources when launching their new strategic plans. To successful implement strategies organisations need resources both human resources and financial resources. Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. Strategy are implemented by the people therefore, skills, knowledge and experience of the employees of organisation contribute to successful strategy implementation.
5.4.4 Organisation Structure and Strategy Implementation

Organizational structure can be defined as how activities such as task allocation, coordination and supervision are directed towards the achievement of organizational aims. Organisations should have properly working structures for successful strategy implementation. The manner in which people, department and all other organisational systems co-ordinate with each other and how employees are supervised in an organisation is also critical in strategy implementation.

5.5 Recommendations

Based on the findings of this study the following recommendations were made;

5.5.1 Recommendation for Improvement

5.5.1.1 Organisation Culture and Strategy Implementation

This study recommends that organisations and firms stakeholders should appreciate the importance of organisation culture not only in strategy implementation but also in general performance of their firms. They should encourage a culture that is results oriented, focused and discipline in order to succeed. The extent to which organisation will be willing to engage the employee in building a good organisation culture will in turn have a positive correlation with strategy implementation.

5.5.1.2 Organisation Leadership and Strategy Implementation

The stakeholders of firms and organisations should understand the role leadership plays in strategic plan implementation. Organisation should strive to look for strong individuals who have the qualities to imbued, motivate, inspire and equip other staff with the vision of the future in order to attain the set objectives. Individuals mandated with the responsibilities to lead other must understand that the success of the organisation depended on their abilities to coordinate all the system in an efficient manner.

5.5.1.2 Organisation Resources and Strategy Implementation

Strategic implementation is a process that requires both adequate financial and skilled human resources. Therefore, organisations that need to succeed in the strategic plan implementation should invest adequately both in terms of finance and human labour.
Training of the staff should also be undertaken to ensure all employees understand where the organisation is headed and what is required of them.

5.5.1.2 Organisation structure and Strategy Implementation

Organisations should be structured such that there is timely and effective flow of information both vertically and horizontal with the organisation. Good organisation structures make it easy for junior staff to communicate to their leaders. Good communication channel make problem solving and decision making less difficult since it encourage consultations.

5.5.1 Recommendations for Future Research

Future researchers should conduct a similar study to find out the causes of disjoint in the understanding of the effects of organisation culture, organisation leadership, resources and organisation structure on strategic plan implementation at NHIF. Future researchers should also focus on the effects of research and development on the success of strategic plan implementation.
REFERENCES


Chepkirui, C. (2012). The role of strategic leadership in strategy implementation at the Agricultural Development Corporation (ADC) in Kenya (*Doctoral dissertation, University of Nairobi, Kenya*).


APPENDICES

Appendix I: Letter of Introduction

Date…………………….

Chief Executive Officer,
National Hospital Insurance Fund,
P.O Box 30443 - 00100,
Nairobi, Kenya.
Dear Respondent,

RE: ACADEMIC RESEARCH PROJECT

I am a student from the United States International University, pursuing a Master in Business Administration (MBA). I am carrying out research on “determinants of strategy implementation at NHIF Kenya”. This is in partial fulfilment of the requirement for the degree of Masters in Business Administration at the United States International University.

Kindly take a few minutes of your time to fill in this questionnaire to the best of your knowledge. Results from this study will be of importance to future and current Business Automation project team members as it will provide valuable information of how to avoid certain obstacles when it comes to project implementation and ensures that they meet project timelines.

Your co-operation will be highly appreciated.

Kind Regards,

Mercy Musyoka
Appendix II: Questionnaire

This questionnaire has statements regarding the determinants of strategy implementation at NHIF Kenya. Kindly take few minutes to complete the questionnaire as guided. Your responses will be handled confidentially and ethically.

Thank you for agreeing to participate in this academic study.

SECTION A: GENERAL /DEMOGRAPHIC DATA

Kindly tick (✓) on the option that best applies to you

1. Kindly indicate your gender
   a. Male
   b. Female

2. Please indicate the highest level of education you have ever attained
   a. Secondary level
   b. College level
   c. University level
   d. Master degree level
   e. PHD level

3. What is your job level?
   a. Top Level Management
   b. Mid Level Management
   c. Operation Management
   d. Low Level Management

4. How long have you been working at NHIF?
   a. less than 5 year
   b. 6 to 11 years
   c. 12 to 17 years
   d. 18 to 23 years
   e. Over 24 years
5. Indicate your income level in Kshs

a. Below 30,000
b. 31,000 to 45,000
c. 46,000 to 60,000
d. 60,000 to 100,000
e. Above 100,000

SECTION B: Strategy Implementation

Tick as appropriate as 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree.

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<td>1</td>
<td>Strategic plan implementation at NHIF is effective.</td>
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<td>2</td>
<td>Strategic plan implementation at NHIF has increased revenue collection</td>
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<td>3</td>
<td>Strategic plan implementation at NHIF has increased membership registration</td>
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<td>Strategic plan implementation at NHIF has increased staff commitment</td>
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<td>5</td>
<td>Strategic plan implementation at NHIF has effectively transformed the internal processes</td>
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### SECTION C: Organizational Culture and Strategy Implementation

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<td>NHIF has a good working culture</td>
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<td>2</td>
<td>There is a clear mission that is understood by all staff</td>
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<td>3</td>
<td>Culture of employees at NHIF encourages work commitment.</td>
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<td>4</td>
<td>Organisation culture at NHIF influences effective strategy implementation.</td>
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<td>5</td>
<td>NHIF has a culture that emphasizes on performance</td>
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<td>6</td>
<td>NHIF has a culture that emphasizes on achieving set objectives</td>
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<td>7</td>
<td>Organisation culture at NHIF hinders strategy implementation</td>
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What other attributes of organisation culture affects strategy implementation at NHIF? ................................................................. ................................................................. ................................................................. .................................................................
SECTION D: Organizational Leadership and Strategy Implementation

Tick as appropriate as 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

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<td>1</td>
<td>NHIF has transformational leadership</td>
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<td>2</td>
<td>NHIF leadership influences employees’ effectiveness</td>
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<td>3</td>
<td>NHIF leadership influences workers motivation</td>
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<td>4</td>
<td>Leadership at NHIF hinders strategy implementation</td>
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<td>5</td>
<td>Leadership at NHIF inspires their subordinates</td>
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<td>6</td>
<td>Leaders in NHIF “practice what they preach”</td>
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<td>7</td>
<td>NHIF leadership offer strategic decisions in strategy implementation</td>
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What other attributes of organisation leadership affects strategy implementation at NHIF?

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**SECTION E: Resources and Strategy Implementation**

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<td>NHIF has enough resources for strategy implementation</td>
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<td>2</td>
<td>NHIF has adequate financial resources</td>
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<td>NHIF has a competent human resource</td>
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<td>4</td>
<td>Inadequate resources at NHIF affect strategic plan implementation</td>
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<td>5</td>
<td>Inadequate financial resources at NHIF affect strategic plan implementation</td>
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<td>6</td>
<td>Competent human resource at NHIF influences the success of strategic plan implementation</td>
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What other attributes of organisation resources affects strategy implementation at NHIF? ...........................................................................................................................................................................................................
SECTION F: Organisational Structure and Strategy Implementation

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<td>1</td>
<td>NHIF structure is very complex</td>
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<td>NHIF has a transformational board of directors</td>
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<td>NHIF structure in all branches and satellites is based on education qualification of employees</td>
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<td>The board at NHIF influences effective strategy implementation</td>
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<td>NHIF has effective communication structures</td>
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<td>6</td>
<td>Communication structures at NHIF affects effective strategy implementation</td>
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<td>NHIF has good supervision systems</td>
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What other attributes of organisation structure affects strategy implementation at NHIF?

THANK YOU FOR YOUR PARTICIPATION IN THIS SURVEY
INTERVIEW GUIDE

1. Do you think the previous and the current strategic plan achieved their set objectives, explain?

2. Explain how organisation culture at NHIF affects strategic plan implementation?

3. How does leadership at NHIF influence the effectiveness of strategic plan implementation?

4. Do resources both human and financial at NHIF influence strategic plan implementation?

5. Explain the role of organisation structure in effectiveness of strategy implementation at NHIF?

6. What are the main challenges that impede strategic plan implementation at NHIF?

7. What should be done to enhance the effectiveness of strategic plan implementation at NHIF?