

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Leadership Styles on Strategy Implementation in Mhasibu SACCO Society Limited, Kenya

Kiugu, Joseph Ngigi

Student, Department of Business Administration, Kenyatta University (KU), Kenya

Bett, Shadrack

Lecturer, Department of Business Administration, Kenyatta University (KU), Kenya

Abstract:

The objectives of the study were to examine the influence of leadership styles on strategy implementation in Mhasibu SACCO Society Limited. The study was anchored on classical organizational theory. This study utilized descriptive survey research design. The study targeted Mhasibu SACCO Society Limited and the target population was 60 respondents comprising of 15 top managers, 25 middle level managers, 10 customer service and 10 junior support staff. A census of 60 respondents was taken. Quantitative data was analyzed using descriptive statistics such as mean and standard deviation and presented in form of tables, pie-charts and bar-graphs. Content analysis technique was used to analyze information obtained from the open ended questions and reported in narrative form. Inferential statistics such as correlation analysis and multiple regressions was used to determine the relationship between variables. The findings indicate that leadership in the Sacco supports strategy implementation. The results indicates that managers take time to build relationships with other employees in decision making, employees are given personal freedom and expression in the Sacco and employees value team work to individualism decision making. There was a very strong and positive relationship between leadership style and strategy implementation. The study recommended that the leadership should be participatory and all employees should be encourage to participate and be part of goal settings.

Keywords: Leadership Style, performance, Strategy Implementation, SACCOs.

1. Introduction

Firms competing in the global environment face a multitude of new demands, in the forms of external and internal pressures, on their organization and people, often being pushed simultaneously into several contradictory directions (Shen, Guo & Xin, 2012). Pearce and Robinson (2017) observe that succeeding in a global economy requires not only an open and empowered organizational climate, but also a tightly focused competitive culture. Strategy implementation is the manner in which an organization should develop, utilize, and amalgamate organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance.

Implementing a strategy means putting the strategy to action. Homburg, Krohmer & Workman (2010) show that a successful strategy implementation has a significant impact on organizational performance and it is vital for attainment of operational efficiency and consequently realization of organizational effectiveness. Successful strategy implementation is a key for any organization's survival. Hambrick and Cannella (2012) argue that many organizations could not sustain their competitive advantages, despite having a robust strategy formulation process, because they lack the processes of implementing the strategies. Considering the higher failure rates in implementation of strategies, more attention should be given by executives to implementing the strategy.

Implementing a strategy is the process through which a set of agreed work philosophies is translated into functional and operational targets as indicated by Pearce and Robinson (2017). Kasimila (2013) support this position when they state that implementation addresses the who, where, when and how, and it is thus the tactic that drives the strategy of the company. According to Heide, Gronhaug and Johannessen (2012) implementation of strategy remains one of the most difficult areas of management. Its success depends both on the selection of an appropriate strategy and converting that strategy into action.

According to Thomson (2017) the majority of large organizations had problems with strategy implementation. The literature supports the view that unlike strategy formulation, strategy implementation cannot be achieved by top management alone it requires the collaboration of everyone inside the organization and, on many occasions, parties outside the organization. While formulating a strategy is normally a top-down endeavour, implementing it requires simultaneous top-down, bottom-up, and across efforts.

1.1. Statement of the Problem

Success of the strategy adopted ought to take into consideration an organization's competencies and strengths in terms of capabilities and match this with the environment within which an organization operates. Most organizations irrespective of their size, age or industry are increasingly faced with the challenge of continuous dynamic change (Munala,

2010). Cater and Pucko (2010) concluded that while 80% of firms have the right strategies, only 14% have managed to implement them well. A study carried out by Johnson and Scholes (2011) reports that 66% for corporate strategy is never implemented.

The amount of profits that a Sacco's makes is not the ultimate measure of how well a Sacco's is performing. There are several other parameters that define a Sacco's performance and it's potential. The reason for selecting open membership as a driver to the performance of a SACCO's in this study is due to the fact that open membership entails a set of factors that drive performance. Every SACCO's seeking to maintain its integrity in the market and to continue in business must ensure that it always has enough cash to pay its members and issue credits. Maintaining liquidity in Sacco's is difficult to measure because a SACCO's liquidity position changes almost daily. However, it is a must to strive to measure liquidity in the best way possible since it is the lack of liquidity, which may bring about the collapse of a credit if it becomes unable to pay its members, who form the largest chunk of total liabilities. Therefore, this study sought to identify the influence of leadership style on strategy implementation in Mhasibu SACCO Society Limited.

1.2. Objective of the Study

To determine the influence of leadership style on strategy implementation in Mhasibu SACCO Society Limited.

1.3. Research Question

Does leadership style on strategy implementation in Mhasibu SACCO Society Limited?

2. Literature Review

2.1. Theoretical Literature

Porter's theory of competitive strategy was authored by Porter (1979) and essentially illustrates a The classical organizational theory includes the scientific approach of Taylor which is based on principles of management, administrative theory of Henry Fayol and Weber's bureaucratic approach. Weber's bureaucratic approach which considers the organization as part of the broad society based on principles such as structure, specialization, predictability/stability, rationality and democratic is seen here as the most relevant and practical model to this study. Weber listed several preconditions for the emergence of bureaucracy. These include the growth in space and population being administered, and the growth in complexity of administrative tasks being carried out and the existence of a monetary economy resulting in a need for a more efficient administrative system. Development of communication and technologies has made more efficient administration possible but also the democratization and rationalization of culture resulted in demands that the new system treats everybody equally (Weber, 1947).

2.2. Empirical Literature

Reddy (2017) study investigated leadership styles and strategy implementation in the Department of Trade and Industry (DTI). An explanatory sequential mixed method research design was employed. The findings of this study showed that senior managers who portrayed transformational and transactional leadership styles had a positive influence on strategy implementation and senior managers who portrayed a laissez-faire leadership style had a negative effect on strategy implementation.

Kivasu (2015) study examined the relationship between leadership styles and implementation of strategy among nongovernmental organizations in Nairobi City County, Kenya. The study used primary data collected through questionnaires. The data was analyzed using frequencies, percentages, mean and standard deviation. The study found that NGO's in Nairobi City County, Kenya predominantly used transactional, servant, and situational and transformational leadership styles. Another key finding of the study was that leadership styles influence strategy implementation by influencing the way employees go about their day to day tasks.

According to Ogal and Omanyoo (2018), the Influence of Leadership Styles on the Implementation of the Strategic Plans in Non-Governmental Organizations in Kisumu County, Kenya. The sample size of this descriptive survey design study was 10 Human Resource Managers and 70 financial officers giving a total of 80 respondents which has been selected through saturated sampling techniques. The study used questionnaires and interview schedules to collect data. Results indicated that majority of the leaders in NGOs in Kisumu County do not have skills and abilities required to ensure effectiveness in the implementation of the strategic plans. There was high positive correlation between leadership styles and the implementation of the strategic plans.

3. Methodology

This study utilized descriptive survey research design. Descriptive survey research designs are used in preliminary and exploratory studies to allow researchers to gather information, summarize, present and interpret for the purpose of clarification (Orodho, 2005). The target population was about 60 employees that work at the Mhasibu Sacco Society Limited. Sampling techniques and sample size play obtained to have a manageable number that can represent the whole population. Since the population is small a census of 60 respondents was taken to be the sample size. Questionnaires were used as data collection instruments which were administered to all the respondents.

Primary data from the field was edited to eliminate errors that may have been made by the respondents. Coding was done to translate question responses into specific categories so as to organize and reduce research data into manageable summaries. Quantitative data was analyzed using descriptive statistics such as mean and standard deviation and presented in form of tables, pie-charts and bar-graphs where applicable with the aid of Statistical Package for Social

Sciences (SPSS) version 20.0. Content analysis technique used to analyze information obtained from the open ended questions and reported in narrative form.

4. Findings

4.1 Response Rate

The study targeted 60 respondents who included top management, middle level management, customer service and junior staff. The response rate was 95% indicating that 57 respondents filled and returned the questionnaire. This according to Mugenda and Mugenda (2013) is an excellent response rate. Based on the recommended response rate by various authors the response of 95% is very good and sufficient as a basis of data analysis, findings, conclusions and recommendations.

4.2. Descriptive Statistics

4.2.1. Strategy Implementation in the SACCO

This subsection presents the extent to which strategic implementation was effective and efficiently done in the Sacco. The research results are set out in Table 1 below.

Statements	Mean	Stddev.
Leadership supports strategy implementation	3.9172	1.123
Strategic objectives are clearly communicated in an understandable manner	3.9633	1.117
Organization culture supports strategy implementation	3.9766	1.113
Strategy implementation is a participative process in the organization	4.1719	.911
Organization has adequate resources (physical, human and financial) to implement strategy	3.8771	.999
There is Improved efficiency in resource utilization to implement strategies	4.4223	1.219
Strategies in the Sacco were done on a timely basis	4.3351	1.334
The cost incurred in strategy implementation is fairly budgeted for	4.8647	0.997

Table 1: Strategy Implementation in the SACCO
Source: Survey Data, (2020)

The findings in Table 1 indicates that leadership in the Sacco supports strategy implementation, strategic objectives are clearly communicated in an understandable manner, organization culture supports strategy implementation and strategy implementation is a participative process in the organization as it is clearly supported by high means of 3.9172, 3.9633, 3.9766 and 4.1719 respectively. The study further presents that organization has adequate resources (physical, human and financial) to implement strategies, there is improved efficiency in resource utilization to implement strategies, strategies in the Sacco were done on a timely basis and the cost incurred in strategies implementation is fairly budgeted for as these statements were clearly supported by above average means of 3.8771, 4.4223, 4.3351 and 4.8647 respectively. Generally the findings indicated that strategies implementation were efficiently and effectively executed. The findings were supported by a study by Kasimila (2013) that the success of strategy implementation is highly dependent on organization culture, leadership style, resources, effective communication, stakeholder cooperation and clarity of strategic objectives.

4.2.2. Leadership Style and Strategic Implementation

The study sought to determine how leadership styles have affected strategic implementation in Mhasibu Sacco. Study results were presented in table 4.2.

Statements	Mean	Stddev.
Managers give strict unqualified direction in the Sacco	4.3331	1.1101
The direction given must be followed strictly without deviation	3.8187	1.2491
Weekly meetings consider employees views	3.9198	1.1037
The views raised in the meetings are clearly addressed by the management	4.4471	1.1301
Management encourage employees to voluntarily participate in decision making	4.4441	1.0149
The Sacco encourages employees to be part of unions and their grievances presented fairly	4.1898	1.1111
The leadership approach in the Sacco encourages employees to suggest new ways of serving customers better	4.7874	0.8974

Table 2: Leadership Style and Strategic Implementation
Source: Survey Data, (2020)

The results as indicated in Table 2 indicates that Managers give strict unqualified direction in the Sacco, The direction given must be followed strictly without deviation, Weekly meetings consider employees views, The views raised in the meetings are clearly addressed by the management, Management encourage employees to voluntarily participate in decision making, The Sacco encourages employees to be part of unions and their grievances presented fairly and that The leadership approach in the Sacco encourages employees to suggest new ways of serving customers better as evidenced by high means of 4.3331, 3.8187, 3.9198, 4.4471, 4.4441, 4.1898 and 4.7874 respectively. Generally, participatory leadership style was found to be highly practiced in Mhasibu Sacco.

The findings supported Reddy (2017) study on leadership styles and strategy implementation in the Department of Trade and Industry (DTI). The findings of this study showed that senior managers who portrayed transformational and transactional leadership styles had a positive influence on strategy implementation and senior managers who portrayed a laissez-faire leadership style had a negative effect on strategy implementation. Additionally, Kivasu (2015) study examined the relationship between leadership styles and implementation of strategy among nongovernmental organizations in Nairobi City County, Kenya. The study found that leadership styles influence strategy implementation by influencing the way employees go about their day to day tasks. Further, Ogal and Omanyoo (2018) on leadership styles on the Implementation of the strategic plans in Non-Governmental Organizations in Kisumu County, Kenya results indicated that there is high positive correlation between leadership styles and the implementation of the strategic plans.

4.3. Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.654	1.974		8.439	.109
	Leadership Style	.710	.137	.316	1.534	.000

a. Dependent Variable: Strategy Implementation

Table 3: Regression Coefficients

Source: Survey Data, (2020)

As per the SPSS generated table 3, the equation

$Y = 16.654 + 0.710X_3 + \varepsilon$ The results in table 4.12 indicated that the correlation between leadership style and strategy implementation was positive and significant ($\beta_3 = 0.710$, $P = 0.000$). A positive unit variation in leadership style results to a positive change in the strategy implementation. A unit change in the leadership style results to 0.710 unit changes in strategy implementation. Leadership style had the second greatest effect on strategy implementation.

5. Conclusions and Recommendations

5.1. Conclusions

There was a very strong and positive relationship between leadership style and strategy implementation. The results show that increase in strategy implementation was greatly explained by changes in leadership style. A positive unit variation in leadership style results to a positive change in the strategy implementation.

5.2. Recommendations

The study recommended that the leadership should be participatory and all employees should be encouraged to participate and be part of goal settings. The directors in the Sacco should ensure there is harmony in the transfer of authority from and leadership in all the Sacco sections. Employee's decision making should be valued at all levels and incorporated in the overall goals. The communication variable had the greatest impact on strategy implementation and therefore the study recommends that communication in all department should be core to the implementation of all decisions in the Sacco.

5.3 Limitations of the Study

The researcher encountered the problem of delayed response. Respondents felt hesitant to reveal rather confidential information regarding their entities. This was due to the competitive nature of the SACCO business. To mitigate this limitation, the researcher obtained a research permit from the National Commission for Science and Technology (NACOSTI) as well as an introduction letter from the university to dispel any fear by the management and as a guarantee that the research would purely serve academic purposes. The researcher also attached a personal commitment letter, assuring the respondents that research ethics would be observed and confidentiality observed. The data collection was also very hectic owing to the fact that the targeted respondents belonged to a busy class of the organisation's management. To solve this problem, the researcher adopted the drop and pick method in questionnaire administration. This accorded the respondents some reasonable duration within which they could respond to the questionnaire items and enhanced the response rate.

6. References

- i. Cater, T., &Pucko, D. (2010). Factors of effective strategy implementation: Empirical evidence from Slovenian business practice. *Journal for East European Management Studies*, 15(3), 207-236
- ii. Hambrick, D., &Cannella, Jr. A. A. (2012). Strategy implementation as substance and selling. *The Academy of Management Executive*. 3(4), 278-285
- iii. Heide, M., Gronhaug, K., &Johannessen, S. (2012). Exploring Barriers to The Successful Implementation of a Formulated strategy. *Scandinavian Journal of Management*, 18(2), 217-231
- iv. Homburg, C., Krohmer, H., & Workman, J. P. (2010). A strategy implementation perspective of market orientation. *Journal of Business Research*, 57(12), 1331-1340.
- v. Kasimila, K. J. (2013). Privatization strategy and organizational performance of Tanzania Railways Limited. Unpublished MBA Project, University of Nairobi
- vi. Kivasu, N. L. (2015). *Leadership styles and implementation of strategy among nongovernmental organisations in Nairobi City County, Kenya*. Unpublished MBA project, University of Nairobi.
- vii. Mugenda O. &Mugenda, A. (2003). *Research Methods: Quantitative and Qualitative Approaches*. Nairobi: Acts press
- viii. Munala, E. J. (2010). *Strategic Responses to a Changing Competitive Environment. The Case Study of KCB*, Unpublished MBA Project, School of Business, University of Nairobi
- ix. Ogal, J., &Omany, A. O. (2018). The Influence of Leadership Styles on the Implementation of the Strategic Plans in Non-Governmental Organisations in Kisumu County, Kenya. *European Business & Management*, 4(1), 18- 23
- x. Orodho, J. A. (2005). *Techniques of writing research proposals and reports in educational and social sciences*. Nairobi: EALB.
- xi. Pearce, J. & Robinson, R. B. (2017). *Strategic Management: Formulation, Implementation and Control*, New Delhi: Tata McGraw Hill.
- xii. Shen, F. W., Guo, H. C., & Xin, C. L. (2012). The environmental assessment of landfill based on stakeholder analysis. *Procedia Environmental Sciences*, 13, 1872-1881
- xiii. Thomson A. A. (2017). *Crafting and Executing Strategy: The Quest for Competitive Advantage, Concepts and Cases*. (15thed). McGraw-hill, Boston
- xiv. Weber, M. (1947). *The Theory of Social and Economic Organization*. Translated by Talcott Parsons. New York. NY: Free Press