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## **Factors Determining Successful Strategic Plan Implementation in Microfinance Institutions in Kenya: A Case of Faulu Kenya**

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### **Abstract:**

*This study was aimed at establishing the factors determining successful strategic plan implementation of microfinance institutions in Kenya by undertaking a case of Faulu Kenya. The factors that were studied (independent variables) include effects of proper communication on successful implementation of strategic plans, effects of management support and commitment on successful implementation of the strategic plan as well as the effect of employee involvement/ participation on successful implementation of the strategic plan. A review of empirical studies on successful implementation of the strategic plan was done. Literature relating to dependent and independent variables was reviewed as well. The target population of the study was all the 97 permanent employees of Faulu Kenya distributed in various branches within Mt Kenya region. This study was conducted through descriptive study, research design where a sample of 48 employees and managers of Faulu Kenya was sampled using simple random sampling. A questionnaire was used to gather information and it was administered personally to respondents by the researcher. The validity and reliability of the questionnaire was determined through a pilot study that was done before the real study. In addition to the questionnaires and statistics from performance records were used to establish the factors that affect successful strategic plan implementation of microfinance institutions in Kenya. The data collected was analyzed using both qualitative and quantitative methods. The questionnaire return rate was 93.75%, which is equal to 45 respondents. The respondents had diversities in terms of age, gender, experience and educational background. On analysis, it was evident that proper communication, employee involvement/participation and management commitment affect successful strategic plan implementation of microfinance institutions in Kenya. Other than the factors under study, the effect of the external competition level of organizations, effect of employees work load and the effect of organizational structure were suggested as areas of further research.*

**Keywords:** Strategy, strategic plan, strategic planning, strategic plan formulation, strategic plan implementation

## **1. Introduction**

### *1.1. Introduction and Background of the Study*

According to Kenneth R. Andrews (2007), Strategy consists of corporate decisions planning which clarify and determine vision, mission, and objectives, defining policies and basic plans for getting to those goals, defining scope of company's activities and specifying the kinds of economic and human type of the organization. Strategy is the means that an organization selects for achieving long and short run goals. Peter F. Drucker claimed that strategic planning is systematic process of envisioning a desired future, and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them. Strategic plan refers to the process by which the business strategy formulated is put into action. It includes the design and management of organizational systems to achieve the best integration of people and structure, allocating resources, managing human resources and developing information and decision processes to achieve organizational objectives. The purpose of strategic planning is not to produce a strategic plan that is going to sit on the shelf gathering dust, but rather to provide a practical plan which makes a difference when it is implemented. It is thus essential to ensure that there is a seamless transition from the planning process to implementation. (World Bank/ SDC strategic planning guide 2001).

After the creative and analytical aspects of the corporate strategy have been formulated the priority of the management is to convert the strategy into operationally effective action. The effectiveness of any strategic plan is critically dependent upon a successful approach to implementation (Brian Tracy, 2000). A strategy is never complete, until it gains a commitment of the firm's resources and becomes embodied in its organizational structure. Pierce and Robinson note that "to effectively direct and control the use of the firm's resources, mechanisms such as organizational structure, information systems, leadership styles, assignment of key managers, budgeting, rewards, and control systems are essential strategy implementation ingredients". An important matter in a successful strategy is to review formulating and implementing simultaneously. Managers should think about implementing when they are planning, because implementation of strategies should not cause trouble for them in future.

From the definitions above, strategy implementation can be defined as an iterative, dynamic and a complex process, which comprises of a series of decisions and activities by the management and the administration those affected by many interrelated internal and external factors, to turn strategic plans into reality in order to achieve the objectives of the firm. According Ned Wooton after carrying out research on 200 largest Canadian corporations, he concluded that even the great strategies fail to deliver needed performance gains if they do not get implemented well. Thus, strategies fail if they are not properly implemented.

In Africa, mainstreaming, formalization, and recognition of microfinance as part of the formal financial sector began to gain momentum in the late 1990s. The demand for microfinance in the Africa is large and the types of services the poor and low income client's demand vary across the board. This large demand and the diversity of the microfinance clients created the need for building inclusive financial systems that work for the poor. Microfinance institutions must be aware that microfinance service delivery is more complex than one could think originally, especially in a competitive environment.

Kenya's current development agenda is guided by Vision 2030, which is the official government long-term development strategy. The vision is anchored on three key pillars, namely; Economic, Social and Political and aims to transform Kenya into a newly industrializing, middle-income country, providing a high quality of life to all citizens in a clean and secure environment. Simultaneously the vision aspires to meet the millennium development goals (MDGs) for Kenyans by 2015.

Public and private sector organizations are guided by the Vision 2030 in developing their strategic plans. However, in spite of the public and private sector organizations, having elaborate and well developed and designed strategic plans, their performance has not exponentially improved as expected. This scenario has mainly been attributed to strategic plan implementation challenges.

Strategic planning may be the prerogative of upper levels of management, but implementation percolates down to front level managers responsible to carryout operations efficiently, influencing the experience of customers, or carrying out improvements which are important in the long run. Many studies have acknowledged that business strategies often fail not because of inadequate strategy formulation, but because of an inappropriate implementation strategy.

### *1.2. Problem Statement*

A strategic plan is of little use to an organization without a means of putting it into place. In fact, implementation is an essential part of the strategic planning process, and organizations that develop strategic plans must expect to include a process for applying the plan. Implementing strategic plans has always been a challenge for organizations across the industry. Ability to implement strategy is the deciding factor between success and failure of a company's strategic plan. Implementation manifests the strategic intent of a company through various tactical and competitive actions to achieve the desired results, which otherwise may remain as distant dreams

Apart from intertwining strategy planning and implementation through incorporating execution into planning and evolving strategy through rigorous follow up and corrections, there are other factors that may bridge the gap between great strategies and effective execution. First, as Rowley, Lujan, and Dolence (1997) have suggested, organizations often do strategic planning that isn't really strategic planning: Its short-term planning or problem-solving planning. An additional troubling problem with strategic planning is the wide-spread inability of an organization to implement its plan once that plan is in place (Rowley & Sherman, 2001). Many factors potentially affect the process by which strategic plans are turned into organizational action. Unlike strategy formulation, strategy implementation is more of a craft, rather than a science (Stephen G. Haines 2004). After the successful formulation of the business strategy, difficulties usually arise during the subsequent implementation process.

In the Kenyan set up, in the recent past, organizations have appreciated the need to have a concrete strategic plan which guides the organizations given the dynamic nature of the competitive environment as well as challenges and opportunities presented by the external environment. These organizations often are faced with some setbacks in implementation process of strategic plans. These setbacks in strategic plan implementation are the main focus of this research in order to assess their impact in implementation of strategic plans and hence the success of the strategic plan. This research focused on a case of Faulu Kenya to find out the factors that determine the success of strategic plan implementation for micro finance institutions in Kenya.

### *1.3. Objectives of the Study*

1. To find out the effects of management support and commitment on successful implementation of strategic plan in microfinance institutions in Kenya.
2. To establish the effect of organization structure on the successful strategic plan implementation in microfinance institutions in Kenya.
3. To assess the effect of proper communication on successful implementation of strategic plans in microfinance institutions in Kenya.

#### 1.4. Research Questions

1. What is the effect of management support and commitment on successful implementation of strategic plan in microfinance institutions?
2. What is the impact of employee involvement/participation on the successful strategy implementation in microfinance institutions?
3. What is the effect of proper communication on successful implementation of strategic plans in microfinance institutions?

#### 1.5. Justification of the Study

This study on factors affecting the successful implementation of strategic plans in an organization will be of great help in analyzing the major factors that ensure that the laid down strategies are properly implemented and thus avoid failure of the strategies.

#### 1.6. Scope of the Study

The study focused on the factors that facilitate successful implementation of the strategic plan for Faulu Kenya. The respondents consisted of low, middle and top level employees.

#### 1.7. Conceptual Framework for the Study

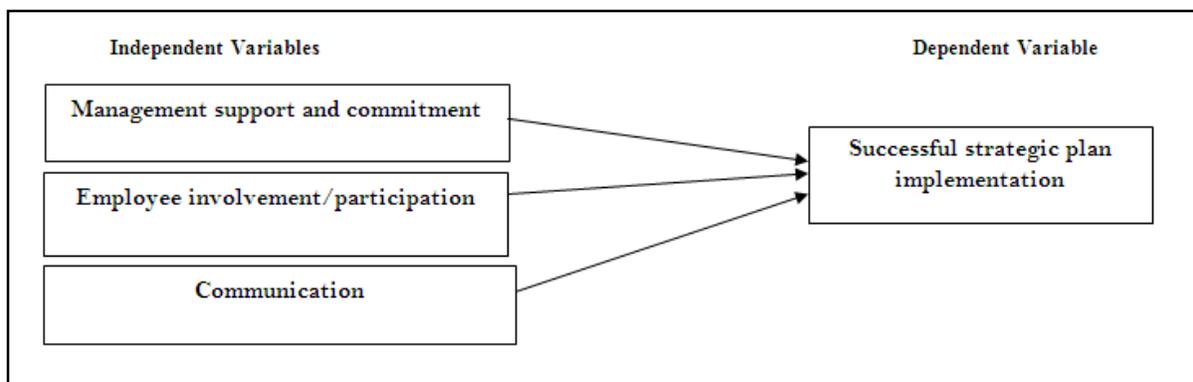


Figure 1: Conceptual framework of the study: Source: Researcher

## 2. Literature Review

### 2.1. Introduction

This chapter contains literature related to microfinance institutions performance, organizational communication, management commitment, and employee involvement in the implementation of strategic plans. This chapter has reviewed previous literature guided by the study objectives.

### 2.2. Communication

Many researchers have emphasized the importance of adequate communication channels for the process of strategic plan implementation. Alexander (1985), notes that communication is mentioned more frequently than any other single item that promotes successful strategic plan implementation. Communication includes explaining what new responsibilities, tasks, and duties need to be performed by the employees in order to implement the strategic plan

Rapert and Wren (1998) found out that organizations where employees have easy access to management through open and supportive communication climates tend to outperform those with more restrictive communication environments (cited in Rapert, Velliquette and Garretson, 2002). Also the findings of Peng and Litteljohn (2001) show that effective communication is a key requirement for effective strategic plan implementation. Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategic plan implementation.

Rapert, Velliquette & Garretson (2002) state that communication and shared understandings play an important role in strategic plan implementation process. In particular, when vertical communication is frequent, strategic consensus (shared understanding about strategic priorities) is enhanced and an organization's performance improves. The study of Schaap (2006), shows that over 38 percent of the senior-level leaders do not communicate the company's direction and business strategic plan to all of their subordinates. This study also reinforces findings that frequent communication up and down in organization enhances strategic consensus through the fostering of shared attitudes and values. The corporate communication function is the department or unit whose purpose is facilitating strategic plan implementation through communication (Forman and Argenti, 2005). This department can also serve as the „antenna“ of an organization, receiving reactions from key constituencies to the strategic plan of the firm. Forman and Argenti (2005) found that the alignment between the corporate communication function and the strategic implementation process was particularly visible in those companies that were going through fundamental strategic change.

### 2.3. Management Support and Commitment

Top management refers to senior-level leaders, including presidents, owners, and other high ranking executives and senior-level managers. Several researchers have emphasized the effect of top management on strategic plan implementation (Hrebiniak & Snow, 1982; Smith & Kofron, 1996; Schmidt & Brauer, 2006; Schaap, 2006). Most of them point out the important figurehead role of top management in the process of strategic plan implementation. Schmidt and Brauer (2006), for example, take the board as one of the key subjects of strategic plan implementation and discuss how to assess board effectiveness in guiding the strategic plan execution. Hrebiniak and Snow (1982) find that the process of interaction and participation among the top management team typically leads to greater commitment to the firm's goals and strategies. This, in turn, serves to ensure the successful implementation of the firm's chosen strategic plan (cited in Dess & Priem, 1995). Smith and Kofron (1996) believe that top managers play a critical role in the implementation – not just the formulation of strategic plan. They carried out an empirical study and on testing the hypotheses that effective senior-level leadership behaviors is be directly related to successful strategic plan implementation, found out that those senior-level leaders who had been trained in or studied strategic planning and implementation were more likely to meet the performance targets set for the company.

The role of managers in achieving this configurationally congruence is due to the fact that managers are the first to notice salient differences in organizational performance; can also anticipate changes; strategize and plan structural changes and finally implement these changes.

### 2.4. Employee Involvement and Participation

Gronroos (1985) believes that an organization must first persuade its employees about the importance of the strategic plan before turning to customers (cited in: Rapert & Lynch & Suter, 1996). Alexander (1985) suggests that there are many problems which over half of the corporations experienced frequently, such as the involved employees have insufficient capabilities to perform their jobs, lower-level employees are inadequately trained, and departmental managers provide inadequate leadership and direction. These three are the most frequent strategic plan implementation problems in relation to human resource. Line-level employees may use delay or prevent attempts toward change that they find particularly threatening or disagreeable. Nutt (1986) suggests that managerial tactics and leadership style can play a crucial role in overcoming the lower-level „obstructionism“ that is prevalent in many implementation efforts. Strategic decisions are nevertheless formulated by senior-level managers of the firm and then administratively imposed on lower-level management and non-management employees with little consideration of the resulting impacts. The lack of shared knowledge with lower-level management and non-management employees creates a barrier to successful strategic plan implementation (Noble, 1999)

Heracleous (2000) also finds that if middle management do not agree with the strategic plan, or do not feel that they have the skill set to implement it, then they would sabotage its implementation. Middle managers expect the direction from the top management but frequently feel that they are in a better position to start and evaluate alternative courses of action.

## 3. Research Methodology

### 3.1. Introduction

This chapter contains a framework for conducting the research. It has details and procedures that were used in obtaining information that was required for the study. It has details on the research design used, the target population, the sample size and sampling method, data collection tools, data analysis and presentation methods that were used during the research.

### 3.2. Research Design

A research design is the plan and structure of investigation so conceived as to obtain answers to research questions (Cooper, & Schindler, 2003). This study used descriptive research design. Descriptive study design is a study in which the researcher describes or presents a picture of a phenomenon under investigation (Ng'ang'a, et. al, 2009). Morris and Wood (1991) acknowledge the importance of descriptive design especially when the intent is gaining broader understanding of the context of the research and processes being enacted.

### 3.3 Target Population

According to Cooper, & Schindler, (2003), population is a collection of elements about which we wish to make some inferences. Population is the entire group of people, events or things of interest that a researcher wishes to investigate. In this study, the target population comprised the employees of Faulu Kenya which has branches in all the eight regions in the country. For the purposes of this study, the researcher targeted employees in Mt. Kenya region which has twelve branches and a total of 97 employees.

Rank	Male	Female	Subtotal	Percentage
Managers	7	5	12	11%
Other Employees	48	37	85	89%
Grand Total	55	42	97	100%

Table 1: Target Population: Source- Faulu Kenya Mt Kenya region

### 3.4. Sampling Strategy and Sample Size

Sampling is taking a portion of a population as representative of that population and using it as a basis for making conclusions about the population. A sample is a part of the population that is drawn using means that ensure that it is as representative of the population as possible. The sampling method used in this study was simple random sampling. Orodho (2009) suggests that a sample of at least 30 is acceptable but a sample size of 50% was drawn meaning that 48 employees were used in this. This number is higher than what Orodho recommends and the 30% that is proposed by Mugenda (1999). This has been done purposefully to increase precision thereby reducing the standard error.

Rank	No. of staff	Sample size	Percentage
Managers	12	5	48%
Other Employees	85	43	52%
Grand Total	97	48	100%

Table 2: Sample size-Source: researcher

### 3.5. Data Collection Tools

A questionnaire and desk research was used to gather information. The choice of using a questionnaire was based on the fact that it is easy to administer and it gives the respondent the freedom of expression since the respondents remain anonymous and are not under close scrutiny. The questionnaire was administered to respondents by the researcher. Desk research was also used to get information from the microfinance institution. The validity and reliability of the questionnaire was tested by carrying out a pilot study prior to the real study.

### 3.6. Data Analysis and Presentation

The data that was collected was analyzed by qualitative and quantitative statistics. Qualitative method of data analysis is in form of words rather than numbers while the quantitative method uses numbers. Responses of respondents were quantified and using frequencies and percentages was calculated and presented in the form of tables, bar graphs and pie charts for analysis.

## 4. Findings and Discussion

### 4.1. Introduction

This chapter has results that were obtained from the study for the purpose of presentation, analyzing and discussion.

### 4.2. Data Presentation

The data that was collected from the respondents working in Faulu Kenya has been presented here below in the form of graphs, percentages and pie charts.

### 4.3. Questionnaire Return Rate

The questionnaire was administered to the 48 employees of Faulu Kenya who had been sampled by the researcher. A total of 45 employees responded. This is a return rate that is equal to 93.75%, which can be regarded as very good since Hartman & Hedborn (1979) states that a 50% return rate is adequate, 60% is good and 70% or above is very good.

### 4.4. Demographic Information

The respondents were requested to give information relating to gender, age, academic/professional qualifications, experience and their designations in the organization. This information was essential in determining whether these variables had an impact on the success of strategic plan implementation.

#### 4.4.1. Distribution of Respondents by Age

The total questionnaires that were returned were 45 out of which 29 were from female respondent's and 16 from male respondents. The majority of the respondents were in the 36-45 years bracket (52.17%). Those in the 26-35 years bracket were 24.64%, those below 25 were 4.35% , those in the 46-55 years were 10.15% while those above 55 years were 8.69%.

Age bracket	Males	Females	Frequency	Percentage
Below 25 years	2	4	6	4.35%
26-35 years	2	7	9	24.64%
36-45 years	10	12	22	52.17%
46-55 years	1	4	5	10.15%
Above 55 years	1	2	3	8.69%
Total	16	29	45	100%

Table 3: Distribution of respondents by gender and age

4.4.2. Professional Qualification

The professional qualifications were classified into five categories as summarized in the table below.

Professional qualification	Males	Females	Frequency	Percentage
Masters	2	1	3	6.66%
Bachelors	6	11	17	37.77%
Higher National Diploma	3	9	12	26.66%
Diploma	5	8	13	28.88%
Total	16	29	45	100%

Table 4: Distribution of employees by professional qualifications

4.4.3. Distribution by Experience

Research findings indicate that a majority of those working for the organization have an experience of more than ten years (52%) meaning that the organization’s turnover rate is low. Those whose experience is less than three years are 18% while those with three to ten years are 30%. This huge experience has helped the employees perform much better and puts them at a good position to enable them know what has worked for or against Faulu Kenya in strategic plan implementation.

4.5. Analysis and Discussion of the Findings

This study aimed at analyzing the factors that affect the implementation of strategic plans by microfinance institutions by undertaking a case of Faulu Kenya. The following is an analysis and discussion of the findings relating to the various research questions.

4.5.1. Effect of Communication on the Success of Strategic Plan Implementation

One of the objectives of this study was to analyze the effect of communication on the success of strategic plan implementation in microfinance institutions by undertaking a case of Faulu Kenya. According to the responses, 89% of the respondents felt that communication affects the success in strategic plan implementation in Faulu Kenya. A majority of these were those whose qualifications are bachelors degree or below. This could be attributed to their need for direction and further information in order to successfully carry out their roles.

85% of the respondents acknowledged the availability communication policy in the organization which is actually put into practice. The respondents (67%) claimed that the communication policy is actually put into practice by the organization which in turn leads to improved performance and success in strategic plan implementation. It was evident from the respondents that communication helps the employees deal with new challenges (65%), cope with changes (68%) and minimize weaknesses (88%) in performance within the organization hence high performance and faster strategic plan implementation. 61% said that communication leads to greater motivation to perform as it is associated with a feeling of self worth within the company. Another 61% of the respondents felt that communication that is linked to an employee’s success in strategic plan implementation is motivating thus higher productivity of the employees. Employees who are motivated stick more in the company since such motivation leads to job satisfaction within the company, thus reduced need to look for greener pastures. Further, communication with the employees directly result in job satisfaction as claimed by 56% of the respondents.

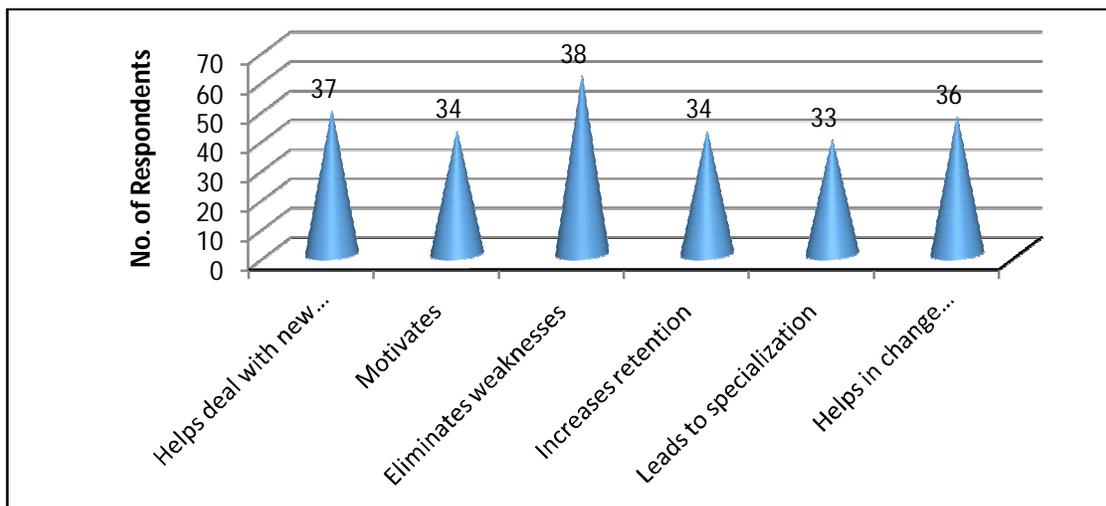


Figure 2: Effects of communication on success of strategic plan implementation

Occasionally there are new challenges in the workplace that may be internally or externally generated which, if left unattended may lead to low productivity due to lack of skills and techniques in handling them. Through communication, employees are able to handle these new challenges thus maintaining or even improving their productivity hence communication affects their success in the

implementation of strategic plans. Motivation is the engine that drives an employee to perform. The respondents (61%) claimed that communication leads to motivation and as such there is a strong bond between performance and communication. Job satisfaction results from communication and when the employees are satisfied in their work places, they are likely to produce better since they concentrate on what they are doing rather than looking for satisfaction elsewhere. When communication is linked to the employee’s success in strategic plan implementation, it makes the employees motivated in their tasks and these results in higher productivity. In this way, communication, affects performance. Since the employees are able to eliminate or minimize weaknesses in their performances through communication, it is correct to argue that communication actually affects the success of strategic plan implementation. Through communication, employees are able to cope, adopt or adapt to changes such as the use of new technology, thus maintaining or improving their productivity which would otherwise have been disrupted by the change. From the foregoing, it can be conclusively argued that the success in strategic plan implementation is affected by communication within and without the microfinance institutions.

4.5.2. Effect of Employee Involvement/Participation in the Success of Strategic Plan Implementation.

The data collected indicated clearly that employee involvement affects the success of strategic plan implementation as 94% of the respondents responded positively to this question. 65% of the respondents said that involving the employees in setting performance targets and measurement standards (89.8%) improves their performance as it results to greater understanding of the organization’s objectives, changes their attitude positively towards work and improves their relationship with the management and hence the success in strategic plan implementation. 72% claimed that involving the employees in the company’s decision making processes, improves their performance in strategic plan implementation.

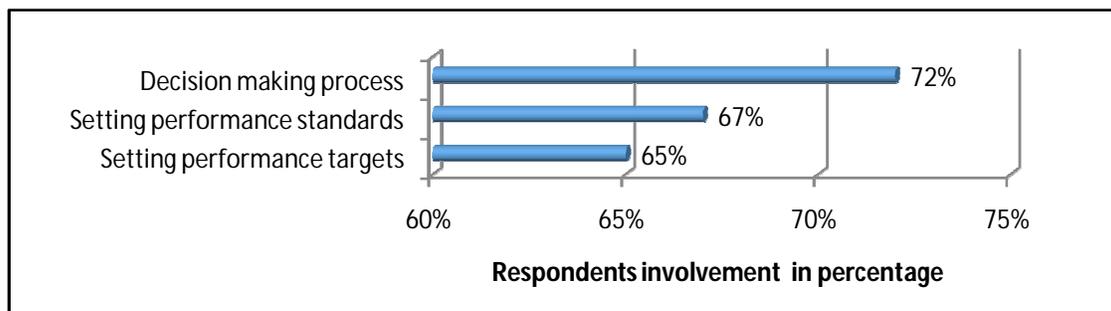


Figure 3: Responses on level of employees’ involvement

81% of the respondents felt that involvement/participation leads to increased commitment to the attainment of company’s goals and objective thus the success in strategic plan implementation. The respondents (85.5%) said involvement also helps in the reduction and management of workplace conflicts which results in more success in strategic plan implementation. 87% of the respondents said that employee involvement/participation leads to increased motivation while 87% claimed that it results in job satisfaction thus the success in strategic plan implementation. It as well results to ownership of performance objectives and requirements as suggested by 88% of the respondents hence success in strategic plan implementation. When involved, the employees feel more empowered to perform leading to the success in strategic plan implementation.

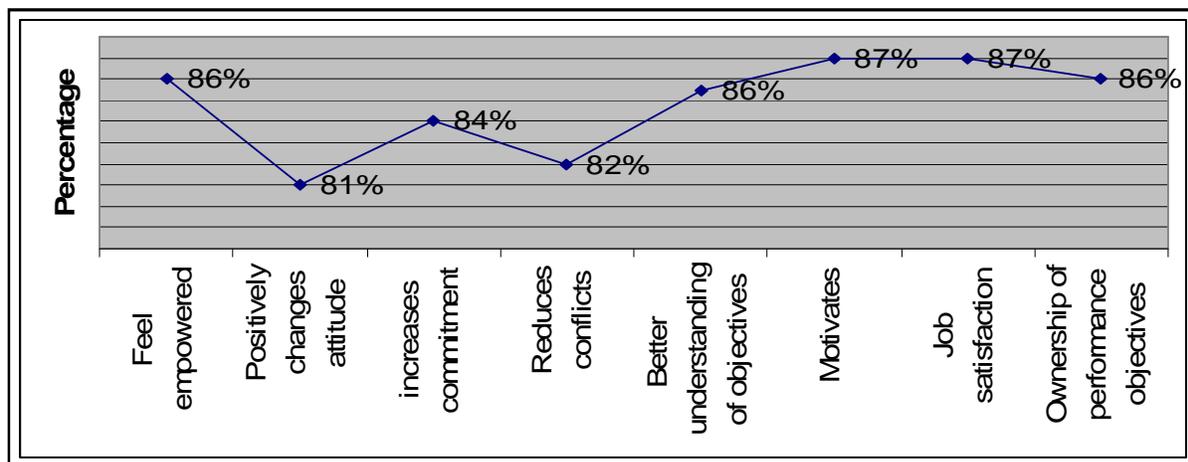


Figure 4: Effects of employee involvement on success of strategic plan implementation

The figure above indicates that employees who are involved in setting of objective, performance standards and in decision making understand the objectives better, own the objectives and feel more empowered to make decisions independently and regarding their

tasks and this works positively on the level of efficiency in making decision that would otherwise been delayed thereby hastening strategic plan implementation and success. When involvement of the employees changes their attitudes towards work positively, they are likely to perform better as compared to workers whose attitude is negative thus the result of involvement is improved performance. The level of commitment to the attainment of company objectives dictates how well an employee performs. Little commitment is likely to result in low performance while great commitment is likely to lead to high performance hence employee involvement contributes to the success of strategic plan implementation. Workplace conflicts between the seniors and the juniors often result in reduced productivity due to time consumed in the conflicts and in solving them. Since involving the employees reduces such conflicts, this result in the success in strategic plan implementation out of better concentration on the job. When involved, the employees get motivated and derive greater job satisfaction from their jobs. The involvement of employees was said to result in motivation and job satisfaction. When the employees are motivated and satisfied, they are likely to perform better as compared to a demotivated and unsatisfied workforce hence involving workers affects strategic plan implementation. On the overall, it is clearly evident that the involvement/participation of employees affects the implementation of strategic plans of microfinance institutions.

#### 4.5.3. Effect of Management Commitment on the Success of Implementation of Strategic Plans

The effect of management commitment on the success of implementation of strategic plans is one of the issues that this study sort to determine. The majority of the respondents (87%) were of the view that management commitment affects the success of strategic plan implementation of Faulu Kenya while 13% were of the opinion that management commitment doesn't affect the success of strategic plan implementation. Of the respondents, 84% felt that management commitment is extremely important in the success of strategic plan implementation. Management's commitment in offering counseling to employees with difficulties was said to be crucial for the employees to perform well. 95% of the respondents claimed that the provision of necessary resources and adequate levels of technology to the employees is important in enabling them to perform well. Of the respondents, 93% felt that the management's playing a visible and leading role and cultivating a positive communication culture within the company is important in enhancing the success of strategic plan implementation. The management's interest in sponsoring employee training and development so as to improve their performance for the success of strategic plan implementation was also rated as being important by 97% of the respondents. Provision of feedback and giving of open and cordial explanations by the management in order to be successful in strategic plan implementation was rated as important by 72% of the respondents. The respondents (45%) who were mainly those not in the management level did not attach a lot of importance to close supervision by the management in relation to success of strategic plan implementation. It was claimed by 36% of the respondents that the management evaluates their success in strategic plan implementation on daily basis while 31% said that the management evaluates them on weekly basis. This greatly contributes to continued alignment of performance of performance targets and actual success of strategic plan implementation. The management's commitment to cultivation of a positive communication, culture within the company and the creation of conducive working environment was ranked as important by 71% of the respondents for successful strategic plan implementation. 83% of the respondents claimed that the management has made them have a good understanding of the company's vision, mission and objectives which has helped them to perform better hence better strategic plan implementation. The management has also handled workplace diversities well to improve strategic plan implementation process by the employees.

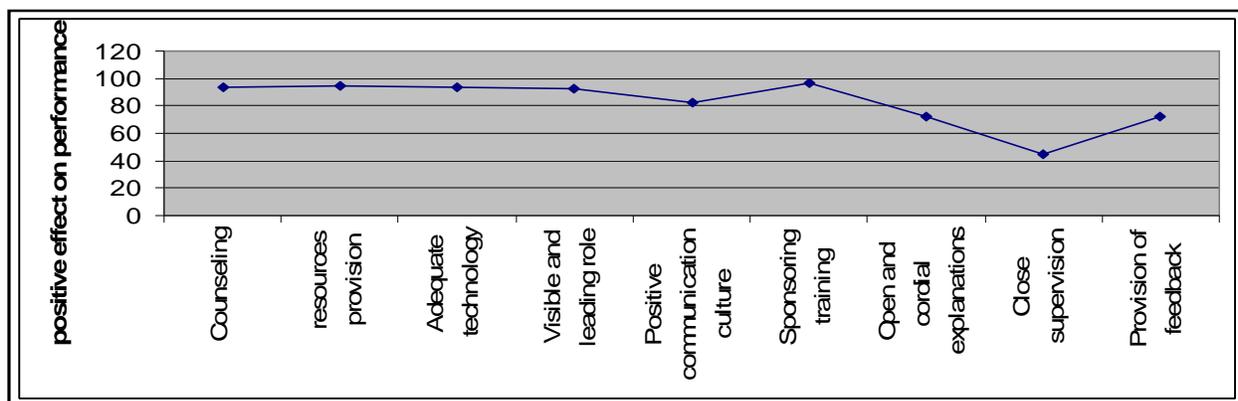


Figure 5: Effects of management commitment on success of strategic plan implementation

Commitment of the management in the provision of counseling to employees with difficulties enables them deal with situations such as stress, bereavement, depression, conflicts and addiction that benumb their success in strategic plan implementation. Once such difficulties are solved through the management's commitment in assisting such employees, their success in strategic plan implementation is likely to improve. When employees face a difficult situation, the provision of open and cordial explanations of the situation or reason for the situation by the management helps them to understand the situation and they are able to handle that situation better. This makes them perform better thus the management's commitment in offering these explanations affects their success in strategic plan implementation otherwise if such explanations are not forthcoming, the employee will feel frustrated leading to little success in strategic plan implementation. Success of strategic plan implementation requires that the employees are provided with the

resources and the level of technology that will enable them to perform well. Without these resources and technology their success in strategic plan implementation may not be good and as such the management should be committed to providing them to enable their success in strategic plan implementation. The management should also provide a visible and leading role in their success in strategic plan implementation. It may not be possible to demand for success in strategic plan implementation from the employees when the management is not successful. The success of strategic plan implementation of employees is dependent on the provision of feedback about their current performance. The provision of accurate feedback calls for close supervision and cultivation of a positive communication culture. The management has to be committed in offering these services that may go a long way in enhancing the success of strategic plan implementation by the employees. It is expensive to sponsor the training of the employees but the results in terms of success in strategic plan implementation of good training outdo these expenses. The management should show a commitment to train the employees in order to reap the positive results training offers in the form of employee success in strategic plan implementation. In summary, it may be concluded that management's commitment affects the success of strategic plan implementation by the employees and themselves.

#### 4.5.4. Other Factors Affecting Success of Strategic Plan Implementation

The respondents identified a combination of internal and external factors as affecting their success of strategic plan implementation. 25% of the respondents claimed that competition level within the industry affects their success of strategic plan implementation, 8 % are affected by the economic situation, 9% by customer needs, 5% government policies, 10% by management style, 10 % by political stability and 11 % by organizational structure. Internally, employee's workload was said to affect success of strategic plan implementation by 27% of the respondents since huge loads demotivated employees.

It was clearly notable that employees of the lower candor (74%) suggested that employee's workload affects their success in strategic plan implementation as compared to those at the management level (26%). 66% of those in lower candor felt that political stability affects their success in strategic plan implementation while those at the management level cited government policies, customer needs and economic situation as affecting their success in strategic plan implementation. The level of competition with other organizations offering the same service affects the success of strategic plan implementation as suggested by those in the low and high ranks within the company. This may be attributed to the need to fast track strategic plans when and where competition is stiff and relax when it is low.

## **5. Summary, Conclusion and Recommendations**

### *5.1. Summary of the Study*

The purpose of the study was to analyze the factors that affect the success of strategic plan implementation in microfinance institutions by undertaking a study of Faulu Kenya. The study specifically set out to analyze the effect of communication, employee involvement and management commitment on the success of strategic plan implementation of microfinance institutions.

In an effort to achieve these objectives, a questionnaire was designed, given out and analyzed by the researcher in close consultation with the supervisor. A total of 45 employees were included in the sample out of a total of 97 using simple random sampling method. The return rate of the questionnaire was 93.75 %. By the use of the responses from the 45 respondents who returned the questionnaire, the researcher was able to answer the research questions.

It was clear from the responses that communication affects the success of strategic plan implementation of microfinance institutions. A good communication system and policy enhance the success level of strategic plan implementation. The involvement of employees makes them perform much better due to increased commitment and understanding of the company's objectives, mission and vision and therefore strategic plans are more successfully implemented. Serious commitment by the management helps the employees perform better due to the support that they get from the management in terms of resources, counseling, advice, guidance and feedback about their performance.

Other than these factors, factors external and internal to the institution were said to affect the success of strategic plan implementation. These include political stability, customer needs, economic situation, management style, organizational structure, external competition level and government policies. Internally, the workload per employee was claimed to affect success of strategic plan implementation.

### *5.2. Conclusions from the Study*

- i) On analyzing the responses, the effect of communication on the success of strategic plan implementation was evident and the overall view of the employees was that communication affects success of strategic plan implementation. The institution has an employee communication policy and system and conducts communication needs assessment to establish the challenges that deserve to be addressed. Communication helps employees; deal with new challenges, motivates them to work, gives them job satisfaction and increases staff retention thus better productivity. It as well leads to positive attitude and commitment in the job hence they deliver better quality services.
- ii) Involvement of the employees is directly related to or affects the success of strategic plan implementation. It makes the employees to have a better understanding of the organization's objectives, own them and become more committed to achieving them thus high productivity and success in strategic plan implementation. Involving the employees in the decision making processes makes them more efficient and positively changes their attitude, improves the relationship between the management and the employee and reduces conflicts in strategic plan implementation.

- iii) Management commitment was strongly linked to the success of strategic plan implementation. It was rated as extremely important in the success of strategic plan implementation. The management is also committed in providing the necessary resources in order for the employees to implement the institutions strategic plan. The management plays a visible and leading role in the success of strategic plan implementation, cultivates a positive communication culture, shows great interest in sponsoring employee training and development, offer open and cordial explanations, closely supervise them as well as providing feedback to aid in the success of strategic plan implementation. It is useful, to frequently evaluate the employee's success of strategic plan implementation and give guidance or training as the situation may require.
- iv) It was evident from the respondents that other factors besides the ones under investigation affect the success of strategic plan implementation of employees. These include: political stability, government policies, management style, organizational structure, economic situation, level of competition and customer needs. Internally, the workloads of the employees and organizational structure were suggested as affecting their success in implementing the strategic plan

### 5.3. Recommendations from the Study

On the basis of the research findings and the conclusions drawn, the following recommendations have been made.

- i) The microfinance should undertake to develop a communication system and policy that enhance the employee's success in strategic plan implementation, motivate them, and helps them deal with new challenges, give them job satisfaction and increase staff retention thus better productivity assist in the success of strategic plan implementation.
- ii) It is imperative that microfinance institutions involve the workers in as many aspects of strategic plan implementation as will be possible. This will increase their commitment, motivation, minimize conflicts, empower them, positively change their attitude as well as make them more efficient in strategic plan implementation.
- iii) Managers must not only show their commitment, but play a visible and a leading role in the management and implementation of strategic plans. They should ensure that they have provided the employees with the necessary resources to enable them perform, offer guidance and counseling to employees with difficulties, offer explanations, create a conducive working environment, supervise the employees closely and provide feedback

### 5.4. Suggestions for Further Research

From the findings, the following areas have been recommended for further research.

- a. The effect of organizational structure on the success of strategic plan implementation
- b. The effect of employee's workload on their success in strategic plan implementation.

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