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Influence of Organizational Structure on Strategy Implementation among SACCOs in Kakamega County, Kenya

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Abstract:
Successful implementation of strong and robust strategies gives any organization a significant competitive edge. However, the extant literature reviewed indicates that the formulated strategic plans are not well implemented in the Savings and Credit Co-operatives in Kenya. The study sought to examine the influence of organizational structure on strategy implementation among SACCOs in Kakamega County, Kenya. The study used a descriptive survey research design while the total target population of 123 SACCOs. The respondents were composed of the SACCOs' Chief Executive Officers, the Board of Directors and the supervisory committee members who were sampled through stratified sampling. The primary information was gathered through the use of a questionnaire and was subjected to validity and reliability tests with the Cronbach Alpha Coefficient being above 0.70 indicating that the instrument was adequate. The study captured data from 35 SACCOs and 264 respondents representing about 55.42% response rate. The correlation analysis indicated that strategy implementation positively correlated organizational structure ($r = 0.3395$, $p < 0.05$). Organizational structure explained 15.60% variance ($F_{(1, 264)} = 29.37$, $p < 0.05$) in strategy implementation process.Based on the findings, the study rejected all the null hypotheses and concluded that these organizational determinants have a statistically significant effect on strategy implementation. The study recommends the following; a leaner organizational structure for effective leadership and decision-making process, management commitment towards the strategic postures and resource deployment.

Keywords: *Strategy implementation, strategy processes, savings and credit co-operatives, organizational structures*

1. Introduction

In today's globally competitive environment is complex, dynamic, and largely unpredictable, strategy implementation involves the organization of the firm's resources and motivation of the staff to achieve objectives (Barmasai, 2016). As reported by Čater & Pučko(2010) reported that the real success rate of strategy implementation lies between 10 and 30%. This figure indicates that less than a third of all organizational firms are able to successfully implement as a result of several impediments. Empirical studies on US firms by Okumus (2003) indicated that it is much easier to implement the strategy and achieve the desired objectives as long as there is a proper alignment between strategy, administrative mechanisms and organizational capabilities. They, therefore, suggested that the administrative systems and capabilities of the organization should be readjusted if the intended strategy was to achieve its aims.

Implementation of a strategy tends to be a complex affair, requiring the intricate and dynamic interplay of people, resources, and market forces(Allio, 2005).Although formulating a consistent strategy is a difficult task for any management team, making that strategy work and implementing it throughout the organization is even more difficult (Hrebiniak, 2006). A myriad of factors can potentially affect the process by which strategic plans are turned into organizational action. Unlike strategy formulation, strategy implementation is often seen as something of a craft rather than a science and its research history has previously been described as fragmented and eclectic (Noble, 1999).The low success rates of strategy implementation processes are also problematic because poor strategy implementation weakens the subsequent planning cycle(Crittenden & Crittenden, 2008).

The literature on the implementation process have highlighted two different but connected views; the structural view and the inter-personal process view. Whereas the former proposes that the management align their formal structures with the organizational long-term objectives, the latter deals with a range of interpersonal and cognitive aspects that must be managed during the process(Čater & Pučko,2010). AS indicated by authors such as Hrebiniak (2005), the structural perspective seems to override the interpersonal process perspective in that the organizational structure holds the framework for power and control and thus is an obstacle to the implementation process. Secondly, the organizational power structure influence the resource allocation process.

Another critical aspect of strategy implementation is the top management who provide the guidance, support and involvement in the process (Čater & Pučko,2010). Thus, the top management tasked with the strategy processes and influence the strategy implementation processes and have more say in determining the type of organizational structure, power and control (Sorooshian, Norzima, Yusof & Rosnah, 2010).During the implementation process, the primary issue concerns the type organizational structure to be emphasized and this calls for the alignment of systems and structure with the goals and objective of the organization (Čater & Pučko,2010). However, in cases where the organizational structures are misalignment and incoherent, there exists a fragile balance of power between the top management and the dominant owners (Gurkov, 2009). This would then impede the implementation process.

2. Literature Review

Pearce and Robinson (2011), define organizational structure as the formalized arrangements of interaction between and responsibility for the tasks, people, and resources in an organization. Johnson, *et al.,*(2008) has written on organizing for success and discussed structuring an organization to support successful performance which includes organizational structures, processes and relationships. They argue that an organization's configuration consists of the structures, processes and relationships through which the organization operates. As indicated by the Bhimani and Longfield-Smith (2007) strategy implementation takes a structured and formal approach with the organizational structure impinging on the implementation process. Further, Zaribaf and Bayrami (2010) affirmed that strategy implementation requires structure realignment. In Latin America, successful strategy implementation is determined by the alignment between organizational structure and culture, effective decision-making, and the alignment between processes, work systems, and information systems(Brenes, Mena & Molina, 2008).

Drazin and Howard (1984) see a proper strategy-structure alignment as a necessary precursor to the successful implementation of new business strategies (Noble, 1999). They point out that changes in the competitive environment require adjustments to the organizational structure. If a firm lag in making this realignment, it may exhibit poor performance and be at a serious competitive disadvantage. Gupta (1987) examines the relationships between strategic business units (SBUs) strategies, aspects of the corporate-SBU relationship, and implementation and finds that more decentralized structures produce higher levels of SBU effectiveness, regardless of the strategic context. Schaap (2006) also suggests that adjusting organizational structure according to perfect strategy can ensure successful strategy implementation. Different strategy types have different requirements regarding an adequate organizational structure (Olson, Slater & Hult, 2005).

The study by Hrebniak (2006) concluded that the obstacles to effective strategy implementation are the components of organizational structure which include poor or inadequate information sharing, unclear responsibility and accountability, and the organizational power structure. Results from a study on Slovenian companies show that managers mostly rely on planning and organizing activities when implementing strategies, while the biggest obstacle to strategy execution is poor leadership Moreover, the results of multiple regression analysis reveal that greater obstacles to strategy execution in the forms of inadequate leadership skills and employees' reluctance to share their knowledge have a negative influence on performance while adapting the organizational structure to the selected strategy as an activity for strategy implementation (Čater & Pučko, 2010).

The organizational structure of SACCOs or a typical network, especially the more advanced ones, consisting of three components: the executive or decision management structure; a decision control (or representation governance) structure; and the private ordering structure. The executive structure is responsible for implementing decisions and manages the procurement and delivery of inputs to the members of the network. This structure will typically also fulfil a strategic planning function. The decision control or governance structure, composed of the General Assembly and the Board of Directors of the federation, with proportional representation and keeping the mutuality principle of the one-delegate-one vote, is the organ where strategic negotiation and decision making and control are accomplished. The private ordering mechanisms, invariably present in highly integrated systems, assume regulatory functions for the entire system and are usually under the control of the General Assembly (Cuevas & Fischer, 2006).

White (1986) points out that the fit between business unit strategy and the internal organization of multi-business companies does affect business unit performance. Emana (2009), concludes that the vitality of cooperatives highly depends on the financial and organizational management capacity of individual cooperatives and that most cooperatives cannot generally afford to recruit highly skilled employees and are managed by management committees drawn from their members. Onchangwa and Memba (2012), concluded that savings and credit cooperative societies improved the investment culture of their members while Sebhatu (2011), found out that Lack of awareness and poor savings culture, weak organizational arrangement and governance, policy and regulatory environment, weak institutional capacity, low capital base, lack of differentiated products, inappropriate loan security requirements, and threats from other financial institutions (MFIs) were among the factors affecting the outreach and sustainability of SACCOs.

Many of the boards are unwilling to delegate authority to senior managers which severely hampers manager's ability to function, and by extension, the ability of the cooperatives to function successfully in a competitive market(Owen, 2007). A study by Wanyoike(2013) indicated that the quality of the board members of the SACCOs in Kenya was significant in determining the performance of the Deposit taking (DT) SACCOs in Kenya. In this manner, the governance mechanisms of the SACCOs are critically important in determining the performance of these organizations. Some of the well-known factors affecting strategy implementation such as structure, culture or organizational processes (Kibicho, 2015). For instance, Olson *et al.,*(2005) reiterate the significance of organizational structure and processes in strategy implementation. The organizational structure and culture play vital roles in the success of a strategy Organizational design entails decisions related to resource allocation and management emphasis. Successful companies design their organizational structure to reflect the firm's strategic abilities and priorities (Brenes, Mena & Molina, 2008).

Brauer & Schmidt(2008) indicated that the board members' involvement in strategy implementation is a precondition to perform their fiduciary monitoring duties and therefore they can only fulfil legal requirements if they have a firm understanding of how management implements the intended corporate strategy. The engagement of board members in strategy implementation seems to be beneficial since they are industry experts and operate at the interface of the firm's internal and external environment. The investigation of a board's role and effectiveness in strategy implementation also bears several implications for corporate governance practice. On a general level, the variance in implementation consistency suggests that boards should pay greater attention to a due process of strategy implementation. The findings underline that board involvement in strategy implementation should be continuous and disciplined.

Among the cooperatives in Kenya, the decision-making body is its general body consisting of all the members through the annual general meetings where the management board is elected and the decisions are put through a vote(Owen, 2007). Of important issues in the cooperatives is its governance systems which are composed of management and the lack of overarching governing policies and procedures which makes the management boards weak in discharging its mandate. Further, there is no clear mandate between the management boards and the management of these cooperatives and thus the board at most times usurps the power and functions of the management leading to indecisiveness and stifling the growth of these cooperatives.

Research on US firms by Okumus(2003) indicated that it is much easier to implement the strategy and achieve the desired objectives as long as there is a proper alignment between strategy, administrative mechanisms and organizational capabilities. In a study conducted in Kenya, Mathuku(2017) observed that the organization structure of the SACCOs do not have clearly defined lines of authority and responsibility and therefore lack adequate supervision to monitor their operations. Mutie & Irungu(2014) studied strategy implementation among the church leadership in Kenya and indicated that culture of goal orientation, teamwork and consultation, strong value systems and internal employee drive significantly contributed to successful implementation. The involvement of employees at the stage of strategy formulation promotes the ownership of the strategic plan during and after strategic plan implementation. The top management of the Council of Churches of Kenya (CCK) should disseminate all the information on the development of the strategic planning process.

The board of the SACCOs are supposed to provide financial stewardship where the routine financial decision-making of the SACCOs and should embrace sound business practices. The SACCOs' financial discipline has a profound influence on the success of all their businesses (Olando, Mbewa & Jagongo, 2012). This involves the major financial decisions which include, include decisions on finance staff, loan management and asset management (Mudibo, 2005). In this instance, financial stewardship should increase SACCOs' physical and financial assets, increase and sustain the SACCOs' value and satisfy the shareholders' demands. Accordingly, the financial practice team identifies the most appropriate methods and structure of financing the SACCOs' assets.

3. Problem Statement

Successful implementation of strong and robust strategies gives any organization a significant competitive edge. These strategy processes have been an increasing focus of numerous studies particularly in private sector organizations with relatively few studies focusing on the public sector(Sorooshian, Norzima, Yusof & Rosnah, 2010). The Ministry of Co-operative Development and Marketing (2008) noted that SACCOs in Kenya face a myriad of challenges resulting from non-implementation of planned programs (MOCD, 2008). Other empirical studies have revealed that 80% of the set strategies are right but only 14% of them are implemented well (Cobbold & Lawrie, 2001). Franken *et al.,*(2009); Okumus, (2003) reveal that most of the strategies formulated by organizations are never actually implemented. Dunlop *et al.,* (2013) and Okumus (2003) found out that many strategies fail in the implementation phase majorly due to failure to adequately translate the strategy from the CEO's high-level ambition to specific actions: failure to appropriately adapt the strategy when conditions change: and failure to put in place the organizational capabilities required to sustain the strategy after it is enacted.

The SACCOs have a unique structure whereby the membership has supreme authority which is exercised during general meetings whose agenda include the election of board members and supervisory committee. In turn, the supervisory committee oversights the management of these organizations. It is widely acknowledged that boards contribute to the strategy implementation processes in these organizations. But despite reasonable consensus on the board's responsibility for strategy, how boards should fulfil this responsibility has remained unclear. In part, this is because the role played by the unique structure in strategy implementation, is still an empirically understudied phenomenon in the co-operative form of organizations (Bordean, Borza & Maier, 2011). Could this unique structure where all members are involved in decision making, affect the implementation of strategies? The researcher found it necessary to investigate the determinants of strategy implementation in the SACCOs. The purpose of the study was to investigate the determinants of strategy implementation in SACCOs in Kakamega County, Kenya. The study sought to examine how organizational structure determines strategy implementation in SACCOs in Kakamega County, with the following null hypothesis; organizational structure does not influence strategy implementation in SACCOs in Kakamega County.

4. Methodological Procedures

4.1. Research Design

The researcher used descriptive survey design as it emphasized studying a situation or a problem to explain the relationships between variables. Cooper and Schindler, (2003) observe that a descriptive design portrays an accurate profile of persons, events, or accounts of the characteristics of a particular individual, situation or group. The design enabled the researcher to better define opinions, attitudes or behaviour held as far as determinants of strategy implementation in SACCOs is concerned.

4.2. Study Population

The study targeted 123 SACCO organizations and each SACCO has nine (9) Board of Directors, three (3) supervisory committee members and a CEO. Thus, the total population was one thousand five hundred and ninety-nine individuals who were broken down into; one thousand, one hundred and seven (1107) Board of Directors (BOD), three hundred and sixty-nine (369) supervisory committee members and one hundred and twenty-three (123) Chief Executive officers (CEOs). Since the study population was huge, the researcher applied sampling methodology.

4.3. Sampling Design

The study used stratified sampling design based on the organizational groups; board of directors, the supervisory committee and senior staff to sample the population. According to Birchall (2009), proportionate stratification provides equal or better precision than a simple random sample of the same size, the gains in precision are greatest when values within strata are homogeneous and those gains in precision accrue to all survey measures. The application of the stratified sampling increases sample's statistical efficiency, while providing adequate data for analyzing the various subpopulations or strata, and enables different methods and procedures to be used in different strata (Coopers & Schindler, 2009).

4.4. Research Instruments

The study used a questionnaire which adopted the Likert scale type format with a scale; Not at all (N); Rarely (R); Occasionally (O); Frequently (F); and All the time (A) as recommended by Vagias (2006). The items for the organizational structure was operationalized by 12 items while the items for strategy implementation was operationalized by eight (8) items.

4.5. Validity and Reliability of Instruments

The questionnaire was pretested on a selected sample for content and predictive validity in similar organizations who were considered for sampling afterwards. Once the pilot testing had been concluded, the questionnaires were randomly distributed to the study population through the department of co-operatives in Kakamega County. Once completed the questionnaires, were tested for reliability with the aid of Cronbach's Alpha correlation coefficient. The items in constructs, the organizational structure had a coefficient of 0.817 while strategy implementation had a coefficient of 0.764. This figure was> 0.70 indicating that the study had the acceptable level of measurement and scale of the study variables.

4.6. Data Analysis

Data preparation was carried out in several steps before data was coded and entered into a statistical software package, STATA for analysis. The data was analysed for both descriptive and inferential statistics.

5. Results and Discussion

5.1. Descriptive Analysis

Variable	Mean	SD
BOD is tasked with organizing AGM or SGM	4.48	0.759
Members approve proposed business strategies	4.34	1.022
Budget is prepared and presented at AGM for approval	4.75	1.185
AGM is held as per the by-law	3.92	1.115
SGM is held as per the by-law	4.04	1.025
Membership votes on all agendas on AGM	4.23	0.898
BOD members are elected by the membership during AGM	3.93	1.215
The supervisory committee is elected by the membership during AGM	4.40	1.065
AGM is the top decision-making organ	4.41	0.925
BOD is tasked with agenda-setting during AGM	4.18	1.094
The supervisory committee oversees the day to day functions	4.14	0.970
Staff are tasked with day to day operational aspects	4.40	0.949

Table 1: Descriptive Statistics on Organizational Structure

The statistics in Table 1 show that BOD is tasked with the organizing the AGM and/or SGM (Mean = 4.48, SD = 0.759) which both held as per the by-law (Mean = 4.04, SD = 1.025) of the SACCO. As per the membership, the AGM is the top decision-making of the SACCO (Mean = 4.41, SD = 0.925) and of which the BOD members are elected first (Mean = 4.40, SD = 1.065) followed by the supervisory committee (Mean = 4.40, SD = 1.065). According to Travaglini, Bandini and Mancinone(2009), the Board of Directors serves as the locus of the organizational governance, where critical decisions take place autonomously but in line with the stakeholder' objectives; their participation in the process is guaranteed through the Annual General Meeting (AGM).

The BOD is tasked with the agenda of the AGM (Mean = 3.93, SD = 1.215) of which all the membership is supposed to vote on all the agendas put forth by the BOD (Mean = 4.23, SD = 0.898). In this way members also approve the business strategies (Mean = 4.34, SD = 1.022) which at all times include the budget approvals (Mean = 4.75, SD = 1.185). The ownership structure of the co-operative enterprises is based on one member one vote, which has important implications for their governance (Spear, Cornforth & Aiken, 2009). The role of the board of the directors as principals, is not only one of a principal overseeing agent, but also one of a strategic political actor seeking to align interests around a purpose, and to prioritize among stakeholders' demands when such alignment cannot be achieved (Ebrahim, Battilana & Mair, 2014)

On the other hand, the supervisory committee is tasked with oversight of the employees of the SACCO (Mean = 4.14, SD = 0.970) while the staff are in charge of the operational aspects of the SACCO (Mean = 4.40, SD = 0.949). These organizational forms that the enterprises choose to adopt and the involvement of the different categories of stakeholders and institutions (Travaglini*et al.,* 2009). The board of directors is formally responsible for the overall control of the organization while its management has the power to effectively run the organization in that it has the time, information, skills, infrastructure and access to resources (Speare*t al.,* 2009).

The staff in these organizations are expected to develop 'business-like', pro-active, if not entrepreneurial attitudes (Diefenbach, 2009). A study in Nairobi established that the majority of the Board members of the SACCOs enjoyed autonomy and freedom in decision making and were accountable when undertaking DTS activities. Separation of power between staff and board operations in the SACCOs was also practised implying that the board members understood their roles and functions and their powers within the Saccos and were careful to delimit them (Wanyoike, 2013).

Variable	Mean	SD
SACCO documents annual plans and objectives	4.35	0.639
Annual plans and objectives comprise agendas voted by the SACCO	4.23	0.876
Workplans and budgets are derived from strategic plans	4.20	0.865
Activities are in line with SACCO objectives detailed in the strategic plan	4.17	0.908
Review of strategic and workplans annually	4.15	0.815
Roles and responsibilities as per our strategic and work plans	4.14	0.915
Turnover has been progressively growing due to strategic planning	4.20	1.013

Table 2: Descriptive Statistics on Strategy Implementation

The statistics in Table 2 concerns the critical aspects of strategy implementation at the SACCOs and touches on the annual plans and objectives, work plans and budgets, roles and responsibilities and turnover. The respondents affirmed that the SACCOs documents its annual plans and objectives (Mean = 4.35, SD = 0.639) which form the agendas that are voted for by the membership during the AGM (Mean = 4.23, SD = 0.876). These plans and objectives are then used to derive work plans and budgets (Mean = 4.20, SD = 0.865) out of which the then broken up into activities that are easily implemented (Mean = 4.17, SD = 0.908). Further, there is a division of roles and responsibilities as per the work plans (Mean = 4.14, SD = 0.915) that should aid in the implementation process. These organizations are thus attributing the progressive growth in turnover (Mean = 4.20, SD = 1.013) to strategic planning components. Linking strategic objectives with the day-to-day objectives and concerns of personnel at different organizational levels and locations becomes a legitimate critical aspect of strategy implementation (Hrebiniak, 2006). Strategy making and the resultant strategy emerge from practice and knowledge of operational matters is an important component in strategic decisions (Speare*t al.,*2009).

5.2. Diagnostic Test

The study tested for following assumptions; normality, linearity, linear association, heteroscedasticity and collinearity. The test for normality test used Shapiro-Wilk(N>2000) and the test, W=0.96226, $p > 0.05$, indicating that data was drawn from a normally distributed population.The test for heteroscedasticity was carried out through the use of Breusch-Pagan-Godfrey test and the results, $\chi^2 = 2.27$, $p< 0.05$ indicating that homoscedasticity in the data could not be assumed. The study remedied the problem through the use of robust regression models. The test for collinearity was carried out using the variance inflation factor (VIF) ≤ 10 and a tolerance figure, 1 / VIF ≥ 0.1. The results were VIF = 1.00, while 1 / VIF ≥ 0.1, thus multicollinearity among the data wasn't encountered. Lastly, test for linear association between variable was carried out using Pearson's Correlation coefficient and the result was, r = 0.3905, $p < 0.05$. This indicated that strategy processes positive correlates with firm performance.

5.3. Linear Regression

Once the assumptions had been tested, linear regression was carried to determine the effect of the strategy processes on firm performance as shown in Table 3 below.

R^2	Adjusted R^2	F-statistic	p-value
0.1560	0.1528	F(1, 264) = 29.37	0.0001
Unstandardized coefficient	Standardized coefficient	t - statistic	p-value
0.3690	0.3950	5.42	0.00

Table 3: Regression Output Statistics

The statistic, F (1, 264) = 29.37, $p < 0.05$, shows that the regression model is statistically significant in predicting the dependent variable. Therefore, these organizational structures explain variations in strategy implementation at SACCOs in Kakamega County. The $R^2 = 0.1560$ indicating that 15.60 per cent in the strategy implementation is explained by the organizational structures at the SACCOs.

The beta coefficients for the organizational structures, $\beta_1 = 0.3950$(t = 5.42, p< 0.05) was statistically significant. The results show that organizational structures have a significant effect on strategy implementation in that a positive unit change in the organizational structures has a 0.3950-unit change increases in strategy implementation at SACCOs in Kakamega County.

5.4. Discussion

The findings show that the organizational structure of these enterprises explain about 15.60% variance ($r^2 = 0.1560$) in implementation with an effect size of 0.3950(t = 5.42, p< 0.05). The findings show that organizational structure has a positive significant effect on the strategy implementation of SACCOs in Kakamega County, Kenya. This effect is discerned from the formalization of the structure coupled with decision-making process and the clear demarcation of duties and responsibilities and is indicated by the respondent characteristics, the organizational learning processes performed in the firm and supported by both empirical and theoretical literature.

Regarding the organizational processes, the effect of the structure is indicated by the AGM is the central decision-making organ of the SACCO and thus all decisions made are approved by the membership. The membership through the AGM elects the board of directors who have the overall responsibility of developing and implementing strategies. Next in line, is the election of the supervisory board which oversights the Board and management staff of the SACCOs. Lastly, all the management staff of these organizations are hired by the board of the directors to perform the day – to – day operations of the SACCOs.

Co-operative enterprises have the configuration of three governance models with the most being the democratic member-based structure where members elect the board by a democratic process and control it through the AGM and direct involvement (Travaglini*et al.,* 2009). This indicates a clear demarcation of the decision-making organ that is the board of directors, the supervisory committee and the staff who hold different responsibilities and duties. This ownership structure is important because it separates ownership and control (Berger & Di Patti, 2006).

Strategy implementation demands ownership at all levels of management (Hrebiniak, 2006) and thus the establishment of a culture where the organizational management is defined as a separate and distinct organizational function, creation of (new types of) managerial posts and positions, emphasizing the primacy of management compared to all other activities and competencies (Diefenbach, 2009). These governance structures of many SACCOs are crucial in defining the type of governing system that could improve its efficiency and efficacy. The board of Directors of these SACCOS are the locus of the organizational governance, where critical decisions take place autonomously but in line with the stakeholder' objectives; their participation in the process is guaranteed through the Annual General Meeting (AGM) (Travaglini*et al.,*2009).

Typically, many business organizations recognize design as an important factor in the growth of their potential competitiveness which is crucial to making profits, and as a tool enabling stakeholders and organizations to work better as a system(Poon, 2011). However, significant challenges are facing these organizational forms in that they have a complex organizational structure and are often not clearly defined by those who have the power and responsibility to make strategic decisions or have the tasks assigned to the operative structures (Travaglini*et al.,*2009).

Many co-operative enterprises are also characterized by their social ownership and are autonomous organizations whose governance and ownership structures are normally based on stakeholder participation (e.g. employees, clients, and social investors (Travaglini*et al.,*2009). These enterprises can operate under several different legal forms and determining the most common ones is difficult for two reasons. First, social enterprises may operate under a combination of legal forms which allows them to be flexible, efficient and innovative in their efforts (Drencheva & Stephan, 2014). The governance and ownership structure of these enterprises are based on participation by stakeholder groups (e.g. employees, users, local community groups and social investors) or by trustees or directors who control the enterprise on behalf of a wider group of stakeholders. These elected individuals are accountable to their stakeholders and the wider community for their social, environmental and economic impact (Speear*et al.,* 2009).

The board of these entities ensures that proper management structure is installed and make sure that the organizational structure is functioning well in order to maintain corporate integrity, reputation and responsibility. The board should monitor and evaluate the implementation of strategies, policies, management performance criteria and the plans of the corporation. Besides, the board should constantly review the viability and financial sustainability of these organizations (Wanyoike, 2013).

The specific governance structures of the co-operatives have a two-fold objective; first, the democratic control and/or participatory involvement of stakeholders which reflect the quest for more economic democracy, as in the general co-operative tradition. This serves as an efficient channel to collectively build a capital of trust as well as the social mission

(Defourny & Nyssens, 2013). Thus, the role of principals, and governing boards, in particular, is not only one of a principal overseeing agent, but also one of a strategic political actor seeking to align interests around a purpose, and to prioritize among stakeholders' demands when such alignment cannot be achieved (Ebrahim, Battilana & Mair, 2014). Many organizations operating in these social enterprise fields have demonstrated the following: the presence of a large variety of initiatives and legal forms, differing ways to manage businesses and structure enterprise organization, as well as differing levels of autonomy and stakeholder involvement (Travaglini*et al.,*2009). These organizations work to achieve social goals utilizing an entrepreneurial activity that usually originates as a community project or is initiated by collective action (Defourny, 2004).

Sometimes extreme organizational structuring may result in excessive formalization which may at times create a dysfunctional organization through the creating of new layers of bureaucracy which divert the energies of professional staff away from service and program delivery into a regime of form-filling, report writing and procedure following. Sometimes, any attempts to improve organizational structures and processes often lead to further increases in bureaucratization, formalization and centralization (Diefenbach, 2009).

6. Conclusion and Recommendation

6.1. Conclusion

Based on the findings, the study concludes that organizational structure influence strategy implementation in these organizations through the governance systems which increases social cohesion and by extension social capital. Through social capital, SACCOs prosper because of the push and drive from the membership to generate a surplus and make investments.

The effect of the organizational structure on strategy implementation can be best described by the social ownership which draws social capital which drives the board and the management towards the attainment of the organizational objectives. Other major attributes of the structure are the ownership of implementation efforts by all the stakeholders through the annual general meetings. Further, efficient boards tend to hire knowledgeable staff to run these institutions and thus can benefit from the knowledge infusion and proper staff alignment and management.

6.2. Recommendation

Since the SACCOs' organizational structures are more or less similar with slight differences in application, the findings show that leadership is critical in the management of cooperatives and therefore the SACCOs membership in conjunction with the state department officials should be proactive in the selection of the appropriate leaders and managers for the organization.

The study managed to capture the critical firm facets of the organizational feature characteristics of the SACCO on strategy implementation at SACCOs in Kakamega County, Kenya. It managed to illustrate that there are still more significant internal and external dynamics that might affect the performance of the SACCOs. These internal determinants of strategy implementation have a significant effect on the strategy implementation efforts of the management of these organizations.

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