

**Influence of Organization's Structure and Culture on Implementation of Strategies in  
Constituency Development Fund Board in Kenya**

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**ABSTRACT**

This paper investigates the influence of organization structure and culture on implementation of strategies in Constituency Development Fund Board in Kenya. The study adopted descriptive correlational survey design which is considered suitable for obtaining systematically factual information and determining whether or not a relationship exists between quantifiable variables and the strength of such a relationship. The target population for this study comprised the employees of the CDF Board. However, a sample was drawn from the population which comprised of the fund managers of the 132 constituencies selected through stratified random sampling together with the 6 heads of departments and 8 regional coordinators formed the sample size of 146 employees from the study population. Information for this study was collected using both primary sources of data that was collected using questionnaires. The questionnaires were mailed to the target respondents and follow-up calls were made later. The data collected was edited, coded, classified, and tabulated to make it amenable to analysis. The response rate in this study was approximately eighty four percent which was considered sufficient for making inferences and drawing conclusions. Quantitative data was analysed using descriptive and correlation inferential statistics. Descriptive statistics included percentages, frequencies, means, and standard deviations while inferential statistics involved correlation analysis. The findings of the study established that organization structure and culture have positive influence on strategy implementation. Management of Constituencies Development Fund should decentralize decision making and eradicate duplication of roles as well as minimize the reporting levels. The board should also provide adequate resources for capacity building in order to reduce employees' resistance to strategy implementation

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**Keywords:** Organizational Factors, Organizational Structure, Organizational Culture and Strategy Implementation

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### **1.0 Introduction**

Today, strategic management has moved beyond profit driven business organizations to include governmental agencies and other not-for-profit organizations (Bushardt, Glascoff and Doty, 2011). Although strategic management in 'not-for-profit' organizations has not been adequately researched as opposed to 'for-profit' organizations, it has been found to be equally important. It has been noted that the concepts of strategy and strategic management are just as important in the public sector as in commercial firms (Miller, Wilson and Hickson, 2004). Research has revealed that organizations that engage in strategic management generally outperform those that do not engage in strategic management. The attainment of an appropriate match, or fit between an organization's environment and its strategy, structure, and processes has a positive effects on the organization's performance (Zaribaf and Bayrami, 2010).

Markiewicz (2011) noted that strategy implementation has attracted much less attention in strategic and organizational research than strategy formulation. Moreover, Alexander suggested several reasons for this such as; strategy implementation is less glamorous than strategy formulation, people overlook strategy implementation because of a belief that anyone can do it, people are not exactly sure what strategy implementation includes and where it begins and ends. Furthermore, there are only a limited number of conceptual models of strategy implementation. Strategy implementation is a process by which strategies and policies are put into action through the development of programs, budgets, and procedures. This process might involve changes within the overall culture, structure, and /or management system of the entire organization. Except when such drastic and corporate wide changes are needed, however, the implementation of strategy is typically conducted by middle and lower-level managers, with review by top management. Sometimes referred as operational planning, strategy implementation often involves day-to-day decisions in resource allocation (Zaribaf and Bayrami, 2010).

Successful strategy implementation involves empowering others to act on all the things needed to put strategy into place and execute it proficiently (Miller, Wilson and Hickson, 2004). The most important outcome of successful strategy implementation is real value added through goal achievement and increased stakeholders satisfaction. Further, a strategy is only useful when it has been implemented, and hence the organization must have an appropriate structure, clear and contributory functional strategies and systems which ensure that the organization behaves in a cohesive rather than a fragmented way (Bushardt, Glascoff and Doty, 2011). Although strategic analysis and strategic choice are more emphasized in strategic management process, Mickiewicz (2011) pointed out that strategy implementation is the action that moves the organization along its choice of route toward fulfilment of its mission and achievement of its vision.

The Constituencies Development Fund (CDF) is a Government's initiative aimed at transforming Kenya into a medium-income economy by 2030. It has enabled Kenyans to experience the value of Government money and the common man and woman can now directly take part in decision making on development matters. This devolved fund is one of the most significant steps taken by the Government of Kenya to alleviate poverty and ensure real community empowerment (GOK, 2014). However, since its inception, the implementation of the CDF program has been faced with several operational and policy challenges and setbacks especially at the constituency level. Some of the major challenges that hinder the implementation of CDF include low utilization of completed facilities due to lack of collaboration with line ministries, weak capacity to identify viable projects,

low technical capacity to implement development projects, poor management of transition during elections, low utilization of technical officers in the implementation of projects, and Too many small projects thinly spread with little or low impact. Therefore, strategy implementation is a fundamental issue that the CDF Board has to address in order to achieve its vision and mission and move towards the desired future.

## ***2.0 Literature Review***

### ***2.1 Institutional Theory***

The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing the role of organizational factors as structure and culture in strategy implementation. This theory is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (McAdam and Scott, 2004) and posits that the social context in which firms operate influences the behavior of organizations (Meyer and Rowan, 1977). As opposed to theoretical accounts that take a strictly rational perspective on decision-making concerning practice adoption, institutional theorists stress the role of social processes, norms and expectations in explaining firm behavior. Diverse factors in firms' environments exert pressures toward social conformity, leading firms to display similarities in the practices employed (DiMaggio and Powell 1983). In addition, March (1988) contend that institutional factors create constraints on decision making which are deeply embedded making institutions stable and hard to change predictors of their decision making.

Institutional theorists have paid increasing attention to what happens after initial adoption of organizational practices and strategies in the process of implementation (Zajac, 2010). Moreover, it has been observed that adoption under social pressure results in less attention and therefore affects the process of strategy implementation. The literature on institutional theory and management practices has paid considerable attention to explaining the occurrence of mimetic isomorphism. Institutional theory has risen to prominence as a popular and powerful explanation for both individual and organizational action (Scott, 2001). Notably, institutional theory is a theoretical lens that has been widely used to study the adoption and diffusion of organizational forms and practices (Brunsson and Sahlin-Andersson, 2000)

Organizational institutionalism examines the adaptations and conformations of the organizations to the pressures of the institutional environment to get legitimacy (DiMaggio and Powell, 1983; Scott, 2001). It considers the processes by which structures, including schemas; rules, norms, and routines, become established as authoritative guidelines for social behaviour (Scott, 2003). The theory inquires into how institutional elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. In this case, the postulates and contributions of institutional theory were used to underpin the independent variables of the study.

## ***2.2 Empirical Literature Review***

### ***2.2.1 Organizational structure and strategy implementation***

A correlation research by Bushardt, Glascoff and Doty (2011) concluded that there is a positive correlation between organizational structure and strategy implementation. Further the study proposed that in all organizations structures will always support strategy implementation. A strategy structure study by Zaribaf and Bayrami (2010) concluded that structure follow strategy since strategy is formulated by top management exclusively and implemented by middle level

management. Poor coordination results into poor strategy implementation (Miller, Wilson and Hickson, 2004). In addition Miller et al (2004) noted that most organizations fail as far as strategy implementation is concerned due to either poor or lack of coordination. The study made use of descriptive analysis which was not adequate for the current study which adopted correlation analysis.

Forman and Argenti (2005) in an exploratory study found out that internal communication structures greatly influence strategy implementation. In organizations, implementation process is highly affected by perception of the structures (Markiewicz's, 2011). The study used an interview as the instrument while the current study used a questionnaire. Slater, Olson, and Hult (2010) concluded that organizational structure and design are important as they entail decisions related to resource allocation.

*H<sub>01</sub>: Organization structure has no effect on strategy implementation in Constituency Development Fund Board in Kenya.*

### **2.2.2 Organizational culture and strategy implementation**

A study done in Iranian banks by Ahmadi, Salamzadeh, Daraei and Akbari (2012) concluded that there is a positive significant relationship that exists between organizational culture and strategy implementation. The study was done in Iranian banks while the current study was done in constituency development funds in Kenya. Li and Wei (2006) researched on enterprise resource planning implementation and organizational culture. The findings of this study revealed that organizational culture positively influences implementation. The research made use of regression analysis while the current study makes use of correlation analysis.

A research by Hrebniak (2006) concluded that poor organizational cultures negatively affect strategy implementation. According to Carlopio and Harvey (2012) if organizational culture is not well aligned to the existing strategy, the process of implementing new strategy becomes difficult. The study used descriptive analysis but the current study adopted correlation analysis. In sampled Latin American companies, Brenes and Mena (2008) concluded that organizational culture support strategy implementation.

*H<sub>02</sub>: Organization culture has no effect on strategy implementation in Constituency Development Fund Board in Kenya.*

### **3 Research Methodology**

The study adopted descriptive correlational survey design as it is suitable for obtaining systematically factual information for decision making. Moreover, this design is appropriate for determining whether or not there is a relationship that exists between quantifiable variables, and the strength of such a relationship (Ariola, 2006). The research design adopted would help to establish the effect of organization structure and culture on implementation of strategies in Constituency Development Fund in Kenya.

The dependent variable was considered as a continuous variable and thus correlation analysis was adopted as recommended by Field (2009). Pearson moment correlation analysis was used to measure of the strength of a linear association between the research variables. The stronger the association of the variables, the closer the Pearson correlation coefficient,  $r$ , is to either +1 or -1 depending on whether the relationship is positive or negative, respectively.

The target population for this study comprised employees of Constituency Development Fund Board comprising of heads of departments, regional coordinators, and fund account managers. Purposive sampling was used to select six heads of department and eight regional coordinators. Purposive sampling helps in ensuring the inclusion into the study of certain specified characteristics of the population that the researcher is interested in (Mugenda and Mugenda, 2003). In addition, one hundred and thirty two fund managers were selected using proportionate stratified sampling technique. Notably, the constituencies are not evenly spread in the forty seven counties of Kenya, with some counties such as Laikipia having only two whereas others as Kakamega have as many as nine constituencies. The resulting sample size of one hundred and forty six employees was considered representative of the three categories of employees involved in implementation of strategy.

The research data was collected using a semi-structured questionnaire administered to all the employees constituting the study sample. The questionnaires were mailed to the target respondents and follow-up calls were made in order to enhance the response rate. Closed-ended questions constructed on a 5-point Likert scale (1-strongly disagree and 5-strongly agree) provided structured responses that facilitated quantitative analysis and drawing of conclusions. However, open-ended questions provided additional information that may not have been captured by the closed-ended questions. A pilot study was carried out in Kiambaa constituency to ascertain the validity and reliability of the research instrument. Face and content validity of the questionnaire items for the two research variables were verified through literature review and expert suggestions as recommended by Mugenda and Mugenda (2003). Furthermore, factor analysis confirmed that the study variables had construct validity as recommended by Kerlinger and Lee (2000). Cronbach's Alpha for the study variables was established at 0.716, 0.848 and 0.729 for organization structure, culture and strategy implementation respectively which lie within the threshold of at least 0.7 recommended by Marczyk, DeMatteo and Festinger (2005).

#### ***4.0 Results and Discussion***

The researcher mailed 146 questionnaires to the sampled employees of Constituency Development Fund Board. However, out of the 101 questionnaires were filled-in and mailed back translating to a response rate of 69%. This response rate was considered sufficient for making inferences and drawing conclusions from the research data as recommended by Mugenda and Mugenda (2003).

#### ***4.1 Descriptive Statistics***

The sample measures that were considered significant to the objectives of this study were sample mean and sample standard deviation. These sample measures were used as a basis for summarizing, describing and comparing research variables numerically as well as revealing pattern of sample data-set as recommended by Saunders, Lewis and Thornhill (2009).

**Table 1: Descriptive Statistics for the Study Variables**

	<b>n</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>S/D</b>
<b>ORGANIZATION STRUCTURE</b>					
Flow of information supports strategy implementation	101	1.00	5.00	2.460	.920
Reporting relationship curtails strategy implementation	101	1.00	5.00	4.405	.551
Tasks and responsibilities are not properly defined	101	1.00	5.00	2.892	.775
Organization structure is acceptable	101	1.00	5.00	1.703	.845
Formal organization structure often conflict with the informal social groups	101	1.00	5.00	4.216	.631
Resource allocations support strategy implementation	101	1.00	5.00	3.243	.760
Political persuasion interferes with project funding and prioritization	101	1.00	5.00	4.703	.463
Resources for capacity building are not sufficient	101	1.00	5.00	4.892	.315
Adequate resources are provided in support of communication	101	1.00	5.00	1.892	.614
Management communicates with the functional units	101	1.00	5.00	2.487	.768
There are open channels of communication	101	1.00	5.00	2.054	.780
<b>ORGANIZATION CULTURE</b>					
Organizational culture supports strategy implementation	37	1.00	5.00	3.649	.676
Vision of the organization is widely shared	37	1.00	5.00	4.000	.236
Some institutional procedures are redundant	37	1.00	5.00	3.676	.523
Team working and consultation is embedded in the organization	37	1.00	5.00	2.432	.689
implementation of change is resisted	37	1.00	5.00	3.946	.229
Technical change causes disruptive social change	37	1.00	5.00	3.378	.828
There is a preoccupation with the technical aspects	37	1.00	5.00	3.865	.347
Unclear communication of change is responsible for resistance to change	37	1.00	5.00	3.919	.753
Change is not a necessity	37	1.00	5.00	2.676	.956
<b>STRATEGY IMPLEMENTATION</b>					
Most of the initiated projects are complete	156	1.00	5.00	2.054	0.78
Feasibility study guides implementation	156	1.00	5.00	1.703	0.52
Project completion rate is within schedule	156	1.00	5.00	1.622	0.492
Needy cases are offered financial assistance	156	1.00	5.00	2.243	0.83
Financial assistance is provided within the specified timelines	156	1.00	5.00	1.757	0.723
Initiated projects empowers the communities economically	156	1.00	5.00	2.135	0.855
Accountability and transparency are enforced	156	1.00	5.00	2.784	0.672

Source: Field Data (2014)

Table 1 reveals that the aggregate mean score for the eleven items of organization structure is 3.177 and thus tends to 4.00 (agree) on the 5-point Likert scale adopted in this study. In addition, the variability of responses from the aggregate mean score is low as indicated by the aggregate standard deviation of 0.675. This aggregate mean score reveals that the level of activities relating to organization structure in Constituency Development Fund Board is relatively high. In addition, the low aggregate standard deviation implies that the responses are concentrated around the aggregate mean response and thus the mean is a stable and reliable estimator of the population mean. In this case, the narrow variation from the overall mean response confirms that the respondents agreed that organization structure play a crucial role in strategy implementation.

The aggregate mean score for items on organization culture is 3.505 and its corresponding standard deviation is 0.582. This overall mean score tends to 4.00 (agree) on the 5-point Likert scale used in this study and thus indicates that respondents generally agreed that activities involving organization culture are practiced in Constituency Development Fund Board. In addition, the responses are clustered around the mean response as illustrated by the low aggregate standard deviation. The low level of variability of responses reveals that the mean response is a reliable estimator of the true mean. The narrow variability from the overall mean response confirms that organization culture is important for implementation of strategy.

Furthermore, the overall mean score and standard deviation for items on strategy implementation are 2.042 and 0.676 respectively. The aggregate mean score approximates to 2.00 (disagree) on the 5-point Likert scale used in this research confirming that there is disagreement amongst respondents that the indicators of strategy implementation are present in Development Fund Board. The low aggregate standard deviation reveals a narrow variability of responses and thus the aggregate mean responses is a stable and reliable estimator of the population mean. The overall narrow variability of responses from the aggregate mean response confirms that implementation of strategy is important in Development Fund Board.

#### **4.2 Results of Correlation Analysis**

The responses on organizational structure, organizational culture and strategy implementation were combined to generate composite scores. Pearson's correlations analysis was then conducted at 95% confidence level. Table 2 below indicates the correlation matrix between organizational structure, organizational culture and strategies implementation.

**Table 2: Correlation Matrix for Research Variables**

		<b>Strategy Implementation</b>	<b>Organizational Structure</b>	<b>Organizational Culture</b>
<b>Strategy Implementation</b>	Pearson Correlation	1.000		
	Sig. (2-tailed)	-		
	n	101		
<b>Organizational Structure</b>	Pearson Correlation	0.610	1.000	
	Sig. (2-tailed)	.019	-	
	n	101	101	
<b>Organizational Culture</b>	Pearson Correlation	0.481	0.116	1.000
	Sig. (2-tailed)	.034	0.67	-
	n	101	101	101

Source: Field Data (2014)



#### **4.2.1 Test of Hypothesis One**

The first objective sought to determine the effect of organization structure on strategy implementation. The null hypothesis deriving from this objective proposed that organization structure has no effect on strategy implementation. The correlation matrix in Table 2 revealed that organization structure is statistically significant at  $r = 0.610$ ;  $p = 0.019$ , therefore at 95% confidence level, organization structure has a strong positive correlation with strategy implementation. These results also illustrate that there is a direct-linear relationship between organization structure and strategy implementation. In this case, this study concludes that organization structure has a positive effect on strategy implementation in Constituency Development Fund Board in Kenya.

#### **4.2.2 Test of Hypothesis Two**

The second objective sought to determine the effect of organization culture on strategy implementation. The null hypothesis inherent from this objective proposed that organization culture has no effect on strategy implementation. The correlation matrix in Table 2 revealed that organization culture is statistically significant at  $r = 0.481$ ;  $p = 0.034$ , therefore at 95% confidence level, organization culture has a strong positive correlation with strategy implementation. These results also demonstrate that there is a direct-linear relationship between organization culture and strategy implementation. Thus, this study concludes that organization culture has a positive effect on strategy implementation in Constituency Development Fund Board in Kenya.

#### **5.0 Conclusion and Recommendations**

Strategy implementation is at the core of management within organizations. This study sought to establish the effect of organization structure and culture on strategy implementation in Constituency Development Fund Board in Kenya. Based on the findings, the researcher inferred some important conclusions. In respect of the first objective, organization structure is statistically significant and thus organization structure has a positive effect on strategy implementation. Moreover, on the basis of the second objective, organization culture is statistically significant and hence organization culture has a positive effect on strategy implementation.

Management of CDF Board should ensure that there is a good 'fit' between the structure and strategy. The structure should support strategy implementation through clear definition of key tasks and activities, initiating effective reporting relationship, enhancing communication, facilitating resource allocation and effective use of the CDF Board strategies. Furthermore, management and policy makers in CDF Board should create a strong culture. Employees must be trained and socialized to accept the firm's mission and to become a part of the firm's culture. This would make the organization culture of CDF Board more supportive to strategy implementation.

This study focused on investigating the effect of organization structure and culture on strategy implementation in Constituency Development Fund Board in Kenya. In this case, the findings and conclusions are limited to Constituency Development Fund Board in Kenya. Future researchers should focus on validating the findings and conclusions of this study by undertaking similar researches in other public and private organizations and sectors in Kenya. In addition, further research should be carried out to investigate the effect of other organizational factors such as resource allocation and communication on strategy implementation, as well as the possibilities of existence of mediating and moderating variables.

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