

**STRATEGIC FIT COMPONENTS AND INFLUENCE ON ORGANIZATION
PERFORMANCE; CASE OF RETIREMENT BENEFITS AUTHORITY IN KENYA
PENSIONS SECTOR**

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Declaration

I hereby declare that this research project is my sole effort and that it is original and it has not been submitted for examination purposes before.

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This research project has been submitted for examination with my approval as University supervisor.

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Dedication

I wish to dedicate this research work to my entire family for their encouragement and moral support and to the Almighty God for giving me the grace to have undertaken this work. I also dedicate this research work to my supervisor Dr. Abel Anyieni whose valuable insight and corrections went a long way in making my work a success. I also dedicate this research work to the management and staff of Retirement Benefits Authority for their cooperation during my research work and thereby making it a success; I hope the insights discovered will be found useful in your future policy making activities.

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Operational Definition of Terms

Strategic fit components political, economic, socio-cultural, technology factors

Performance measures enhanced accessibility by pension players, legislation of better policy governing pension sector operations, rise in number of members enrolled on pension schemes, profitability and better yield returns for members

Legislation implementation of national pension policy

Accessibility adoption of mobile based applications by sector players

Profitability mobilizing more pension funds for use in funding capital intensive projects by government

Abbreviations

CEO	Chief Executive Officer
EEC	European Economic Commission
GDP	Gross Domestic Product
GOK	Government of Kenya
ICT	Information Communication Technology
IEA	Institute of Economic Affairs
IOPS	Institute of Pension Supervisors
IPPS	Individual Personal Pension Plans
NACOSTI	National Commission of Science, Technology and Innovation
NSSF	National Social Security Fund
OPEC	Organization of Petroleum Exporting Countries
PEST	Political, Economic, Social, Technological factors
RBA	Retirement Benefits Authority
SPSS	Statistical Package for Social Sciences
UNDP	United Nations Development Programme

Abstract

Globally, Kenya included as per 1999 statistics a mere fifteen per cent of the population had access to retirement income support. A situation worsened by government's reluctance to fund social security obligations and by poor societal relations where the elderly are abandoned. In Kenya, the pension sector related policies have been in favour of formal sector employment; minority with 15% while overlooking the informal sector with 70% of labour force. This situation has caused stagnation of pension cover at 15% of the labour force. This low coverage of pension schemes is in sharp contrast to their being over 1,350 work-related and individual scheme sector players. This study set out to determine the strategic fit components of retirement benefits authority and influence on performance in Kenya pension sector. The study sought to determine influence of political, economic, socio-cultural and technological factors on performance of retirement benefits authority. This study was aimed at assessing how strategically aligned the Retirement Benefits Authority being the Kenya pension sector regulator, supervisor, promoter and a sector player is in spearheading mobilization of pension savings to be used to fund capital-intensive projects enhancing realization of Kenya Vision 2030 while at the same time improving quality of life for all Kenyans. Theories applied in the study were; Open systems theory, Resource Based View theory, Michael Porter Five forces theory, McKinsey 7'S Model and Goal theory. The study was a census and it adopted descriptive survey research design to establish relationship between independent and dependent variables. The respondents were; the Chief Executive Officer, departmental heads of supervision, research & strategy, risk & compliance and four operational level staff of the three departments chosen using stratified sampling. Structured questionnaires devised by the researcher were used in data analysis. Collected data was analysed via descriptive analysis such as mean, standard deviation facilitated by statistical package for social sciences (SPSS) version 20.0. A correlation test using Pearson correlation coefficient was done to test nature of relationship between independent and dependent variables. All correlations tests gave a result of ($< +1$) indicating a positive correlation between the independent and dependent variables. From the study findings the researcher concluded that political factors ($r=0.855$), economic factors ($r=0.818$), socio-cultural factors ($r=0.776$) and technological factors ($r=0.655$) influence an organization performance in descending order. The researcher concluded that strategic fit components namely; political, economic, socio-cultural and technology factors are interrelated and they influence an organization performance in varying levels. Therefore, the study recommends that organizations should continuously work towards attaining strategic fit to political, economic, socio-cultural and technological factors in their operating environments because they influence an organization performance.

CHAPTER ONE

Introduction

This chapter consists of; background to the study, problem statement, research objectives and significance of the study.

1.1 Background of the Study

The Retirement Benefits Authority (RBA) is a statutory body established in 1997 by parliament under the retirement benefits act, CAP 197. The authority was established for the regulation, supervision and promotion of retirement benefits schemes, the development of the retirement benefits sector and for connected purposes (GoK, 2014). Since then, the pension sector has had several reforms notably; enhanced accountability and transparency where industry players such as the National Social Security Fund are now publishing financial statements; poorly planned investments in land and property have decreased in favour of the Nairobi Securities Exchange (Raichura, 2008). However, more reforms are needed because; previous policies have been in favour of occupational pension schemes dealing with formal employment sector where employment growth is small in comparison to the informal sector (Raichura, 2008). This scenario has caused pension cover to stagnate at 15% of the formal sector labour force and overlooked 70% the bulk labour force in the informal sector. This low pension uptake is projected to lead to an increase in elderly dependency ratio from 12% to 30% by 2050 if not mitigated. Furthermore, the monetary ceilings on combined contributions by employee and employer for formal sector pension schemes e.g. National Social Security Fund leads to saving of insufficient funds for the retirees to live on even for one year after retirement.

1.1.1 The Retirement Benefits Authority

The Retirement Benefits Authority (RBA) is a statutory body established in 1997 by parliament under the retirement benefits act, CAP 197. The authority was established for the regulation, supervision and promotion of retirement benefits schemes, the development of the retirement benefits sector and for connected purposes (GoK, 2014). Under the RBA Act, the functions of the authority are to; regulate and supervise the establishment and management of retirement benefits schemes; protect the interests of stakeholders such as members and sponsors of retirement benefits schemes; promote the development of the retirement benefits sector; advise the Minister of finance on the national policy to be followed regarding retirement benefits schemes and implementing associated Government policies and carrying out any other functions as are conferred on it by the RBA Act or by any other written law.

RBA just like any strategic oriented organization has a vision and mission statement. The vision statement is: To be a dynamic and secure retirement benefits sector while the mission statement: To advance, protect and bring value to the retirement benefits sector through excellence in service delivery. The mission and vision statement are being pursued through 5 year strategic plans which are aligned to the Kenya Vision 2030. The authority organizational structure is such that it is governed by a non- executive board of directors while the day to day management is led by the chief executive officer. It is organized into nine departments namely; Supervision, Research and Strategy, Corporate communications, Information Communication Technology, Finance, Human Capital Development & Administration, Legal and Board secretariat, Procurement & Supply Chain Management, Internal Audit and Risk Management.

The establishment of RBA was a necessity because prior to its establishment confidence in the retirement benefits sector was low due to little regulation and supervision of the sector that led to insufficient safeguard of the retirement schemes stakeholders interests namely members and their beneficiaries, poor management and investment of scheme funds with

majority of funds invested in property market. Although in most cases such misguided investments were unplanned and unintended the risk of mismanagement and outright embezzlement was widespread due to lack of adequate controls and supervision. Furthermore, transparency and accountability were lacking and the main sector player National Social Security Fund was having governance challenges and there were fears over its investments portfolio and reliability of benefits payments (Raichura, 2008). The establishment of the Retirement Benefits Authority has enhanced accountability and transparency in Kenya pension sector where industry players such as the National Social Security Fund are now publishing financial statements while poorly planned investments in land and property have decreased in favour of the Nairobi Securities Exchange (Raichura, 2008). However more needs to be done because; reforms in the Kenya pension sector are skewed in favour of occupational pension schemes, a preserve of formal employment sector where employment growth is slower compared to the informal sector (Raichura, 2008).

This view is also held by (Rono, Bitok & Asamoah, 2010); who noted that there was a need of having a regulator of the pension sector as early as 1991 because; employers would use pension funds to improve company cash flow since they had unlimited access. In addition, pension funds schemes were managed unprofessionally being run by pension fund trustees who were either the senior managers of the employer or by political appointees who had vested interests. This resulted in instances where members entitlements due were either delayed or denied, scheme funds being misused or embezzled by the same trustees entrusted to secure the funds occasioning losses to beneficiaries attributed to poor investments decisions.

As per the RBA strategic plan of 2014-2019; the authority has introduced the following reforms; introduction of ``MBAO'' pension scheme in 2011 targeting the informal sector, maintained high customer satisfaction levels at 80%, developed and implemented an

institutional risk management & control framework, increased its revenue from 349.2 million to 503 million as at end year 2013 due to an efficient levy collection process and it has also introduced risk based supervision model in 2010 making the pension sector more secure. Such achievements would not have been possible had the organization not understood the dynamics of the pension sector because it is a specialized entity in that particular field. Also setting strategic plans with clear timelines projects the organization as visionary and focused to deliver on its mandate. This organization performance was realized because of its strategic fit to operating environment.

1.1.2 Kenya Pension Industry

According to IOPS (2007); Kenya retirement benefits sector is composed of four main schemes namely; the public service scheme, the National Social Security Fund (NSSF), occupational schemes and individual pension schemes. Currently the coverage of pension schemes stands at 15% of the total work force; NSSF leads with a membership estimated at 67% or 800,000 members, public service pension scheme at 22% while the work-related and individual retirement benefits schemes at about 10.4% of total scheme membership with 1,350 pension schemes. NSSF, occupational and individual schemes are funded by member contributions and are regulated by the RBA whereas the public service pension scheme is funded from treasury and regulated by the Pensions Act CAP 189, Laws of Kenya (Raichura, 2008).

In contrast a UNDP(2006) report records; the Kenya pension industry has accumulated assets at 18% Gross Domestic Product in a labour force of about 7 million workers where about 5 million workers have no form of pension cover. In this segment approximately half a million workers are at or near the retirement age. In addition, a Retirement Benefits Authority 2007 report puts the figures of Kenya labour force at 12 million people. Herein the NSSF has 1

million active members; public service pension schemes 600,000 people while private occupational schemes cover about 250,000 members.

As per retirement benefits authority report of 2007; the 15 percent of Kenya workers covered by a retirement benefits schemes are employees in formal/white collar employment. This shows low effort in spearheading sector growth since formal sector employees are inclined to save for retirement by either enrolment onto their employer sponsored occupational schemes or because of the legal requirements requiring all employers employing more than five workers to enrol them for retirement savings with the National Social Security Scheme (NSSF). This policy oversight has slowed down the Kenya pension sector growth due to pension scheme providers overlooking the majority of Kenya's workforce who are in the rural areas or in the informal/ jua kali sector; although the sector has been offering employment to over 70 per cent of the total seven million employed Kenyans over the last 10 years attributed to low government employment levels since early 1990s.

As a result, disadvantaging the pension sector considering the critical role it is expected to play in the realization of Kenya vision 2030, a development plan aspiring to change Kenya into a newly industrializing middle income country providing a high quality life to all its citizens by the year 2030 in Retirement Benefits Authority strategic plan of 2014-2019. The vision 2030 is being implemented through a series of 5 year medium term plans where under the medium term plan 2013-2017; pensions categorized under financial sector of the economic pillar are expected to mobilize savings by increasing institutional capital via pension fund reforms and as a result deepen financial markets. The institutional capital raised is expected to finance capital intensive development projects that will enable Kenya achieve vision 2030. To achieve this pension industry is expected to be robust, transparent and credible.

The need for the Kenya pension sector to develop further is also fronted by (Raichura, 2008); observing that Kenya pension sector needs to develop products that consider; the many informal sector employees in comparison to the formal sector, high levels of joblessness, rural or village based and the elderly population. If this is done then Retirement Benefits Authority will fulfil its mandate of supervising, promoting and regulating the Kenya pension sector amidst the prevailing environment challenges and also play its role in realizing Kenya Vision 2030.

1.1.3 Environmental Factors affecting Retirement Benefits Authority

All organizations are highly dependent on the environment because it is the changes in the external environment that affect the threats and opportunities organizations face. For any organization to remain viable in these ever changing environments it must maintain a strategic fit with its internal and external environment. The environmental factors influencing an organization can be classified into internal and external environment. The internal business environment is composed of factors within the organization control that influence the tactic and success of its processes such as presence of motivated or unmotivated employees, organizational structure, systems, organization culture (Apondi, 2012). The external environment is made up of a range of factors outside the organization of which it has little control over namely; political, socio-cultural, economic, technological, legal and ecological factors. Therefore organizations need to develop strategies that will enable them fit within the environments they operate. The external business environment in which a firm competes changes continually hence the organization should continually align its operations to this change (Badri, Davis & Donna, 2000). As such, organizations continually evaluate their current strategies to ensure that they are aligned to the prevailing environmental factors in order enhance their success.

According to (Aaker, 1995); it is important for an organization to conduct an environmental analysis on forces outside it because they affect its processes and speed of activity. This entails identifying and understanding emerging opportunities and threats created by these external forces. The forces can be classified into; technological, government, economic, cultural and demographic. The influence of these forces in turn formed the basis of this study.

Political factors: The prevailing political situation within a country or globally in relation to an organization scope of operation is very crucial. The influence of political factors on business is critical because it determines the policies, tax legislation and every tariff that governments impose over a trade thereby ensuring hitches or smooth operations in organization operations. With regard to the RBA; its political environment revolves around the Constitution promulgated in 2010, devolution in 2013 and Kenya vision 2030 which all acknowledge the vital role played by social security to national economic development as stated in RBA strategic plan of 2014 -2019.

Economic factors: Economic factors are crucial for an organization environment because it is the element that determines trading and operation costs through elements such as; inflation rate, interest rates, financial or economic policies, imports & exports foreign exchange rates. These are components which all determine the direction in which an economy might move i.e. cost of doing business. Consequently businesses analyse this factor in relation to their environment making it possible to come up with strategies correlated to most impending changes. With regard to the its economic environment, RBA is expected to boost national savings and therefore generate funds for use in long term development projects and grow the economy to attain the annual growth rate of 10% as outlined in Vision 2030. This boost to GDP is expected under the vulnerabilities of high fuel prices, inflationary pressures, insecurity, high joblessness, food shortages caused by famine and increasing poverty levels

which all influence the capacity to save as outlined in RBA strategic plan of 2014-2019; hence coming up with strategies aligned to prevailing economic elements.

With regard to social factors; countries and markets have distinct characteristics. This characteristic is about the people/target market and how they influence the businesses sales and revenue streams through elements such as; cultural practices, gender and related demographics, social lifestyles, domestic structures; all of which when critically analyzed by companies enable them to know the market and the consumer better. The RBA socio-cultural environment includes; poverty, joblessness, high dependency ratio, notions towards saving for retirement, a huge informal segment, low fiscal knowledge levels and insecurity within which the organization is expected to increase number of workers enrolled in saving for retirement as per RBA strategic plan of 2014-2019.

Under technological factors; the influence of technology on a business should be a key element of its strategy because technology changes regularly and therefore companies need to devise plans as to how they will remain relevant. Therefore the correlation between consumer trends and technology is done so as to understand how the consumers react to technological trends and use them to their advantage. Under the RBA technological environment the organization is expected to craft strategic fit with technology that promotes availability & eradicates time wastage caused by labour-intensive systems. Although the RBA has installed a risk based supervision system enhancing its supervision of the sector more needs to be done to increase accessibility.

Considering the legal factor; most of legislative changes occurring from time to time highly influence an organization business environment. This is because organizations operate in environments in which regulations are present which if left unregulated consumers may not get value for money or the best service. For instance, inadequate regulation in the pensions

sector led to use of pensioners contributions as working capital in running company operations. As such any regulation concerning an area of operation influences all the industries and business that operate in that economy, consequently businesses likewise scrutinize the legal changes occurring in their environment. Under the RBA legal environment there is need to come up with a national pension policy and also develop a regulatory framework that creates a sector which is; affordable in terms of individuals and also group financial capacity so as to operate optimally. Secondly, sustainable in terms of being able to generate financially reliable returns over the long-term prospect under a wide set of realistic expectations. Thirdly, resilient in terms of the sector able to withstand huge shocks such as; uncontrolled changes in economic prospects or demographic tendencies. Lastly, to develop a pension sector generating adequate returns which are adequate in terms of providing benefits that are adequate to avert contributor's old age poverty as extracted from RBA strategic plan of 2014-2019.

Ecological factors which includes; geographical location, climate, weather and other such factors that are not just limited to climatic conditions. It can be deduced that these factors not only affect the agri-businesses, farming sectors etc. (Makos, 2011) but their influence is felt in all other sectors. For instance, the RBA ability to mobilize retirement savings is affected by changes in ecological factors which in turn influence climate change and production of food from agricultural sectors relying on rain fed agriculture like Kenya and thereby disposable incomes for households and working populations to purchase food and also have income to save for retirement.

Therefore the RBA just like other businesses/organizations are open systems which have interaction with their external environments for input and output. Businesses interact on a continuous basis with customers, governments, competitors, communities and media where if these interactions with society are positive they benefit a business firm. As a result businesses

should acclimatize to changes in the environment for continued existence and remaining operational (Weber and Lawrence, 2008).

As such attaining a strategic fit between the strengths of an organization internal operation namely; leadership style, organization culture, strategy, competitiveness (Chorn, 1991) and identifying likely opportunities and threats outside an organization scope of operations make a business successful. Also the environmental factors within which a firm operates highly affects an organization strategy be it corporate, business, functional, and operative hence need of strategic fit (Alberto, 1998).

1.1.4 Strategy

Strategy is an executive/managerial action disposition for running a business and steering its operations (Thompson, Strickland & Gamble, 2008). They further state that the creating of a strategy is an indicator of managerial obligation to follow a specific direction or set of actions in growing the business, attracting and pleasing customers, compete successfully, conduct operations and improve the company financial & market performance. In summary, a company strategy revolves around the phrase 'how'. For instance, how does the management anticipate to grow the business, how will the business get/build a loyal or dependable clientele, how will the business outdo competitors or how to be a market leader and so forth.

Strategies are designed to; adapt to, respond to, or shape the environment. Essentially with any major change in the level of turbulence, a change in strategy is required to keep the organization in harmony with its environment. Therefore, environmental uncertainty is crucial to an organization strategy formulation because it not only affects the accessibility of resources to the firm and the significance of its competencies and capabilities, but also customer needs and requirements, and the competition as well hence importance of strategic fit (Jabnoun, Khalifah and Yusuf, 2003).

Camillus and Venkatraman, 1984; argue that strategy is an arrangement/pattern/sequence of striking a balance or equal of diverse components some within the organizational boundaries (competences and resources) and others involving the environment (opportunities and threats); a traditional outlook of strategy which relates it with the open system view of organization theory. Strategy is a plan of action. Strategy is also the equal a business/organization makes after considering its internal resources and expertise with the opportunities and threats made by its external environment. Strategy can also be quantified as the direction /focus and spread of an organization over the long-term that gives it an edge in its area of operation due to the organization alignment of resources to a changing environment and is therefore able to meet market needs and to realize stakeholder expectations; making organizations come up with strategies for better management and allocation of resources. These definitions are an indicator that strategy is not static and they also exist at several levels in any organization such as; the overall business or group of businesses, individuals working in organization may also have theirs (Johnson and Scholes, 2003).

Strategy is the equivalent of resources and activities of an organization to the environment in which it operates. It is also known as search for strategic fit. Strategic fit is defined as designing strategy by pointing out opportunities in the business environment and aligning resources and competencies so as to take advantage of these opportunities (Johnson and Scholes, 2003). Strategic fit is important for an organization so that it achieves the correct positioning in terms of meeting identified market needs. An organization strategy is not only affected by environment forces and resources availability but also by the values and expectations of those who have power in and around the organization. Therefore at times strategy can be perceived as an indication of the attitudes and beliefs of those who have most influence on the organization (Johnson and Scholes, 2003). For a strategy to be successful, a

firm/organization must be flexible and make changes to the strategy based on experience (Balkin, Cardy & Luis, 2008). Many organizations have failed not due to lack of strategy formulation but due to inadequate implementation of strategy. Ahmadi, Salamzadeh, Daraei & Akbari, 2012) have observed that 66% of corporate strategies are not implemented leading to organization failure. Their study also implies that managers need to be vigilant to develop appropriate and effective strategy, with more of their attention and resources being directed to actions and activities in line with strategy implementation.

1.1.4.1 Levels of strategy

Strategic fit in an operating environment is important to an organization because no matter the level at which strategy is crafted; corporate, business or operational its successful implementation and results thereof depends on its alignment to the operating environment. Strategies exist at a number of levels in an organization. People can also say they have a strategy e.g. on career progression.

Corporate level strategy – this level deals with the overall purpose and scope of an organization and how value will be added to the different parts (business units) of the organization. Corporate level strategy could include issues about geographic location, variety of products/services or business units and how resources are to be distributed between the different parts of the organization. Corporate level strategy is the top most level of strategy which is done at the senior organization level by the board of directors and the managing director (Johnson & Scholes, 2003).

Business level strategy – this level is concerned about how the organization/business will compete successfully in selected markets. It deals with how an edge over competitors can be achieved; what new opportunities can be identified or formed in markets, which products or services should be developed in which markets and the extent to which they meet customer needs in such a way as to achieve the organization objectives. Herein the concern is long term

profitability or market share growth. Business level strategy is done at the middle level. Business level strategies are related to strategic business units (SBUs); a strategic business unit is part of an organization for which there is a distinct external market for goods or services different from another SBU hence a need for different strategies according to the different markets (Johnson & Scholes, 2003).

Operational level strategy - this is the 3rd level of strategy. These strategies are concerned with how effectively the constituent parts of an organization carry the corporate and business level strategies. The effectiveness is measured in terms of resources, processes and people. Most successful business strategies depend mostly on decisions made at the operational level. Operational strategies are done at the lowest level of an organization structure/hierarchy (Johnson & Scholes, 2003). From the above it is apparent that a strategic fit with the operating environment for all level of strategy is vital for a business success. Therefore all levels of strategy must work in harmony with each other and with the environment for overall business objectives to be attained.

1.1.4.2 Concept of Strategic Fit

The strategic fit concept is built on the school of thought that organizations have little control over their environment and the organizations successful performance depends on their strategic alignment to environment. Firms which do not make strategies aligning their resources to their environment do not perform. This school of thought was derived from observations from a market based economy, affirming that a match between environment and strategy has a significant and positive co-relation with business performance (Lukas, Tan and Hult, 2001).

Strategic fit is also defined as developing strategy by identifying opportunities in the business environment and adapting resources and competencies so as to take advantage of these

opportunities (Johnson and Scholes, 2003). Such strategies are dynamic because the organization has little or no control over the external environment it therefore aligns them to these environmental factors. Although, a 'fit' between strategy and environment is a necessity for organization survival it can be argued that strategy consists of a process of domain differentiation rather than adaptation (Rumelt, 1979).

Fit is considered key to strategic management because; first, under the field of business policy the initial strategy paradigm, strategy is rooted in the concept of "matching" or "aligning" organizational resources with environmental opportunities and threats (Camillus and Venkatraman, 1984). In this context the underlying role of fit in strategy is to identify the following four components of strategy; market opportunity, company competences and resources, personal values and aspirations, and recognized obligations to segments of society other than stockholders.

Second, strategic management as a relatively new area of inquiry, adopts concepts and research methods from related fields. Particularly, industrial organization (IO) economics, administrative behaviour and marketing; since the concept of fit is dominant in the parent fields, especially in organization theory and IO economics, fit assumes importance while developing and testing theories of strategy (Camillus and Venkatraman, 1984).

Third, fit has been used as an ideal standard/ model to emphasize the significance of coordinating complex organizational elements for effective implementation of the selected strategy (Camillus and Venkatraman, 1984) and to argue that correspondence among seven elements (strategy, structure, systems, style, staff, shared values, and skills) is a requirement for organizational success. This emphasizes the importance of a strategic fit for an organization to be able to cope with environment challenges in its sector.

In addition, the idea of an 'organization' has changed remarkably over time, mainly due to changes in working ethics, technological advances and universal practices and international

economies. Although an organization might be portrayed as an entity, or a unit; essentially it has to interrelate with customers, suppliers, shareholders, etc. As a result organizational structures are no longer the initial stand-alone forms but they comprise more ‘virtual’ types and ‘interconnected’ forms, frequently leading to very complex business entities. This change in the concept of an organization emphasizes the importance of understanding the correlation between an organization with its environment and the vice versa of how the environment impacts the organization. In addition organizations need to sustain themselves in an increasingly competitive environment (Rees and Smith, 2014). Borrowing from (Ahmadi, Salamzadeh, Daraei and Akbari, 2012; Bridge and Truch, 2002); it is not the level of excellence in a strategy that matters but how it is implemented is what that determines its successful outcome signifying the importance of strategic fit to an environment to organization performance.

1.2 Statement of Problem

The enrolment by Kenya workers into pension/retirement saving schemes has been quite low. Although there are over 1,350 work-related and individual pension schemes in Kenya (Raichura, 2008); employee pension cover has stagnated at 15% in favour of the formal sector workforce as per retirement benefits authority statistics of 2007. For the Kenya pension sector to grow and develop it needed to focus more on; the considerably larger size of informal sector employees in comparison to the formal sector, high levels of unemployment, rural based populations and aging population (Raichura, 2008). In addition, Rono, Bitok & Asamoah, 2010 have also observed that Kenya pension sector challenges also include; inadequate regulatory structure and irresponsible scheme funds investments leading to low yields. Therefore, the formation of retirement benefits authority in 1997 to regulate, supervise, develop and to promote retirement pension schemes was expected to oversee sector growth and development enabling more employees enrol in pension schemes.

However, RBA has made little progress in fostering growth of the sector since pension cover is still at 15% as per the Retirement Benefits Authority strategic plan of 2014-2019.

Various studies have been carried out on the pension sector in Kenya such as; (Raichura, 2008); Analytical review of the pension system in Kenya, (Muendo, 2013); Management of strategic change at Local Authorities Pension Trust, (Mulwa, 2012); Management of strategic change at NSSF, (Gichumbi, 2008); Strategic responses by NSSF to changing environmental conditions in Kenya. These studies on the Kenya pension sector have focused on strategic change in other sector players and not on the retirement benefits authority; the sector regulator and player posing a knowledge gap which this study sought to fill.

1.3 Research objective

The major objective of this study was to evaluate if strategic fit components are influencing performance of Retirement Benefits Authority fulfil the mandate of promoting, supervising, regulating the pension sector and safeguarding the stakeholder interests in Kenya pension industry

1.3.1 Specific objectives

- i) To determine the effect of strategic fit to political factors on organization performance
- ii) To establish the influence of strategic fit to economic factors on organization performance
- iii) To investigate the influence of strategic fit to socio-cultural factors on organization performance
- iv) To evaluate the role of strategic fit to technological factors on organization performance

1.4 Research questions

- i) In what way does strategic fit to political factors affect organization performance?
- ii) What is the influence of strategic fit to economic factors on organization performance?
- iii) What is the role of strategic fit to socio-cultural factors on organization performance?

iv) Which effect does strategic fit to technological factors have on organization performance?

1.5 Significance of the study

The study will add to the existing body of knowledge on the facilitation and regulation of pensions sector in Kenya and also provide areas for further research work. It will also guide policy makers at RBA and the government about how to further grow the scope of the pensions sector and enhance the sector contribution to mobilization of savings for use in capital intensive projects as outlined in Kenya Vision 2030 while improving the quality of life for Kenyans.

1.6 Scope of the study

The study focussed on the RBA because of its multi-faced role in the Kenya pension sector where it is a promoter, regulator, supervisor and protector of stakeholder interests. The study approach was a descriptive analysis research design because the researcher was interested in determining nature of relation between the independent and dependent variables.

1.7 Limitation of the study

1.7.1 Biased respondents

The study was focused on the RBA which is the statutory body mandated to regulate, promote and supervise the pension sector in Kenya and at the same time safeguarding the members and sponsors interest from abuse by industry players. Since the authority is the sole regulator of pension sector or is a monopoly there was a possibility of receiving biased responses or in other instances the top management who are respondents withholding information. The researcher countered this shortcoming by seeking some respondents among the operation level staff and also by assuring the respondents that this exercise was only for academic purposes and a copy of the final report would be availed to them for their review.

1.8 Organization of the study

This research project is structured as follows; chapter one covers the research background, statement of problem, research objectives and questions, significance of the study, scope of the study and limitations of the study. Chapter two entails review of literature pertaining strategic fit to external environment factors and influence on strategy, research gap identification and a conceptual framework. Chapter three covers methodology used in the research work. This includes target population, sample size and sampling techniques, data collection techniques and ethical considerations whose study findings are presented in chapter four. Chapter five covers the conclusions of the study and gives policy recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical review

The study was based on the following theories; Open System, Resource based view, Michael porter five forces, McKinsey 7'S and Goal Theories.

2.1.1 Open system theory

Business organizations are highly dependent on their environment from where they get input resources such as information, ideas, raw materials, finance and labour among others and to where they get consumers of their finished goods or services. They therefore do not operate in a vacuum (Dauda and Ismaila, 2013).

This view is affirmed by the General systems theory/ the open systems theory put forward by Boulding, 1956 and supported by Von Bertalanffy, 1968 as quoted from (Weber & Lawrence, 2008); which argues that organisms, human organizations and societies are open systems. They are systems because they consist of a number of component subsystems that are interrelated and interdependent. These systems are open to and have interaction with their external environments. Systems are made of subsystems while environment is made of systems where boundaries separate one system from another and a subsystem from another. Although most systems have clear boundaries, they cannot be understood in seclusion but only in relationship to their environs. As applied to management theory, the system concept implies that business firms (social organisms) are embedded in a broader social structure (external environment) with which they constantly interact. Corporations/organizations have ongoing boundary exchanges with customers, governments, competitors, communities and media where if these interactions with society are positive they benefit a business firm. However businesses must adapt to changes in the environment since the key to business

survival is often the ability to adapt effectively to changing conditions. Systems theory therefore provides a powerful tool to help managers conceptualize the relationship between their companies and their external environment. It helps us understand how business and society taken together form an interactive social system where each needs the other and also influences the other. Although business and society/environment are separate entities they are so connected that any action taken by one will surely affect the other (Weber & Lawrence, 2008).

According to (Santala and Parvinan, 2007); strategic fit as observed on open system approach perspective sees the organization as a set of interdependent parts that form a whole and are in turn interdependent with the larger environments. Herein the theoretical framework suggests that attainment of an enhanced performance by a business is dependent on realization of a fit, match or congruence between a firm's strategy and environmental or organizational contingencies. Businesses operate in an ever changing environment in which they must adjust and adapt to through strategic orientations; implying that a firm survival depends on its strategy

2.1.2 Resource Based View Theory

The retirement benefits authority is mandated to promote and develop the Kenya pension sector. As a result it should align its technical and human resources to efforts aimed at creating a conducive environment enhancing growth of pension sector. This is so because firm resources; physical, intangible assets and capabilities are the building blocks of strategy (Anderson and Narus, 1999). Since, the organization is both a regulator and sector player working in partnership with other sector players; the strategic process should be more aligned to sector growth and development. Also the resource based view theory entails assessment of both firm internal capabilities & competencies and external perspective in terms of how it relates with other entities in its operating environment and hence is applicable in this case.

According to the resource based view theory advanced by Wernerfelt in 1984 and supported by Barney in 1991; a resource is classified as anything which could be thought of as a strength or weakness of a given firm. As such a firm's resources at a given time could be defined as those (tangible & intangible) assets which give the firm a competitive advantage such as brand name, superior technology (Wernerfelt, 1984). The RBV as is popularly called is a method of analyzing and identifying a firm strategic advantage based on assessment of the organization unique combination of tangible and intangible assets, skills and capabilities (Robinson, Pearce and Mital, 2012). This is because organizations primarily differ from each other in terms of the utilization capacity of their tangible & intangible assets.

According to (Barney, 1991); an organization is able to sustain competitive advantage through execution of strategies based on internal strengths that respond to environmental opportunities and at the same time neutralizing external threats and minimizing internal weaknesses. Organizations/firms use of their resources brings about competitive advantage. Herein, competitive advantage is the ability of a firm/organization to put in place a value creating strategy process which is not currently being used or implemented by other firms; current or potential competitors. Therefore an organization has a sustained competitive advantage when it is carrying out a value creating strategy which is not at the same time being carried out by present or future competitors and whose benefits other firms are unable to derive. In Barney's view, resources are classified as all assets, capabilities, organizational processes, information under an organization control which it uses to design and carry out strategies enhancing its competence and value.

Under the theory for an organization to have a sustained competitive advantage its resources must contain the following four characteristics; they must be valuable where they are able to maximize on opportunities and minimize threats in an organization environment. They must be rare among an organization current or potential competitor, they must be imperfectly

imitable and there cannot be strategically equal substitutes to the resource owned by the particular organization (Barney, 1991). Therefore the retirement benefits authority should be able to harness its tangible and intangible assets to promote and develop the Kenya pension sector from the current stagnant levels.

2.1.3 Michael Porter Five Forces Model

This theory as advanced by Michael Porter is applicable in this study because the retirement benefits authority is both a regulator and pension sector player and it should have a competitive advantage to undertake both supervisory and sector player capacities. The theory argues that organizations formulate strategy so as to cope with competitiveness in their operating environment. This is because an industry competitiveness is determined by the existing economic and competitive forces whose effects are felt beyond the segments of the particular industry (Porter, 1979). Industry competitive forces consist of; threats of new entrants into market, bargaining power of customers/ potential customers, bargaining power of suppliers/service providers, threat of substitutes and rivalry among current competitors. Every industry segment has distinct technical and economic characteristics that constitute the competitive forces which in turn affect all sector players.

This theory is applicable because the RBA needs to develop a competitive advantage which will enable it increase pension enrolment levels from the current stagnant at 15% to 20% as recorded in the strategic plan of 2014 to 2019. Furthermore since the inception of the organization in 1997 the levels have remained constant hence a need to boost its internal capacity to counter market forces in the pension sector. A strategic manager must therefore analyze these forces and craft a strategy on how to counter the negative effects/threats of these competitive forces and transform them into competencies/opportunities thereby fulfilling organization objectives.

2.1.4 McKinsey 7'S Model

This management model was developed by Robert Waterman and Tom Peters in 1980 as a model for McKinsey & Company. It was designed to enable an organization measure their internal capacity to cope with change. Under this approach the model assesses an organization internal capability in comparison to its environment. In the model; strategy which is an organization structured action and resources allocation should be synchronized to achieve the company goal. Structure entails determining whether the organization under study has capability to undertake its role/objectives. Systems entail its processes such as information systems. Style entails assessing how the management leads the organization in pursuit of its goal. Staff entails assessing whether staff/employees understand or are competent to execute the core mandate/role the organization will play or know the organization culture. Shared values assessing whether there is team work. Skills this is about the organization strength and weaknesses (Wehrich & Koontz, 1993).

Although this model emphasises on an organization internal competence, usually the attainment of such competence is usually a competitive advantage to the attainment of a certain goal. Also the different 'S' components within an organization are what that makes the organization distinct. As a result, the McKinsey 7'S model is adopted in organization in the same respect as other theories such as systems and resource based view and hence applicability under this study.

2.1.5 Goal theory

Goal theory was first proposed by Locke in 1968; in his argument he suggested that motivation to achieve is mainly driven by the specific goals/objectives which individuals or organizations set for themselves. Herein it is observed that working towards realization of a goal is in itself a motivator. An inference of Locke research was that individuals/organizations have enhanced performance when they set specific goals as

opposed to vague goals. In addition, when the specific goals are demanding, the organization performance is even better. As such, the perception to rely on doing one's best is not as effective as identifying specific targets and working towards actualizing them (Cole, 2004).

Goal theorists; Locke & Latham in 1988 also proposed that an individual/organization push/motivation to achieve defined objectives/goals is enhanced when they receive feedback on their performance. Such achievements are mainly realized when the individuals/organizations have full commitment to goals set. Also when the objectives are made public and are set by the subject entity rather than imposed externally there is a higher level of commitment. This in turn leads to objective/goal ownership enhancing the organization success due to realization of set objectives (Cole, 2004).

Goal theory is applicable in this study because the retirement benefits authority has targets which it is expected to fulfil but also it has strategic plans which are often guides to action and are also used to measure level of achievement.

2.2 Empirical Review of Literature

Environment Strategic fit and Performance

Strategic fit is a valued theoretical standard in theories of organizational adaptation (Lukas, Tan and Hult, 2001) and is ever-present in strategic marketing and strategic management. Basically, the argument is that environment and strategy interact in a dynamic co-alignment process and the resulting fit between strategy and its environmental context has positive implications for performance. However, this assessment is derived almost exclusively from observations in western economies, where the firm in focus operates in a stable, market-based economy; the strategic fit paradigm is therefore promoted as a universal strategic framework (Lukas *et al*, 2001).

In addition, organizations/businesses operate in a rapidly changing environment which they must adapt to for their growth and development. This degree of change in environmental factors is known as the level of environmental turbulence. The more turbulent the environment the more aggressive the firm response must be; however some firms take full advantage of the opportunities offered by turbulence while others lag behind (Bridge and Truch, 2002). The environmental turbulence is determined by a combination of numerous factors which include: changeability of the market environment; speed of change; intensity of competition; fertility of technology; discrimination by customers; and pressures from governments and influence groups implying that strategy is affected by a combination of factors in the environment. The success of every organization is determined by the match between its strategic responsiveness and strategic aggressiveness and how these are matched to level environmental turbulence. This is because each level of environmental turbulence has different characteristics, requires different strategies and requires different firm capabilities. Therefore, each level of environmental turbulence requires a matching strategy and the strategy has to be matched by appropriate organizational capability for survival, growth and development. To be successful over time, an organization must be in tune with its external environment. There must be a strategic fit between what the environment wants and what the firm has to offer, as well as between what the firm needs and what the environment can provide.

The environment is composed of various niches and hence the importance of making strategies aligned to these niches. Furthermore, recent trends in strategy formation process emphasis use of emergent methods that are flexible driven by organizational learning as opposed to prescribed long term planning. Under the emergent trends strategy formation involves; judgmental designing, intuitive visioning and emergent learning (Bridge and Truch, 2002). This therefore enforces the notion that the effectiveness of any strategy is highly

dependent on the manner in which the strategy has been implemented. No matter how brilliant or well aligned a strategy may be its successful outcome depends on how it is implemented. As such the strategy process is a progressive process and is not static hence the importance of strategic fit to operating environment and challenges thereof.

Strategic fit is crucial to an organization survival and those organizations which match their state of affairs to the environment improve their performance, while those that do not often fail. The relationship between an organization and its environment, in the strategy-making situation impacts; the firm's basic mission or scope matching its environment and secondly at having a competitive advantage which other competitor firms are also trying to get (Jabnoun, Khalifah and Yusuf, 2003). Strategies are designed to; adapt to, respond to, or shape the environment. Essentially with any major change in the level of turbulence, a change in strategy is required to keep the organization in harmony with its environment. Therefore, environmental uncertainty is crucial to an organization strategy formulation because it not only affects the accessibility of resources to the firm and the significance of its competencies and capabilities, but also customer needs and requirements, and the competition as well hence importance of strategic fit (Jabnoun et al, 2003).

The relationship between strategic fit and an organization environment is a key element in successful implementation of an organization strategy and subsequently positive performance. An organization strategic fit which is the degree of co- relation between its strategy and its environment has major performance repercussions (Abong'o, Ojera, Ochieng and Aila, 2015). Strategic fit brings about organization superior performance as deduced from a study whose variables were strategy and governance systems done by Yin and Zajac in 2004. Also, from a study done by Dan et al., 1994 on a sample of 173 acute care hospitals it was deduced that compliance to an externally stated perfect strategy profile has a positive

impact on firm performance; highlighting the importance of a strategic fit for an organization with its operating environment (Abong'o et al, 2015).

Mathooko and Ogutu, (2014); organizations need to comprehend their external environment in terms of the challenges, opportunities and threats present, so that they come up with strategies which will capitalize on the opportunities and circumvent threats making the organizations successful in their business. This is because organizations operate in environments which change continuously and therefore present dilemma/unique challenges to organizations and their management and thus a need for designing relevant and sustainable response strategies which align to these environments. Therefore strategy can be perceived as matching of resources and activities of an organization to the environment in which it operates and thus attaining a strategic fit.

Instability in an organization environment is caused by change in factors such as; technology, competition, globalization, economic, political, social, or organizational strategies of the company (Janatifar, Bakhitiri, Asghar and Qomi, 2014). This state of continuous change emphasizes the importance of an organization having a strategic fit with its environment. Strategic fit is a holistic approach which is construed as the degree of link between competing priorities, delivery channels, structure performance and is based on the integrated approach of strategic management as put forward by strategic management pioneers Chandler in 1962 and Ansoff in 1965; an approach aligning the organization to the open systems theory/approach where the organization is seen as a collection of interacting components which in turn interact with the environment for realization of business performance. If a fit or compatibility is found between strategy, the organizational and environment components then there is an increased business performance (Janatifar *et al*, 2014).

Chumo (2012); argues that since firms performance depend on the fit between the firms and their external environments; changes of external environments require a firm to acclimatize to them through change in its response strategy. It is therefore critical that an organization understands these external environmental conditions because they affect their strategies.

2.2.1 Political factors strategic fit and organization performance

According to (Lux, 2016); organizations are likely to engage in political activities when these activities are deemed to generate greater economic returns than economic activity. This argument is based on the supposition that political factors (politicians and government policy makers) determine the legal and regulatory frameworks within which an organization operates. As such the political class are engaged/ lobbied by organizations through activities known as corporate political activity (CPA). He further argues that economic returns are derived by adequate identification of political elite and appropriate engagement with them.

Political factors such as minimum wage legislation, pricing policies, government subsidies can either work for or against an organization and as such an organization should endeavour to align with them for smooth operations. For example, considering piracy in China, where Microsoft and Linux, multinational software companies are operating; Microsoft market growth and penetration are hampered by lack of laws against piracy while at the same time the government policies are in favour of its competitor Linux. This has caused Microsoft to have minimal headway in such a lucrative market (Robinson et al, 2012).

In a study entitled; Operations strategy, environmental uncertainty and performance: A path analytic model of industries in developing countries by (Badri, Davis and Donna, 2000) they studied effect of environmental variables: government laws & regulations and political consideration on developing industries using a sample of manufacturers in United Arab Emirates. The study inference was that industries categorized as 'small business' and 'developing' rather than 'mature', had a strong relation among environmental factors such as

labour availability, competitive hostility, government laws and regulations, political concerns and market dynamism and the operations strategy choices covered by competitive strategies. The data deduced also indicated that successful organizations (high performers), usually embrace competitive strategies that best fit the conditions of the environment, particularly stability and dynamism. The results also indicated that most firms know they have little control over the environment and they design a fit mechanism to react to its forces. This relevance of political factors strategic fit influencing organization performance is enhanced by the UAE government assertion that manufacturing was the future bedrock of its economy since the country was developing.

The prevailing political situation within a country or globally in relation to an organization scope of operation is very crucial. The influence of political factors on business is critical because it determines the policies, tax legislation and every tariff that governments impose over a trade thereby ensuring hitches or smooth operations in organization operations. Locally, the RBA political environment is composed of constitution promulgated in august 2010, devolution governance in 2013 and Kenya vision 2030 which all acknowledge the vital role played by social security to national economic development as stated in RBA strategic plan of 2014-2019.

2.2.2 Economic factors strategic fit and organization performance

According to (Lukas, Tan and Hult, 2001); basing on observations from a western economy they argue that firms operating in stable, market based economies record good performance. Economic factors entail the nature and direction of economy in which an organization operates. This is because consumption patterns are influenced by affluence of select market segments and an organization must consider the respective economic trends. Economic aspects to be considered include; inflation & interest rates, level of disposable income and tendency of people to spend (Robinson et al, 2012). Consequently, organizations which

capitalize on national or global economic decline create opportunities for themselves. For instance, during the downward economic turn of the US economy in 2008-2009, Gap Inc. CEO Glenn Murphy emphasized on the organization retrenchment efforts to achieve its turnaround strategy; an endeavour that started paying off early into its implementation. Also attainment of strategic fit to economic factors has given economic bloc members better bargaining powers in international markets such as OPEC; Organization of Petroleum Exporting Countries. The emergence of European Economic Community comprising mostly of west European countries enhanced member countries competition in non-European markets due to elimination of quotas and establishment of a tariff free trade area for industrial products among the members.

Due to the high rate at which companies are becoming global; (Birnlleitner, 2013) In a study on multinationals entitled 'Influence of macro-environmental factors to the process of integrating a foreign business entity' states that both micro-economic factors; internal economic perspective of an organization such as labour, technology and macro-economic factors in the external economic perspective of an organization such as exchange rates, inflation, taxes, tariffs highly influence company operations. In his argument focused on the external economic perspective he states that the more operation complex a multinational becomes the higher the influence of the macro-economic factors due to associated risk. As such consideration of economic factors is vital for a business growth and expansion.

Locally, where 70% of labour force is informal employment; the Retirement Benefits Authority is expected to boost national savings and therefore generate funds for use in long term development projects and grow the economy to attain the annual growth rate of 10% as outlined in Vision 2030. This boost to GDP is expected under the vulnerabilities of high fuel prices, inflationary pressures, insecurity, high joblessness, food shortages caused by famine and increasing poverty levels which all influence the capacity to save as outlined in

Retirement Benefits Authority strategic plan of 2014-2019; hence coming up with strategies aligned to prevailing economic elements.

2.2.3 Socio-cultural factors strategic fit and organization performance

According to (Cartwright and Cooper, 1993); cultural incompatibility between merged firms has often resulted in the merged firms realizing a poor performance in comparison to when they were separate entities. Such culture incompatibilities have resulted in low employee morale, poor work quality and declining financial performance. They argue that in such instances of 'culture collisions' the costs resulting from poor organization culture integration can be as high as 25 - 30% of the performance of the acquired organization. A cost that makes culture fit equal or of greater importance than 'strategic fit'. Their argument notes that culture is as important to an organization just like personality is to an individual. Furthermore, the extent of culture fit that exists in the post merger is likely to be a direct determinant of the success of the merger.

Socio-cultural factors influencing an organization include; beliefs, values, attitudes, opinions and lifestyles of people in the external environment. Socio-cultural factors just like other factors of the environment keep changing due to changing individuals efforts to derive fulfilment by controlling and adapting to environment. For example, McDonalds the world's largest fast food chain in 2005 launched a new promotional campaign centred on healthy lifestyles to counter an assertion by health experts that its menu comprising of high calorie, artery-clogging foods had led to an increase in cases of obesity. At the time of this public concern on increased obesity due to diet, McDonalds had an outstanding same store sales growth in 25 years and this new campaign enhanced its global sales further (Robinson et al, 2012).

Although, translating social change into business forecasts potential is a tough assignment organization determined to remain in business must take the path. Locally, the RBA socio-

cultural environment includes; poverty, joblessness, high dependency ratio, negative notions towards saving for retirement, a huge informal segment, low fiscal knowledge levels and insecurity within which the organization is expected to increase number of workers enrolled in saving for retirement RBA as noted in RBA strategic plan of 2014-2019.

2.2.4 Technological factors strategic fit and organization performance

According to (Haiyang and Kwaku, 2001; as quoted from Boeker, 1989; Eisenhardt & Schoonhoven, 1990); product innovation is a major strategy for new technology firms with reference to young technological firms i.e. those that are eight years old or younger. However, a product innovation strategy is a high risk venture to such young technological firms because they are usually short of managerial and financial resources. In order for the new technological firms to be effective in the use of product innovation strategy they argued that it depended not only on; how they managed environmental turbulence and unfair competition but also on the extent of government policy support to alleviate their resource and managerial constraints in comparison to other established players.

To avoid being obsolete and redundant an organization must be aware of technological changes in its environment that will not only enhance innovation but also promote competitiveness. This is especially so for organizations operating in highly turbulent industries where they must strive to project future technological advances from existing technologies influencing their products and services. Such an endeavour is called technological forecasting and when considered it protects an organization market share and also increases their profitability (Robinson et al, 2012). A new technology replaces an older technology rendering the old ones obsolete while it also creates new markets and opportunities indicating the constant advancements/changes in the technological environment. As such technology is also used by organizations to create competitive advantage (Dauda and Ismaila, 2013). For example, the decision by Toyota to enter global

markets and constantly invest in new production technologies in such markets over the last 15 years has given it a competitive advantage which analysts estimate its competitor Ford has lost and it might take it a minimum of 20 years for Ford to match it (Robinson et al, 2012).

In a study entitled 'Influence of Technological Environmental Factors on the Strategic Choice of Quoted Manufacturing Firms in Nigeria's Food and Beverage Industry' (Dauda and Ismaila, 2013); deduced that food and beverage manufacturers desiring to succeed in their operating environment should pay close attention to the technological factor changes/dynamism. Under the RBA technological environment the organization is expected to craft strategic fit with technology that promotes availability & eradicates time wastage caused by labour-intensive systems. Although the RBA has installed a risk based supervision system enhancing its supervision of the sector more needs to be done to increase accountability of pension sector as outlined in RBA strategic plan of 2014-2019.

As such all business organizations are highly dependent on their environment from where they get input resources such as information, ideas, raw materials, finance and labour among others and to where they get consumers of their finished goods or services. They therefore do not operate in a vacuum (Dauda and Ismaila, 2013).

2.3 Summary of Literature Review

This chapter reviewed the relationship between strategic fit components and an organization performance. It concluded that the external environment does have a major influence on an organization performance. For instance, (Apondi, 2012); concluded that the social, legal, economic, political, technological and ethical factors affected hospital operations and as such the external environment highly influences a business core objectives and strategies hence importance of an organization attaining strategic fit with the environment.

From empirical review, the researcher was able to find a linkage between the four strategic fit components namely; political, economic, socio-cultural and technological factors and how they influence organization performance. For instance, organizations can use political factors to enhance economic performance through policy formulation; adequate socio-cultural integration for merged firms enables organizations attain better performance than when they were separate entities and technology based organizations can ride on the influence of political factors to enhance their performance.

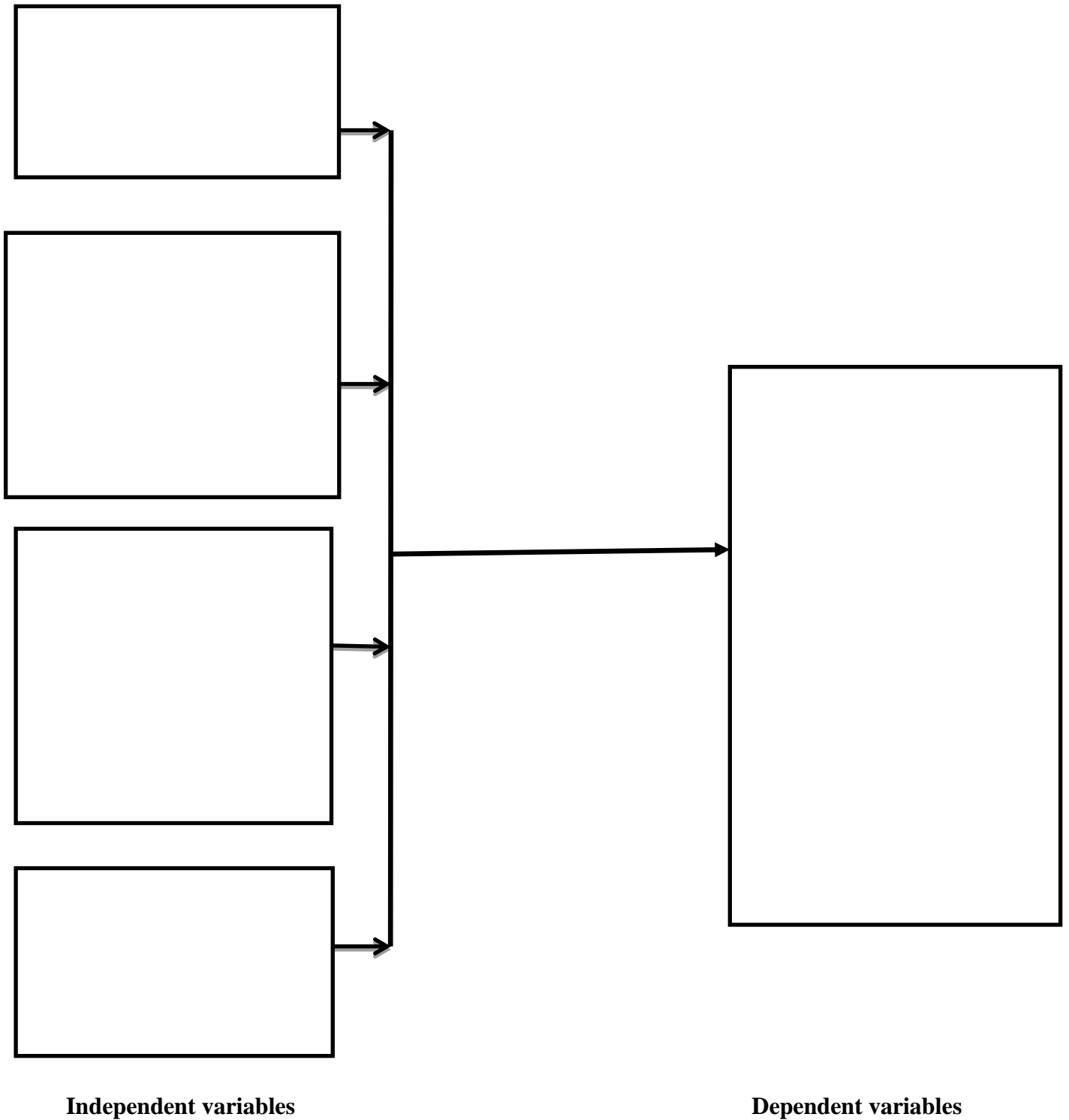
2.4 Knowledge gap

Various studies have been carried out on Kenya pension sector. However, the studies have focussed on strategic change management in sector players such as National Social Security Fund and Local Authority Pension Trust, with no related study conducted on the Retirement Benefits Authority; a pension industry player and regulator. In addition, growth of pension cover in Kenya has remained low at 15% in spite of the authority having been in existence since 1997. This posed a knowledge gap that this study set out to fill.

2.5 Conceptual Framework

Considering the theoretical and empirical review of Political Economic Socio-cultural Technological factors strategic fit and their influence on an organization performance the researcher designed the following conceptual framework. Herein the Political, Economic, Socio-cultural, Technological factors are the independent variables and performance objectives are the dependent variables.

Figure 2.5: Strategic Fit components



Source: Author 2016

CHAPTER THREE

METHODOLOGY

3.1 Research design

The study adopted a descriptive study namely census because the target population was small and the researcher intended to establish nature of relationship between the independent and dependent variables. Although the target population was small and respondents were few; research can still be conducted with at least ten per cent of the potential respondents (Mugenda & Mugenda, 2003).

3.2 The Target Population of study

A target population of study is as an entire group of individuals, events or objects having a common observable characteristic (Mugenda & Mugenda, 1999). The target population in this case were the Retirement Benefits Authority operational and senior management staff. Both operational and top management staff was engaged in the study because strategy is a top-down and down-up process. The study therefore focussed on all 16 staff namely; 12 operational level employees and the top management comprising of the Chief Executive Officer and 3 departmental heads (research & strategy, supervision, risk & compliance). This study was therefore a census.

Table 3.2.1: Target Population and proportion in departments

Employee	No. in population	Proportion in Population (%)
CEO	1	6.25
Departmental Heads	3	18.75
Operational Level	12	75
Total	16	100

Research data (2017)

3.3 Sample Size and Sampling technique

Sample size- this is a representation of the target population. It is often determined by the number of variables in the study, type of research design, method of data analysis and the size of target population (Mugenda & Mugenda, 1999). However, a sample was not derived for the study because it was a census.

Stratified sampling method – was used to get sample respondents from the RBA target population. This method was preferred because the respondents are employees categorized in 3 departments/strata and their roles are not homogenous/ does not have similar characteristics (Kothari, 2004). Furthermore, the aim of stratified random sampling is to have a fair representation of various subgroups in the population (Mugenda & Mugenda, 1999). Stratum/strata- these are sub-populations or subdivisions of target population into groups that are individually similar. Potential respondents were from supervision, research & strategy, risk & compliance departments and all respondents with the exception of the Chief Executive Officer and departmental heads were randomly selected from the stratified sample of the three departments. The operational staff sample respondents from the three departments were then selected using simple random method. This sampling method enabled every respondent within the population to have an equal chance of being selected minimizing the sampling bias.

Table 3.3.1: Distribution of the sample

Employee	Sample	Proportion of sample (%)
CEO	1	7.69
Departmental heads	2	15.39
Operational level	10	76.92
Total	13	100

Research data (2017)

3.4 Data collection instruments

In this study, the researcher used the close-ended questionnaire for primary data collection. This was because the researcher intended to limit the respondents' responses to certain alternatives and intended to take minimal time with the respondents thereby causing little interference with their work. Questionnaires were used for descriptive primary data collection (Mugenda & Mugenda, 1999) while the secondary data was derived from RBA existing records, previous and present strategic plans that guide the organization in pursuit of its strategic objectives and other research materials such as books & journals.

3.4.1 Data collection procedure

The questionnaires were administered on a drop and pick basis whereby the researcher dropped them and collected them after two weeks.

3.4.2 Reliability of data

Reliability – this is a relational measure of the degree to which a research instrument gives consistent results or data after several trials. Reliability is determined using random error whereby as the random error increases, reliability decreases. Random error is the deviation from a true measurement caused by factors that the researcher did not address adequately such as inaccurate coding, interviewers fatigue, bias etc. However, in any research random error will always be present regardless of the procedure of study used (Mugenda & Mugenda, 1999) nevertheless a coefficient of reliability of 0.80 or more portrays a high degree of reliability of data.

The researcher was unable to test re-test the questionnaires to assess the reliability of data. This was a shortcoming attributed to the frequent travel of the intended respondents and the researcher had to work under accessibility constrain; entailing continuous follow up with the respondents contact person on the progress of the data collection process. Test re-test technique involves administering the same instrument twice to the same group of subjects

after a one to four weeks lapse between the first and second test. Scores from both tests are correlated to determine their reliability whereby if the correlation coefficient is high, the instrument is said to yield data with high test-retest reliability. However, such a method is challenging because respondents may be sensitized by the first testing and they may remember their responses during the second testing. It is also difficult to determine a reasonable time between first and second testing which if it is too long respondents may have changed or other factors may interfere with the variable being measured resulting in an artificially high or low coefficient (Mugenda & Mugenda, 1999).

3.4.3 Validity of data

Validity- this is the accuracy and relevance of inferences based on research results. It entails ascertaining the accurateness with which the results obtained from data analysis represents the phenomenon under study (Mugenda & Mugenda, 1999). The researcher validated the questionnaire through consultation with his university supervisor.

3.5 Data analysis

Once the data collection exercise had concluded, the researcher edited the questionnaires. Editing involved examining the questionnaires raw data to point out any errors and omissions such as completeness of questionnaires to facilitate data coding and tabulation (Kothari, 2004). The edited data was coded i.e. numerals were assigned to the respondent's answers on the questionnaires. The coded data then entered into a computer for analysis using Statistical Packages for Social Scientists version 20.0. Considering that the researcher intended to use the collected data to establish relationship between the independent (Political Economic Socio-cultural Technological factors) and dependent variables (Performance); he used descriptive statistics namely correlation analysis (Mugenda & Mugenda, 1999). The researcher used descriptive and inferential statistics to analyse the collected data having

classified responses on a Likert scale where (5- Strongly agree, 4- Agree, 3- Neutral, 2- Disagree, 1- Strongly disagree) the descriptive statistics used were in the form of Mean, Standard Deviation and Percentage. For the inferential statistics, the data analysis used was Pearson Correlation to establish the relationship between the two variables; independent and dependent variables and results of the descriptive and inferential data analysis presented in the form of tables and figures.

3.6 Ethical considerations

The researcher explained the purpose of research and sought consent from the potential respondents before administering the questionnaires while at the same time assured them that the information gathered would be kept confidential and it was being used for academic research purposes only and that no unintended person would have access to the data collected (Mugenda & Mugenda, 1999). This is because it is unethical behaviour if a researcher does not divulge to respondents the purpose of a research and the benefits arising if any.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 Response rate

The researcher had administered structured questionnaires to 13 respondents where 11 of them filled the questionnaires. The respondents response rate was 84.6% and this percentage represented a near perfect response rate. This is according to (Nayianoi, 2015); where a response rate above 75% enhances the study credibility and the findings become a formidable basis for deriving conclusions.

Table 4.1: Distribution of respondents per department and response rate

	Frequency	Ops staff	Dept heads	CEO	%
Response	11	9	2	0	84.6%
Non-response	2	1	0	1	15.4%
Total	13	10	2	1	100%

Research data (2017)

4.2 Background Information of the Respondents

The study sought to find out the respondents gender, academic qualifications, years of service at RBA and their designations. The respondents included; Chief Executive Officer, departmental heads and operational level staff from supervision, risk-compliance and research and marketing departments. Table 4.2.1 illustrates the distribution of the respondents according to their gender, academic qualifications, years of service and designation.

Table 4.2.1: Descriptive statistics of the demographic data of the respondents

	N	N	Mean	Mean	Std.dev	Std.dev
	M	F	M	F	M	F
Respondents academic qualification	7	3	2.00	2.00	.577	.000
Respondents years of service	7	3	2.14	2.33	.900	.577
Respondents designation	7	3	1.29	1.67	.756	1.155

Research data (2017)

The result findings from respondent's bio data analysis where gender was the independent variable were as represented in the table shown above. From the study the researcher established the following inferences; Most of the male and female respondents who participated in the study had a Master's degree academic qualification denoted by (mean 2.00), Most of the respondents had also served the organization for 5 to 10 years; (mean 2.33) for females and (2.14) for males. The only major difference was regarding designation where most of the men are operational staff represented by (mean 1.29) males while the females are middle level managers represented by a mean ≥ 1.67 .

4.3 Descriptive Analysis of the Variables

In this section, the study entailed analysing the collected data against the target variables. The study entailed a Pearson (two variables) correlation to establish the nature of relationship between the independent (Political Economic Socio-cultural Technological) factors and the dependent variable organization performance.

4.3.1 Political Factors

The responses were based on a Likert scale where: 5– Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1 – Strongly Disagree

Table 4.3.1: Descriptive Analysis on Political Factors

	N	Min	Max	Mean	Std.Dev
1. Government policy influences strategy at RBA	10	2	5	3.50	.850
2. Political goodwill has enhanced sector growth and development of Pension sector	10	1	5	3.10	.994
3. Low government support would make RBA ineffective in setting up sound regulatory framework of Kenya pension sector	10	2	5	3.10	1.101
4.RBA strategic plans lay emphasis on government policy	10	1	5	2.50	1.269

Research data (2017)

According to the findings, whose mean average was ≥ 3.00 the implication was the respondents moderately agreed that; government policy influences strategy at RBA; political goodwill has contributed to the pension sector growth; low government support would make RBA ineffective in incorporating sound regulatory framework of Kenya pension sector. However, most of the respondents disagreed with the statement RBA strategic plans lay emphasis on government policy as implied by a mean ≤ 2.50 . This therefore implies that the political factors moderately influenced organization performance. The findings on political factors were also closely related and therefore highly accurate as indicated by the low standard deviation (Std.Dev. ≤ 1.1269).

This observation was in line with the empirical findings where competitiveness of an organization strategy to fit the political factors in its operating environment determines the organization performance at varying levels. Considering the Kenya pension sector which is developing noted by pension cover at 15% as illustrated in RBA strategic plan of 2014-2019; then the regulator needs to continuously align to government laws & regulations, market

dynamism and choose operations strategy aligned to its operating environment as deduced by (Badri et al, 2000). RBA should therefore ensure that its operations strategy is continuously aligned to components in its political environment consisting of; Kenya Constitution promulgated in 2010, devolution governance rolled out in 2013 and Kenya Vision 2030 which all acknowledge the crucial role to be played by social security in realizing the national economic development goals.

4.3.2 Economic Factors

Table 4.3.2 Descriptive Analysis on Economic Factors

	N	Min	Max	Mean	Std.Dev
1. Income levels determine pension products at RBA	10	3	5	4.40	.699
2 Consideration of informal employment sector has.....10 enabled the RBA to grow the pensions sector	10	4	5	4.60	.516
3. Failure to consider disposable income levels would make RBA ineffective in increasing pension savings by scheme members	10	2	5	4.50	.972
4.RBA strategic plans lay emphasis on informal employment sector	10	4	5	4.80	.422

Research data (2017)

The result findings whose mean average was ≥ 4.00 , implied that respondents greatly agreed that; income levels determine pension products at RBA; consideration of informal employment sector has enabled RBA to grow the pensions sector; failure to consider disposable income levels would make RBA ineffective in increasing pension savings by scheme members; RBA strategic plans lay emphasis on the informal employment sector. The

responses were also closely related and highly precise as indicated by the low standard deviation (Std. Dev \leq 0.972).

These findings are in line with the empirical findings which imply that (Robinson et al, 2012); inflation & interest rates, level of disposal income and tendency of people to spend are some economic factors that influence people consumption patterns and organizations which capitalize on these factors nationally or globally create opportunities for themselves. The introduction of 'MBAO' pension plan for the informal sector in 2011 by the pension authority was a realization to this effect. It was also a great innovation considering the bulk of potential pensioners in the informal sector and the high unemployment rate as outlined in RBA Strategic plan of 2014-2019.

4.3.3 Socio-cultural Factors

Table 4.3.3: Descriptive Analysis on Socio-cultural Factors

	N	Min	Max	Mean	Std.Dev
1. Age factor influences pension products at RBA	10	3	5	4.10	.876
2. Creating awareness on need for pension savings by RBA has increase enrolment on pension schemes	10	3	5	3.90	.738
3. Failure to consider customer taste and preferences would make RBA ineffective in reducing age old poverty and elderly dependency levels	10	2	5	3.50	1.080
4.RBA strategic plans lay emphasis on perceptions of pension products by potential members	10	2	5	3.90	.994

Research data (2017)

From the study findings where the mean averaged $\geq 3.50 \leq 4.10$ the implication was respondents had a moderately high agreement that; age factor influences strategy at RBA;

creating awareness on need for pension savings by RBA has increased enrolment on pension schemes; failure to consider customer tastes and preferences would make RBA ineffective in reducing age old poverty and elderly dependency levels; RBA strategic plans lay emphasis on perceptions of pension products by potential members. In addition, the responses were closely related and highly accurate as indicated by low standard deviation (Std.Dev. \leq 1.080).

These results emphasized importance of continuous alignment to the socio-cultural factors in an organization operating environment as illustrated in the empirical findings. Social factors influencing an organization performance include; people beliefs, values, attitudes, opinions and lifestyles. These factors keep on changing and organizations should be continuously following society socio-cultural developments to remain relevant.

4.3.4 Technological Factors

Table 4.3.4 Descriptive Analysis on Technology Factors

	N	Min	Max	Mean	Std.Dev
1. Use of ICT has enhanced supervision of pensions schemes by RBA	10	3	5	4.10	.876
2. Consideration of mobile phone based applications has increased access to pension services	10	3	5	3.90	.738
3. Failure to consider mobile phone based applications would make RBA ineffective in enrolling the bulk 70% potential customers in the informal sector	10	2	5	3.50	1.080
4. Adoption of ICT has enhanced accountability by pension schemes	10	2	5	3.90	.994

Research data (2017)

From the study findings where the mean averaged $\geq 3.50 \leq 4.10$ the implication was respondents had a moderately high agreement that; use of ICT has enhanced supervision of pensions schemes by RBA; consideration of mobile phone based applications has increased access to pension services; failure to consider mobile phone applications would make the RBA ineffective in incorporating the bulk 70% of labour force in the informal sector; adoption of ICT has enhanced accountability in the pension sector. In addition the respondent's views were closely related and highly accurate as indicated by the low standard deviation (Std. Dev ≤ 1.080).

The above findings emphasized the importance of an organization strategic fit to technological factors in its operating environment as stated in the empirical findings where technological advancements create new markets and opportunities hence the constant advancements in the technological environment. Although, RBA has installed a risk-based supervision system lowering risk of pensioners loss of fund. The need for installing a technological operating system is imminent because the manual systems waste time and are labour intensive as highlighted in RBA strategic plan of 2014-2019.

4.4 Correlation Analysis

A correlation is a bivariate analysis dependent/involving two variables. It measures the strength and direction of the relationship/association between the two variables where the strength of relationship is measured using correlation coefficient values ranging from -1 to +1. If the value of correlation coefficient is near to ± 1 ; then the two variables are said to have a perfect correlation and if the coefficient is near 0 it is said to be a weak correlation. Correlation coefficient value that is (+); then the two variables have a positive relationship because as one variable increases the other also increases and if it is (-) it is termed as a

negative/ inverse relationship. This is where as one variable increases the other one decreases (Lani, 2017).

This analysis used because the study set out to establish the relationship between Political, Economic, Socio-cultural and Technology factors - independent variables and Organization Performance - dependent variable (Mugenda & Mugenda, 1999). The researcher used Pearson correlation analysis that is widely used for normally distributed data where respondents are sector experts and their responses are often normally distributed. Pearson correlation coefficient is (denoted by p) and (r) denotes the value of correlation coefficient and quantifies the direction and strength of the relationship. Significance value of relationship is tested against alpha whose value is either (0.01; 0.05) denoted by (α). The significance value denoted by alpha (α) represents the probability of a study obtaining similar results through chance on repetition. For instance $\alpha=0.01$ implies the probability of obtaining similar results on repetition of a study is at 99% while $\alpha=0.05$ implies a probability of 95% in obtaining similar results (Mugenda & Mugenda, 2003).

In a case where; $p < \alpha$, shows a significant relationship and in turn a positive correlation between the independent and dependent variables.

4.4.1 Relationship between Political factors and Organization performance

This study set out to determine the effect of political factors on organization performance.

Table 4.4.1: Correlation between Political Factors and Organization Performance

		Organization Performance
Political factors	Pearson Correlation	.855**
	Sig.(2- tailed)	.002
	N	10

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

Research data (2017)

From the above inferences it was determined that there was a strong and positive correlation between RBA strategic fit to political factors and influence on the organization performance ($r= 0.855$; $p< 0.01$). This means that the higher the rate/intensity at which an organization strategic fit is aligned to political factors the higher the organization performance. An organization operating environment is progressive and the organization must continually align its strategy to the political factors so as to continue recording good performance.

This positive and strong correlation between political factors and influence on an organization performance is important because it helps in affirming the empirical findings that political factors influence an organization performance.

Table 4.4.2: Correlation between Economic Factors and Organization Performance

		Organization Performance
Economic factors	Pearson Correlation	.818**
	Sig.(2- tailed)	.004
	N	10

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

Research data (2017)

The research findings deduced that economic factors had a strong and positive correlation with the organization performance ($r = 0.818$; $p< 0.01$). This when interpreted implies that economic factors have a big influence on an organization strategic fit and hence the organization performance. Therefore an organization needs to continually monitor its operating environment and have a strategic fit with the economic factors to record good performance.

Table 4.5.3: Correlation between Socio-cultural Factors and Organization Performance

		Organization Performance
Socio-cultural factors	Pearson Correlation	.776**
	Sig.(2- tailed)	.008
	N	10

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

Research data (2017)

From the research findings, the researcher was able to conclude that socio-cultural factors strongly and positively influenced organization performance and hence need of a strategic fit. The findings of the correlation were ($r = 0.776$; $p < 0.01$). This means that socio-cultural factors have a major role on strategic fit and hence they highly influence an organization performance.

Table 4.5.4: Correlation between Technological Factors and Organization Performance

		Organization Performance
Technological factors	Pearson Correlation	.655*
	Sig.(2- tailed)	.040
	N	10

*. Correlation is significant at the 0.05 level (2-tailed).

Research data (2017)

From the research findings technological factors were found to strongly and positively influence strategic fit and hence performance of the organization. The findings of the correlation analysis were ($r = 0.655$; $p < 0.05$). This means that technological factors have significant influence on strategic fit and therefore an organization performance. The alpha value for technology (0.05) shows how quickly technology changes and hence organizations should be keep monitoring technological changes in their operating environments.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The objective of this study was to find out if RBA strategic fit to political, economic, socio-cultural and technological factors influences its performance.

5.1.1 Political factors and Organization performance

The research results show moderate agreement that government policy influences strategy at RBA; political goodwill has enhanced sector growth and development of pension sector; low government support would make RBA ineffective in setting up sound regulatory framework of Kenya pension sector. However, most results did not agree that RBA strategic plans lay emphasis on government policy. This indicates the hidden hand of political factors nevertheless on an organization. It was also established that a strong and positive correlation between political factors and organization performance enhances organization performance ($r= 0.855$; $p< 0.01$).

Therefore, organizations need to continuously align their strategies to political factors in their operating environments for them to perform optimally. Because political factors are a crucial component of an organization operating environment and they influence performance; RBA should ensure that its operations strategy is continuously aligned to components in its political environment consisting of; Kenya Constitution promulgated in 2010, devolution governance rolled out in 2013 and Kenya Vision 2030 which all acknowledge the crucial role to be played by social security in realizing the national economic development goals in RBA strategic plan of 2014-2019. Because it is the political environment that determines the legal and regulatory frameworks within which organizations operate.

5.1.2 Economic factors and Organization performance

The research findings show great agreement that income levels determine pension products at RBA; consideration of informal employment sector has enabled the RBA to grow the pensions sector; failure to consider disposable income levels would make RBA ineffective in increasing pension savings by scheme members; RBA strategic plans lay emphasis on informal employment sector. It was also established that economic factors have a strong and positive correlation with the organization performance ($r = 0.818$; $p < 0.01$). As such, organizations need to continually have strategic fit to economic factors in their operating environment for them to attain enhanced performance levels.

The RBA just like global and national business entities is affected by various economic factors such as inflation & interest rates, levels of disposable income, tendency of people to save and its alignment to these factors is crucial in enhancing its performance. In a labour market where 70% are in the informal sector; RBA is expected to boost national savings and in turn generate funds for use to fund capital intensive infrastructural projects. This endeavour will grow the economy to attain an annual growth rate of 10% as outlined in Kenya Vision 2030. Such a boost to GDP is expected under turbulent economic factors such as high fuel prices, inflationary pressures, joblessness, food shortages. The RBA has taken bold steps in this direction and the introduction of 'MBAO' pension plan for the informal sector in 2011 was a great innovation and commendable considering the bulk of potential pensioners in the informal sector and also the high unemployment rate.

5.1.3 Socio-cultural factors and Organization performance

The research findings show moderately high agreement that age factor influences pension products at RBA; creating awareness on need for pension savings by RBA has increased enrolment on pension schemes; failure to consider customer taste and preferences would make RBA ineffective in reducing age old poverty and elderly dependency levels; RBA

strategic plans lay emphasis on perceptions of pension products by potential members. In addition, the findings correlation ($r = 0.776$; $p < 0.01$) imply that socio-cultural factors strongly and positively influence the RBA strategic fit and hence organization performance. This observation affirms the empirical findings that strategic fit to socio-cultural factors in an organization operating environment influences its performance.

Organizations should be progressive in their strategic endeavours and have harmony with socio-cultural factors in their operating environment to facilitate smooth operations and subsequently better organization performance. The RBA is no exception and for it to succeed in growing and developing the Kenya pension sector it should continuously attain strategic fit to its socio-cultural factors environment comprising of; high dependency ratio, negative notions towards saving for retirement, huge informal segment, low financial literacy levels, joblessness an environment within which the regulator and stakeholder is expected to navigate so as to increase potential pensioners understanding of the sector importance to reducing age old poverty and dependency levels leading to an increase in the number of workers enrolling to save for retirement.

5.1.4 Technological factors and Organization performance

The research findings show moderately high agreement that use of ICT has enhanced supervision of pensions schemes by RBA; consideration of mobile phone based applications has increased access to pension services; failure to consider mobile phone based applications would make RBA ineffective in enrolling the bulk 70% potential customers in the informal sector; adoption of ICT has enhanced accountability by pension schemes. Also the findings of the correlation analysis ($r = 0.655$; $p < 0.05$) imply a strong and positive relationship between strategic fit to technological factors and an organization performance. This observation affirms the empirical findings that technology is a highly dynamic component

and organizations should monitor it closely because today's technology will be redundant tomorrow ($\alpha=0.05$).

The RBA just like any industry player is aware of the need to align to technological factors in its operating environment to enhance efficiency and attain a competitive advantage. The RBA has realized need of keeping up to date with technology changes as illustrated in the strategic plan of 2014-2019 where installation of a risk-based supervision system for the pension sector is not enough the authority needs to install an efficient technological operating system replacing the current manual system that is waste time and are labour intensive. Generally, the higher the level of an organization alignment to the technological factors the higher the level of organization performance and the vice versa.

5.2 Conclusions

The study findings on relationship between political factors and organization performance it concluded that there is moderate agreement that government policy influences strategy at RBA; political goodwill has enhanced sector growth and development of pension sector; low government support would make RBA ineffective in setting up sound regulatory framework of Kenya pension sector. However, most results did not agree that RBA strategic plans lay emphasis on government policy. This indicates the hidden hand of political factors nevertheless on an organization performance as indicated in the empirical findings

The summary of results on relationship between economic factors and organization performance show a great agreement that income levels determine pension products at RBA; consideration of informal employment sector has enabled the RBA to grow the pensions sector; failure to consider disposable income levels would make RBA ineffective in increasing pension savings by scheme members; RBA strategic plans lay emphasis on informal employment sector. In addition, the correlation findings also show that economic

factors have a strong and positive influence on organization performance. It was therefore concluded that economic factors have great influence on organization performance.

The summary of research findings on relationship between socio-cultural factors and organization performance show a moderately high agreement that age factor influences pension products at RBA; creating awareness on need for pension savings by RBA has increased enrolment on pension schemes; failure to consider customer taste and preferences would make RBA ineffective in reducing age old poverty and elderly dependency levels; RBA strategic plans lay emphasis on perceptions of pension products by potential members. The findings correlation also indicates that socio-cultural factors strongly and positively influence the RBA organization performance leading to the conclusion that socio-cultural factors influence organization performance.

In addition, the research findings on relationship between technological factors and organization performance show moderately high agreement that use of ICT has enhanced supervision of pensions schemes by RBA; consideration of mobile phone based applications has increased access to pension services; failure to consider mobile phone based applications would make RBA ineffective in enrolling the bulk 70% potential customers in the informal sector; adoption of ICT has enhanced accountability by pension schemes. The findings of the correlation analysis also show a strong and positive relationship between technological factors and an organization performance. This observation leads to the conclusion that technology is a highly dynamic component and organizations should monitor it closely because today's technology will be redundant tomorrow ($\alpha=0.05$) and it influences performance.

Essentially, an organization should work towards ensuring a continuous strategic fit to political, economic, socio-cultural and technological factors in its operating environment

because the environment factors are highly dynamic factors and they are all related to each other.

5.3 Recommendations

From the conclusions of the study the following recommendations which are in line with the research objectives were derived. The retirement benefits authority should be keen on following technological changes because the field is highly dynamic and rapidly as compared to the political, economic and socio-cultural factors. The organization should also engage government more intensely for development of more legislation and sector related policy.

5.3.1 Suggestions for further research

Because environmental factors change continuously the researcher deems it worthwhile to conduct a related research in future on the retirement benefits authority to see if it yields similar results.

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APPENDICES

Appendix 1: Letter to the Respondent

Dear Respondent,

I am a postgraduate student at Kenyatta University- Nakuru Campus. As part of the partial fulfilment of the course, I am required to conduct a research project on a related area to my course. I have chosen the Retirement Benefits Authority a stakeholder in the Kenya pension sector and key pillar to realization of Kenya Vision 2030. I will research and write a project paper on: ``Strategic fit components of RBA and influence on performance in Kenya pension sector '' For this reason I would appreciate if you would kindly spare 10-15 minutes of your time to fill in the blanks in the attached list of questions to the best of your knowledge as they apply to you. The information in this research questionnaire is strictly confidential and under no instance will your name be mentioned. In addition, the information provided will only be used for academic purposes.

Your assistance in facilitating the same will be highly appreciated. A copy of this research paper will be available to your organization on completion of the project.

Thank you in advance for your cooperation and participation.

Yours Faithfully

Samuel Gachau

D53/NKU/PT/24971/2011

0722 121 594

Appendix 2: Questionnaire

Introduction

You are invited to participate in a research that seeks to establish *Strategic fit components of RBA and influence on performance in Kenya pension sector*. The outcome of this research questionnaire is purely for academic purposes only. All information submitted will be treated with utmost confidentiality. At no time will your name appear in any reported findings along with your responses. Feel free to express yourself as honestly as possible. Thank you for your cooperation.

Instructions

- a) Indicate your choice by a tick (√)
- b) Kindly answer all questions.

PART A: Background Information

1. Name of the employee (Optional)

2. Gender of the Respondent

- i) Male () ii) Female ()

3. Your academic qualification

- i) Certificate () ii) Diploma () iii) Degree ()
- iv) Masters () v) PHD ()

Other qualifications (specify)

4. Number of years served at RBA?

- i) Below 3 years () ii) 5 to 10 years ()
- iii) Above 10 years ()

5. Designation:

- i) Senior manager () ii) Middle level manager ()
- iii) Functional level manager () iv) Operational staff ()

PART B: Consideration of political factors enhances RBA strategic fit in fulfilling its mandate to regulate, supervise, develop and safeguard the Kenya pension sector.

The following are items in relation to influence of political factors on the strategic fit of RBA to fulfilling its mandate to regulate, supervise, develop and safeguard the Kenya pension sector.

Please tick where appropriate (√) to show your level of agreement with each statement.

Where: 5 - Strongly Agree 4 - Agree 3 - Neutral 2 - Disagree 1 – Strongly Disagree

	Statement	1	2	3	4	5
1.	Government policy influences strategy at RBA					
2.	Political goodwill has enhanced growth and development of Kenya pension sector					
3.	Low government support would render RBA ineffective in incorporating sound regulatory framework of Kenya pension sector					
4.	RBA strategic plans emphasis on government policy					

PART C: Consideration of economic factors on RBA strategic fit enhances it to fulfil its mandate to regulate, supervise, develop and safeguard the Kenya pension sector.

The following are items in relation to influence of economic factors on the strategic fit of RBA to fulfil its mandate to regulate, supervise, develop and safeguard the Kenya pension sector.

Please tick where appropriate (√) to show your level of agreement with each statement

Where: 5 - Strongly Agree 4 - Agree 3 - Neutral 2 - Disagree 1 – Strongly Disagree

	Statement	1	2	3	4	5
1.	Differences in employee income levels influence strategy at RBA					
2.	Consideration of informal employment sector has enabled RBA to grow the Kenya pension sector					
3.	Failure to consider disposable income levels would render RBA ineffective in increasing pension savings by informal sector					
4.	RBA strategic plan emphasis on informal employment sector					

PART D: Consideration of socio-cultural factors by RBA enhances its capacity to fulfil its mandate to regulate, supervise, develop and safeguard the Kenya pension sector.

The following are items in relation to influence of social factors on the strategic fit of RBA to fulfil its mandate to regulate, supervise, develop and safeguard the Kenya pension sector.

Please tick where appropriate (√) to show your level of agreement with each statement.

Where: 5 - Strongly Agree 4 - Agree 3 - Neutral 2 - Disagree 1 – Strongly Disagree

	Statement	1	2	3	4	5
1.	Age factor influences pension products at RBA					
2.	Creating public awareness on need for pension savings by RBA has increased enrolment on pension schemes					
3.	Failure to consider customer taste and preferences would render RBA ineffective in reducing dependency ratio and age old poverty of Kenya pension sector					
4.	RBA strategic plans places emphasis on perception of pension products by potential pensioners					

PART E: Consideration of technology factor by RBA enhances it fulfil its mandate to regulate, supervise, develop and safeguard the Kenya pension sector.

The following are items in relation to influence of technology factor on RBA and the role in its mandate to regulate, supervise, develop and safeguard the Kenya pension sector.

Please tick where appropriate (√) to show your level of agreement with each statement.

Where: 5 - Strongly Agree 4 - Agree 3 - Neutral 2 - Disagree 1 – Strongly Disagree

	Statement	1	2	3	4	5
1.	Use of ICT applications have enhanced supervision of the Kenya pension sector					
2.	Consideration of mobile phone technology has enabled RBA increase access to pension services					
3.	Failure to consider mobile technology applications would make the RBA ineffective in enrolling the bulk population 70% in the informal sector					
4.	Adoption of ICT has enhanced accountability by pension schemes					

.....**Thank you for your participation.....**

Appendix 3: Research Authorization from National Commission for Science, Technology and Innovation



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
2241349, 3310571, 2219420
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Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
when replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No. **NACOSTI/P/17/51347/16375**

Date: **27th March, 2017**

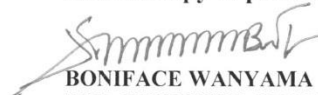
Samuel Gachau Njeri
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Evaluation of Retirement Benefits Authority Kenya strategic fit to political economic socio-cultural technological factors and influence on its performance,”* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **27th March, 2018.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

National Commission for Science, Technology and Innovation is ISO 9001:2008 Certified

Appendix 4: Research Authorization from Graduate School, Kenyatta University



KENYATTA UNIVERSITY GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100

NAIROBI, KENYA

Tel. 8710901 Ext. 57530

Our Ref: D53/NKU/PT/24971/2011

DATE 27th February, 2017

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

**RE: RESEARCH AUTHORIZATION FOR SAMUEL GACHAU NJERI – REG. NO.
D53/NKU/PT/24971/2011.**

I write to introduce Mr. Samuel Gachau Njeri who is a Postgraduate Student of this University. He is registered for MBA degree programme in the **Department of Business Administration**.

Mr. Samuel intends to conduct research for a MBA Project Proposal entitled, “**Evaluation of Retirement Benefits Authority Kenya Strategic Fit to Political Economic Socio-Cultural Technological Factors and Influence on its Performance**”.

Any assistance given will be highly appreciated.

Yours faithfully,

**MRS. LUCY N. MBAABU
FOR: DEAN, GRADUATE SCHOOL**

HI/lnn