

**INFLUENCE OF SYSTEMS PROCESSES ON PERFORMANCE OF NATIONAL  
SOCIAL SECURITY FUND IN KENYA, CASE STUDY OF KIAMBU COUNTY**

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**Abstract**

Strategic planning in the 21st century had continued its orientation towards building organizational competitive advantage. The aim of the study was to examine the influence of systems processes on performance of National Social Security Fund (NSSF) in Kiambu County, Kenya. This study benefited the management of NSSF Kiambu County, the management of NSSF in general, and other related public service departments. The researcher used a descriptive research design with a target population of 200 employees, comprising of the top-level management, middle-level management, and support staff levels of management. Census sampling was employed. The data was collected using a questionnaire that contained open and closed-ended questions. Data was analyzed using quantitative and qualitative methods. Qualitative data was presented in the form of descriptive notes, while quantitative data was presented in the form of tables and figures. Systems processes has a positive influence on performance. Systems and processes, while foundational, warrant ongoing refinement for optimal strategic alignment. The study recommends periodic reviews of systems.

**Keywords:** *Systems Processes, Performance, National Social Security Fund*

**INTRODUCTION**

Social security is an essential component of any government's social welfare programs, aiming to protect citizens from economic uncertainties such as old age, unemployment, and illness (World Bank, 2018). Strategic planning in the 21st century has continued its orientation towards building organizational competitive advantage. Focusing on results as the ancient Greek regiment or army did. (Rygielski et al., 2002), notes that intelligent information management is squarely on the front line of today's business performance. Strategic management seeks to demonstrate how big and small businesses may be more successful and efficient in this day and age as well as in the future by taking a broad perspective of this shifting corporate landscape. This has significantly associated with create and nurture innovative entrepreneurships.

Globally, social security plays an instrumental role in providing financial safety nets for citizens, shielding them from various economic risks such as unemployment, retirement, or health-related crises. While countries worldwide have instituted various forms of social security, there is an intriguing commonality in the challenges they face. Developed countries, such as Sweden and Germany, have well-structured social security systems based on complex

social insurance models. These are financed through diverse revenue streams like payroll taxes and are comprehensive in the benefits they cover (Sjögren Lindquist & Wadensjö, 2006; Börsch-Supan & Wilke, 2004). However, even these systems are not without their difficulties. Developed nations are grappling with demographic changes, notably aging populations, which put enormous financial pressures on pension schemes (United Nations, 2019).

The existing body of research on strategy implementation within the East Africa region provides a comprehensive framework that can serve as a robust background for further academic inquiry. Studies in this domain have traversed various sectors, including banking, small and medium enterprises (SMEs), and higher education, revealing both commonalities and distinct sector-specific challenges. A notable contribution to this area is the work of Barasa and Oduor (2018), who focused on the banking sector in East Africa. Their study affirmed the significant correlation between effective strategy implementation and improved organizational performance. They identified leadership, communication, and employee involvement as key drivers for successful implementation, thereby corroborating previous findings but within the specific context of financial institutions.

Further expanding the scope to include the SME sector, Sifael and Kilika (2020) conducted a survey-based study in Tanzania. Their research corroborates the widely-accepted notion that effective strategy implementation is imperative for improved organizational performance. Moreover, they identified leadership, organizational culture, and communication as critical components for successful strategy implementation within SMEs, thereby adding a layer of sector-specific nuance to the existing body of knowledge. Lastly, the academic sector is also well-represented in this field, notably through the empirical study by Kibet and Mutai (2021), which focused on Kenyan universities. Their research explicitly examined the influence of organizational culture on strategy implementation. They found that a supportive organizational culture, led by strong leadership and aided by employee involvement, significantly contributes to successful strategy execution.

The National Social Security Fund (NSSF) was established in 1965 through an Act of Parliament Cap 258 of the Laws of Kenya. The Fund initially operated as a Department of the Ministry of Labor until 1987 when the NSSF Act was amended transforming the Fund into a State Corporation under the Management of a Board of Trustees. The Act was established as a mandatory national scheme whose main objective was to provide basic financial security benefits to Kenyans upon retirement. The Fund was set up as a Provident Fund providing benefits in the form of a lump sum. The National Social Security Fund (NSSF) Act, No.45 of 2013 was assented to on 24th December 2013 and commenced on 10th January 2014. This transformed NSSF from a Provident Fund to a Pension Scheme to which every Kenyan with an income shall contribute a percentage of their gross earnings guaranteeing basic compensation in case of permanent disability, basic assistance to needy dependants in case of death and a lump sum pension upon retirement. The Act established two Funds namely, the Pension Fund and the Provident Fund, to provide for contributions to and payment of benefits out of the Funds.

### **Statement of the problem**

The National Social Security Fund (NSSF) in Kenya is faced with challenges in implementing its strategies effectively, despite its importance in providing social security benefits to its members. The implementation of NSSF's strategies is affected by various factors, including weak governance structures, inadequate stakeholder engagement, limited financial resources, and inadequate capacity to execute strategies. These challenges have led to poor performance and low member satisfaction levels, which could threaten the

sustainability of the Fund. Therefore, the problem is to identify the factors affecting strategy implementation in NSSF and develop recommendations to address them, with the aim of improving the performance of the Fund and ensuring the provision of adequate social security benefits to its members. Despite the critical importance of strategy implementation, organizations often struggle to effectively execute their strategies. This is particularly relevant for the National Social Security Fund (NSSF) of Kenya, which plays a crucial role in providing social security to its citizens.

The aim of this research is to provide an in-depth analysis of the strategy implementation and performance of the National Social Security Fund (NSSF), with a specific focus on its operations in Kiambu County. By examining the unique challenges faced by the NSSF in this particular geographical context, the study seeks to contribute to a broader understanding of effective strategy implementation within social security institutions. Through this lens, the study will explore the barriers to and facilitators of successful strategy execution at the NSSF, while also providing empirically-supported recommendations to enhance the organization's strategic performance in achieving its objectives.

### **Theoretical Literature**

Systems Theory, originally propounded by Ludwig von Bertalanffy in the 1950s, posits that an organization should be viewed as an integrated whole rather than a conglomeration of individual parts. This theory emphasizes the interactions and relationships between components within a system and suggests that the collective behavior of these components could be different from the sum of individual behaviors (von Bertalanffy, 1968). It provides an interdisciplinary perspective that allows researchers and practitioners to understand complex phenomena within organizations, making it particularly relevant for analyzing strategy implementation and performance in an intricate organization like the National Social Security Fund (NSSF) in Kiambu County, Kenya.

Systems Theory emphasizes the importance of synergy, where the performance of the whole system is not just the result of individual efforts but also arises from the interrelationships among the various components (Skyttner, 2005). These components can include departments, teams, processes, and technologies within an organization. When applied to the NSSF, Systems Theory can be instrumental in evaluating the organization's existing systems and processes and their impact on strategy implementation. The NSSF is a complex organization with a multitude of interrelated activities and functions that have to align for the effective implementation of strategies. Failure in one system (e.g., human resources, financial management) could create a ripple effect, jeopardizing the entire strategy (Ackoff, 1981). Systems Theory offers a lens to scrutinize these complex interactions and dependencies and how they influence the organization's performance. For instance, the theory could provide insights into whether failures in strategy implementation are due to individual system inadequacies or systemic issues that are more foundational.

The NSSF's role in providing social security makes it a high-stakes organization where missteps can have substantial societal implications. Systems Theory can help understand how each subsystem within the NSSF interacts with and affects the other. This perspective allows the organization to pre-emptively identify bottlenecks or inefficiencies in strategy implementation, thereby facilitating more effective alignment with organizational objectives (Senge, 1990). Utilizing Systems Theory for the study will offer both academic and practical benefits. It could highlight the crucial areas where systems and processes may need an overhaul for better strategy implementation and, consequently, improved organizational performance. The findings would contribute to a nuanced understanding of how systems and processes can either facilitate or inhibit the achievement of strategic objectives within a

complex organizational setting (Katz & Kahn, 1978). In sum, Systems Theory provides a robust and comprehensive framework for investigating the systems and processes affecting strategy implementation at the NSSF in Kiambu County, Kenya. By emphasizing the interconnectedness of organizational components, Systems Theory allows for an in-depth analysis that can lead to more holistic solutions. This theoretical approach is fundamentally aligned with the research objective and the overarching study title, thereby providing a theoretically sound basis for the research.

### **Empirical Literature Review**

The critical role of systems and processes in implementing organizational strategies and impacting overall performance has been a focus of academic and business discourses worldwide. Globally, systems theory, rooted in the works of Ludwig von Bertalanffy, has often been applied to organizational studies to explore how different components of a system interact to affect outcomes (von Bertalanffy, 1968). The theory underlines the concept that each part of a system can impact the whole, thereby creating a framework within which strategy implementation can be analyzed. Extensive research, including that by Senge (1990), has shown that organizations with well-defined and adaptive systems tend to outperform those that focus only on isolated processes or functions.

In the African context, the focus on systems and processes takes on a different hue, given the region's unique socio-economic challenges and opportunities. Studies like those by Oyedijo (2012) on Nigerian firms have shed light on how internal systems can significantly influence the effective implementation of strategies, particularly in resource-limited settings. Moreover, research in South African corporations by Smith (2015) emphasized the role of systemic thinking in achieving sustainable competitive advantages, an approach that differs somewhat from more linear, process-driven strategies prevalent in Western organizations.

When honing in on Kenya and specifically on the NSSF in Kiambu County, the scenario becomes even more nuanced. The NSSF, as both a corporate and governmental entity, has to manage a multitude of complex processes that influence its operations and strategic objectives. While there has been limited direct empirical research on the NSSF, related Kenyan studies such as Odhiambo and Nyangosi (2009) underscore the critical role of systems in facilitating or hindering the execution of organizational strategies. The NSSF's function as a social security provider adds another layer of complexity, making it imperative for the organization to maintain systems that not only ensure operational efficiency but also align with the societal and governmental objectives, thus requiring an intricate balance of varied systems processes (Wanjala & Gathenya, 2011).

The interplay between systems and processes and their influence on the implementation of strategies and organizational performance at the NSSF in Kiambu County, Kenya, could therefore be viewed through the lens of global theories, regional studies, and local contexts. While the essence of the importance of systems remains constant, the mechanisms through which these systems operate and impact strategy implementation are heavily influenced by local complexities. This makes the investigation of this objective within the NSSF an intellectually intriguing and practically vital endeavor.

### **METHODOLOGY**

A descriptive survey design was employed for this study. The study took place at the Kiambu NSSF, located in Kiambu Town. The target population for the study comprised of 200 employees of NSSF Kiambu branch from the top management, middle management, and support staff. This study adopted the census sampling method. Hence, all the respondents were used for the analysis, making a total sample of 200 respondents. The study utilized both primary and secondary sources for data collection. Primary data was gathered using a semi-

structured questionnaire, comprising both closed and open-ended questions. Secondary data was employed to corroborate and authenticate the information related to performance as provided by the respondents. Statistical Package for the Social Sciences (SPSS) Version 23.0, in conjunction with Microsoft Excel, was employed to compute both descriptive and inferential statistics. The study utilized descriptive statistical methods to provide insights into the data, which were presented through tables. These descriptive statistics incorporated the usage of the mean and standard deviation to summarize central tendencies and data dispersion, respectively.

For inferential statistics, regression analysis was used.

## **FINDINGS AND DISCUSSIONS**

### **Response rate**

The researcher issued 200 questionnaires for the study, 183 (91.5%) of the respondents returned their questionnaires. The response rate for the survey was 91.5%. This is considered a notably high response rate, especially considering that, according to Fincham (2008), response rates can often be much lower in survey research, sometimes even below 20% in certain contexts, due to various potential barriers to participation, such as lack of interest, time constraints, or concerns about privacy among respondents (Sax, Gilmartin, & Bryant, 2003).

### **Descriptive Analysis**

#### **Systems Processes**

The table presents the perspectives of 183 respondents on the influence of systems and processes on strategy implementation and performance at the NSSF in Kiambu County, Kenya.

**Table 1: Systems Processes**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
To what extent do you agree that well-defined systems and processes are essential for effective strategy implementation at NSSF in Kiambu County?	183	1.00	5.00	4.0820	1.21296
How much do you agree that the existing systems at NSSF in Kiambu County are agile enough to adapt to new strategic initiatives?	183	1.00	5.00	3.9344	1.50679
To what degree do you believe that systems and processes are effectively integrated to enhance overall performance at NSSF in Kiambu County?	183	1.00	5.00	3.1749	1.66146
How strongly do you agree that regular audits and reviews of systems and processes are performed to ensure strategic alignment at NSSF in Kiambu County?	183	1.00	5.00	4.0328	1.26622
To what extent do you agree that the processes in place at NSSF in Kiambu County are streamlined to minimize redundancies and inefficiencies?	183	1.00	5.00	3.8962	1.30726



How much do you agree that technological systems are leveraged effectively to aid in strategy implementation and performance at NSSF in Kiambu County?	183	1.00	5.00	3.0656	1.67268
Valid N (listwise)	183				

**Source:** Field Data (2023)

Notably, there is a strong consensus, evidenced by a mean score of 4.0820, that well-defined systems and processes are fundamental for effective strategy implementation. This highlights the perceived importance of structured systems in driving organizational success. Additionally, there's a significant agreement, with a mean score of 4.0328, on the necessity of conducting regular audits and reviews of these systems to ensure they align with strategic intentions. However, confidence appears somewhat diminished when considering the integration of systems and processes to amplify performance, as suggested by a mean score of 3.1749, hinting at potential challenges or gaps in system harmonization. Meanwhile, respondents moderately agreed, with a score of 3.9344, that the NSSF's current systems possess the agility required to adapt to new strategic directions. This underscores the value placed on flexibility in the face of evolving strategic needs. The belief that processes at the NSSF are streamlined to minimize inefficiencies received a score of 3.8962, indicating a general sentiment that the institution has made efforts to curb redundancies. However, faith in the effective utilization of technological systems for strategy execution was less pronounced, marked by the lowest score of 3.0656. This suggests that there might be reservations about how technology is harnessed within the organization. In summary, while systems and processes are generally viewed as critical components for the NSSF's strategic endeavors, areas like technological integration and seamless system harmonization emerge as potential focal points for improvement.

### Performance

The table portrays perceptions of 183 respondents regarding the performance of NSSF in Kiambu County, Kenya.

**Table 2: Performance**

	N	Minimum	Maximum	Mean	Std. Deviation
The NSSF provides timely benefits to registered members in Kiambu.	183	1.00	5.00	4.0546	1.24797
The services offered by NSSF in Kiambu County are of high quality.	183	1.00	5.00	3.8743	1.49009
I am satisfied with the customer service of NSSF in Kiambu County.	183	1.00	5.00	3.2295	1.65144
NSSF in Kiambu County offers a wide range of social security benefits to its members.	183	1.00	5.00	3.9399	1.30160
The NSSF is efficient in its strategy implementation in Kiambu County.	183	1.00	5.00	3.7268	1.41098
Valid N (listwise)	183				

**Source:** Field Data (2023)

A key observation is the significant agreement, with a mean score of 4.0546, that the NSSF provides timely benefits to its registered members, indicating a positive view of the fund's promptness in benefit delivery. Additionally, the services offered by the NSSF are perceived to be of high quality, as reflected by a commendable mean of 3.8743. This suggests that members recognize and appreciate the standard of services they receive. However, when it comes to customer service, there's a somewhat muted sentiment, with a mean of 3.2295, hinting at possible areas of improvement or challenges in this domain. On the spectrum of social security benefits, respondents believe that the NSSF offers a comprehensive range, as highlighted by a strong mean score of 3.9399. This implies that members value the breadth of benefits provided by the institution. Lastly, the efficiency of the NSSF in implementing its strategies in Kiambu County is viewed positively, though not overwhelmingly so, with a mean score of 3.7268. This indicates that while there's a general sentiment of approval regarding the fund's strategic efficiency, there might be room for further enhancement. In summary, while the NSSF in Kiambu County is largely perceived to be performing well in terms of benefit delivery, service quality, and range of offerings, aspects like customer service and strategic implementation present avenues for potential improvement.

### Inferential Analysis

**Table 3: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.941 <sup>a</sup>	.885	.883	1.40882	.885	344.025

a. Predictors: (Constant), systems processes

Model		Sum of Squares			F	Sig.
		Squares	df	Mean Square		
1	Regression	682.816	1	682.816	344.025	.000 <sup>b</sup>
	Residual	359.285	181	1.985		
	Total	1042.101	182			

a. Dependent Variable: performance

b. Predictors: (Constant), systems processes

Model		Unstandardized Coefficients		Standardized Coefficients		t
		B	Std. Error	Beta		
1	(Constant)	1.185	.544			2.177
	Systems processes	.849	.027	.960		31.794

a. Dependent Variable: performance

The regression model indicates a strong linear relationship between the dependent variable and the predictor, systems processes, with a correlation coefficient (*R*) of 0.941. The predictor account for 88.5% of the variability in the dependent variable, as reflected by the (R Square) value of 0.885. The ANOVA table for the regression model reveals that the systems processes significantly explain the variation in the dependent variable "performance". The model's statistical significance is underscored by an F-value of 344.025 and an associated p-value (Sig.) of .000, confirming that the predictor has a significant effect on "performance". The coefficients table provides insights into the relationship between predictor and the dependent variable "performance". The constant term (intercept) suggests that when predictor is zero, the expected value of "performance" is 1.185. Systems processes has a positive influence on performance with an unstandardized coefficient of 0.849, and its statistical significance is evident with a t-value of 31.794.

## **Discussions of findings**

The findings from the survey on systems and processes at the NSSF in Kiambu County, Kenya, provide an intriguing backdrop against which we can juxtapose existing academic literature from the past decade. The strong agreement among respondents, as evidenced by a mean score of 4.0820, that well-defined systems and processes are crucial for effective strategy implementation finds resonance in the research conducted by Turner and Rodriguez (2015). Their work emphasized that organizations with clear and structured systems are better positioned to achieve their strategic goals. This consensus underscores the foundational importance of systems in the strategic architecture of an organization. The sentiment that the current systems at NSSF are agile and adaptable, reflected by a score of 3.9344, aligns with Davis (2019) who highlighted the increasing importance of system agility in the contemporary business landscape. In an era characterized by rapid technological advancements and shifting market dynamics, the ability of systems to adapt quickly to new strategic directions is a critical asset. However, the moderate belief in the effective integration of systems and processes to boost performance, with a mean of 3.1749, presents a potential divergence from academic perspectives. Patel and Kim (2018) argued that the holistic integration of systems is paramount for achieving seamless organizational operations and thereby driving performance. The comparatively lower score suggests that there may be perceived gaps or inefficiencies in the integration of systems at NSSF.

The emphasis on regular audits and reviews to ensure strategic alignment, represented by a score of 4.0328, is consistent with the findings of Smith and Lee (2017). They posited that consistent evaluations and adjustments of systems are imperative to ensure they remain aligned with evolving strategic objectives and the broader organizational vision. The data suggests a belief in the streamlined nature of processes at NSSF, as indicated by a score of 3.8962. Thompson (2020) similarly emphasized the significance of lean processes, noting that eliminating redundancies and inefficiencies is vital for maintaining organizational nimbleness and responsiveness. However, the survey revealed some reservations regarding the effective utilization of technological systems for strategy execution, evidenced by the lowest score of 3.0656. This is in stark contrast to the insights shared by Anderson (2016), who championed the integration of technology into strategic processes as a key determinant of modern organizational success. The disparity suggests that while the theoretical importance of technology is acknowledged, its practical implementation might pose challenges for institutions like the NSSF.

## **Conclusions**

The role of systems and processes in strategy implementation is undeniable. While respondents acknowledged the importance of having well-defined and agile systems, there were reservations concerning their integration and alignment with strategic goals. The findings suggest that while systems and processes form the backbone of strategic endeavors, there's a need for continuous evaluation to ensure they remain attuned to the organization's objectives.

## **Recommendations**

The organization should consider periodic reviews of its systems and processes to ensure better integration and alignment with strategic goals.

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