

**CHALLENGES OF STRATEGY IMPLEMENTATION AT ECOBANK KENYA
LIMITED**

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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE MASTER
OF BUSINESS ADMINISTRATION (MBA) DEGREE AT THE SCHOOL OF
BUSINESS, UNIVERSITY OF NAIROBI**

OCTOBER 2010

DECLARATION

STUDENT'S DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

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SUPERVISOR'S DECLARATION

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

Signature.....Date.....

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DEDICATION

I dedicate this work in loving memory of my late parents Mr. David Habwe and Mrs. Ruth Asami Habwe who impressed on me the importance of education and encouraged me to pursue further studies. Mum, Dad, I miss you, but I am sure wherever you are, you are proud of me.

I also dedicate this study to my loving husband Hon. Moses Wetang'ula and children, Sylvia, Eugene, Alvin, Fidel and Pauline who gave me enormous support financially and through encouragement, and sacrificed family time together to ensure I achieved my dream of obtaining a Masters Degree. May the Almighty God bless you all.

ACKNOWLEDGEMENT

I take this opportunity to give thanks to the Almighty God for seeing me through the completion of this project.

The work of carrying out this investigation needed adequate preparation and therefore called for collective responsibility of many personalities. The production of this research document has been made possible by invaluable support of many people. While it is not possible to name all of them, recognition has been given to a few. I am greatly indebted to my supervisor, Mr. Jeremiah Kagwe, for his professional guidance, advice and unlimited patience in reading through my drafts and suggesting workable alternatives, my profound appreciation to you. My moderator Dr. Zack Awino for his timely response and guidance.

The entire staff of Ecobank Kenya Limited cannot pass without my special acknowledgement for taking time off their busy schedule to provide me with all the information I needed in the course of the research. Without their immense cooperation I would not have reached this far.

My friends Arnolda, Shelly, Alice and my sister Keziah. Their encouragement and team work has ensured nobody lagged behind and also assisted me in completing the Masters course.

I would also wish to extend my sincere gratitude to all the MBA students, staff, lecturers and the entire University of Nairobi fraternity for changing me from what I was to what I am.

Thank you all. May the Almighty God bless you.

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LIST OF ACRONYMS

CBK –	Commercial Bank of Kenya
CEOs -	Chief Executive Officer
LC -	Letter of Credit
PhD -	Doctor of Philosophy
SMET -	Senior Marketing Executive Team

ABSTRACT

In the world of management, increasing numbers of senior people are recognizing that one of the key routes to improved business performance is better implementation. The apathy to strategy implementation can be ascribed to several reasons, among them: greater likelihood of failures in implementing strategies; higher complexity in the process of strategy implementation; strategy implementation being considered to be less glamorous than formulation; and practical difficulties in research involving middle-level managers. The mainstream strategic studies have not considered the banking industry, and conventional thought within the industry has often down played strategy's significance. The researcher applied a case study. The researcher used both primary and secondary data. Primary data was collected using self-administered interview guide while secondary data was collected by use of desk search techniques from published reports and other documents. The data collected using interview guides which was qualitative in nature, was analyzed using content analysis. The study found that the bank faces the challenge of strategy implementation. Ecobank Kenya limited has its headquarters in Nigeria and branches in Africa and this poses a challenge when it tries to implement its foreign policies in different countries. The policies may work in some countries while they may fail in others. Also time being underestimated, as they have to consult with the headquarters before decisions are made. Increasingly sophisticated customers, poor planning, non involvement of the implementers, inadequate knowhow on the key stages, poor coordination, poor communication, unclear strategic intentions and conflicting priorities are some of the challenges faced by the bank in strategy implementation. The study concludes that the management should be efficient so as to ensure good strategy objective setting, and manage resistance to strategy implementation. The study also concludes that early involvement of firm members in the strategy process helped members understand super-ordinate goals, style, and cultural norms and thus become essential for the continued success of a firm strategy implementation. The study recommends that although Ecobank Kenya Limited has been successful in the strategy implementation, in order to remain profitable and competitive in the market, the bank should continuously train its employees on how the strategy should be implemented, involve staff in decision making and employ efficient communication that avail information on strategy to all stakeholders.

Key words: Challenges, Strategy, Strategy Implementation, Ecobank Kenya Limited

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Implementing strategies successfully is vital for any organization, either public or private. Without implementation, even the most superior strategy is useless. The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented (Otley, 1999). Implementing would thus be perceived as being about allocating resources and changing organizational structure. The value of any strategy and its potential contributions include increasing productivity, reducing costs, growing profits, and improving service or product quality.

In this new world order successful strategy implementation becomes ever more important. Increasing numbers of managers and strategy researchers are recognizing that one of the key routes to improved business performance is better implementation (Huse and Gabrielsson 2004; Westphal and Fredrickson, 2001). However, at the same time, it is also understood that implementation is one of the more difficult business challenges facing today's managers (Pfeffer, 1996).

1.1.1 Strategy Implementation and Challenges

According to Ansoff and McDonnell (1990), it is through Strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. He further argues that this can be done by firstly, positioning of the firm through strategy and capability planning in its rightful competitiveness, and secondly, use of real time response through issue management and thirdly, systematic management of resistance during strategic implementation.

The way in which the strategy is implemented can have a significant impact on whether it will be successful (Thomson, 2007). Therefore strategy implementation as an activity embraces all of those actions that are necessary to put a strategy into practice. Organizations seem to have difficulties in implementing their strategies. Researchers have revealed a number of problems in strategy implementation: e.g. weak management roles in implementation, a lack of communication, lacking a commitment to the strategy,

unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors (Huse and Gabrielsson 2004).

1.1.2 Banking Sector in Kenya

As at December 2009, as per the Central Bank of Kenya annual reports, there were 44 commercial Banks and 3 mortgage finance companies operating in Kenya. These institutions have been categorized into three tiers based on their balance sheet size by The Banking Survey 2009. Tier I banks comprising of Banks with a balance sheet of more than Kes 40 billion, tier II between 10 billion but less than 40 billion and tier II less than 10 billion. Their ownership varies between local owned (74%) and foreign owned (2%) however the locally owned banks dominance in numbers is not reflective of the business and asset base dominance. Competition in the sector has seen banks come up with more innovative products, embrace information technology in attempt to woo more customers and lock in the existing ones. Branchless banking, use of debit and credit cards, internet banking, SMS banking are some of the innovative ways introduced by Banks. Further some banks have entered into partnerships with utility companies providing convenient means of settling bills to their clients and generate business.

Banks are regulated by the Central Bank of Kenya by issuing various prudential guidelines governing the running of the individual banks as per the Banking Act. The Central Bank of Kenya enforces compliance to the guidelines through mandatory periodical reporting. The regulatory guideline has various implications of the competitiveness of Banks through limiting the activities of the Banks by use of ratios. Oloo (2009) noted that there was a major banking crises in the 1990s with several banks collapsing thereby causing loss of confidence in the Kenyan financial sector. To counter this, the Central Bank of Kenya enhanced its regulatory role to reinstall and maintain confidence in the sector.

The regulations imposed impacts on the competitiveness of various institutions especially Tier III category eg the Banking act prohibits Banks from lending a single borrower amounts above 25% of the core capital meaning that banks with less core capital will not be able to finance large projects that may be profitable in spite of the risk assessment of these projects.

Other include limitations to lending on some sectors eg the Real estate sector lending limited to 25% of the total deposits, limitation on lending to insiders or related parties, introduction of the guidelines on treatment of bad and doubtful debts through provisioning and unsecured lending.

Whereas the intention is to safeguard the depositors' funds, the regulations stifle the competitiveness of some Banks. Banks have resulted into looking for ways to boost their capital. Various mergers have been seen in the market in the recent past also in anticipation of further regulatory requirement that banks must have a minimum core capital of one billion as at December 2012 as indicated in the Banking Act. Other regulatory requirements that has been introduced include Anti Money Laundering act, Know your Customer (KYC) , Real Time Gross Settlement (RTGS) renamed as Kenya Electronic Payment and settlement System (KEPSS) in 2005, Credit Reference Bureau (operationalised in 2009), agency Banking in 2010, cheque truncation (in the process of implementation). Banks are also required to publish their financial statements once in every quarter in one of the local daily newspapers.

The commercial banks operating in Kenya face challenges in their strategic implementations which limits successful operations coupled with uncontrollable factors in the external environment. Ecobank is one of the commercial banks operating in Kenya and an understanding of how it faces challenges in its strategy implementations would be considered a milestone on the challenges faced in strategy implementations in the commercial banks in Kenya.

1.1.3 Ecobank Kenya Limited

Ecobank Kenya was formed two years ago following Ecobank Transnational Incorporated's 75 per cent acquisition of EABS Bank of Kenya. The latter was formed in October 2005 through the merger of East African Building Society and Akiba Bank. Ecobank Kenya Limited provides banking and related services in Kenya. Its deposit products include current and demand deposits, savings accounts, and fixed deposit accounts; loans and advances comprise overdrafts, personal loans, mortgages, and commercial loans.

The company was formerly known as EABS Bank Limited and changed its name to Ecobank Kenya Limited in June 2008. Ecobank Kenya Limited is based in Nairobi, Kenya. Ecobank Kenya Limited is a subsidiary of Ecobank Transnational Incorporated (www.ecobank.co.ke).

Ecobank Kenya Limited has launched a regional money transfer service that is expected to ease funds transfer and boost trade through the use of a secure and affordable channel to make payments (www.ecobank.co.ke). The service is expected to spur trade by addressing the main challenge of payment modes such as the use of Letter of Credit (LC) to purchase products from other regions.

Lately, inter-regional trade among African countries has been on the rise, but non existence of a secure platform for payment has hampered the trade. With few financial institutions having regional operations, the business community has had to use trade instruments such as letters of credit which add to the cost of doing business. However, the implementation of the strategies that are meant to enhance the bank's competitiveness has faced numerous challenges including unclear individual responsibilities in the implementation process, lack of effectiveness coordination of activities, underestimating the time needed for implementation and major problems surfacing that had not been anticipated (www.ecobank.co.ke). In addition uncontrollable factors in the external environment had an adverse impact on strategy implementation.

1.2 Statement of the Problem

In the world of management, increasing numbers of senior people are recognizing that one of the key routes to improved business performance is better implementation (Renaissance Solutions Ltd, 1996). However, at the same time, it is also understood that implementation is one of the more difficult business challenges facing today's managers (Pfeffer, 1996). The apathy to strategy implementation can be ascribed to several reasons, among them: greater likelihood of failures in implementing strategies; higher complexity in the process of strategy implementation; strategy implementation being considered to be less glamorous than formulation; and practical difficulties in research involving middle-level managers (Alexander, 1985). More challenges are experienced in practice in the course of strategy implementation. In addition, the mainstream strategic studies have not considered the banking industry, and conventional thought within the industry has often down played

strategy's significance (Love et al, 2002). Notably in Kenya, most of the studies earlier done in the construction sector sought to identify the chronic problems of project implementation as opposed to critically assessing the managements' strategic fit (Westphal and Fredrickson, 2001).

Ecobank Kenya Limited is one of the most successful regional banks operating in the country. To achieve a competitive edge, the bank has to contend with numerous challenges that it encounters in the Kenyan competitive banking sector by adopting and implementing various strategies. However, the implementation of these strategies has faced numerous challenges including unclear individual responsibilities in the implementation process, lack of effectiveness coordination of activities, underestimating the time needed for implementation and major problems surfacing that had not been anticipated. In addition uncontrollable factors in the external environment had an adverse impact.

Locally, Karimi (2007) carried a research on challenges of strategic implementation in mathare 4a slum upgrading in Nairobi and found that lack of effectiveness in coordination of activities and distractions from competing activities were the main problems, Kiuna (2007) did a research on strategy formulation a case study of community development trust fund and established that lack of coordination was the main problem. Kung'u (2007) carried out a survey on strategy implementation challenges in the main stream churches in Kenya and found that major problems arose from the fact that the management style was not appropriate while Mecha (2007) did a study of strategy choice at the Kenya pipeline company using Ansoff's grand strategies matrix and found that the most frequently occurring strategy implementation problems include underestimating the time needed for implementation and major problems surfacing that had not been anticipated coupled with uncontrollable factors in the external environment. This study thus tries to fill the research gap that exists by carrying out a case study strategy implementation by Ecobank Kenya Limited. The study will seek answer to the question: What are the challenges of strategy implementation faced by Ecobank Kenya Limited?

1.3 Objectives of the Study

The objectives of this study were to:

- i. Identify the practices of strategy implementation at Ecobank Kenya Limited
- ii. Investigate the challenges of strategy implementation by Ecobank Kenya Limited

1.4 Value of the Study

Strategy which is a fundamental management tool in any organisation is a multi dimensional concept that various authors have defined in different ways. It is the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish.

Organizations seem to have difficulties in implementing their strategies. The study is therefore important not only to Ecobank Kenya Limited but also to other managers in banking sector. It would help them understand the factors affecting strategy implementation and how to overcome them. This will help different firms achieve success better than others. The study will also be a source of reference material for future researchers on related topics.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are strategic implementation, strategy implementation models, stages of strategy implementation, successful strategy implementation, challenges of strategic implementation and empirical review.

2.2 Strategy Implementation

Research emphasizing strategy implementation is classified by Bourgeois and Brodwin (1984) as part of a first wave of studies proposing structural views as important facilitators for strategy implementation success (Drazin and Howard, 1984). Beyond the preoccupation of many authors with firm structure, a second wave of investigations advocated interpersonal processes and issues as crucial to any strategy implementation effort (Noble, 1999).

It is not surprising therefore that strategy implementation is a topic of great interest to both managers and strategy researchers. Indeed, Noble (1999) affirm that an integrative view encompassing both structural and interpersonal views can enhance our understanding of the factors leading to implementation success. Despite the recent interest in strategy implementation research, there is a significant need for more detailed and comprehensive models related to strategy implementation (Noble, 1999).

2.3 Strategy Implementation Models

Strategic typologies are becoming ever popular in researching strategy. Taxonomy, the classifying of phenomena and the explanation of the classification used, facilitates the development of our knowledge (Galbraith and Schendel, 1983). The majority of extant taxonomy models in strategy implementation tend to be normative in nature. Alternatively, they are developed from organizational observation, and as such, become context specific and frequently lack any broader theoretical grounding. In contrast, Bourgeois and Brodwin's (1984) model is comprehensive, is based on specific theoretical assumptions and has been used by authors such as Parsa (1999).

The structure of a firm influences the flow of information and the context and nature of interpersonal interaction within it. Structure also channels collaboration, prescribes means of communication and co-ordination as well as allocating power and responsibility. Downsizing has resulted in the roles of employees altering dramatically as structure is re-engineered (Balogun, 2003). These firms are characterized by decentralized decision-making, small senior executive teams and an emphasis on horizontal rather than vertical communication (Webster, 1992). With firms evolving in terms of structure it follows that the style of strategy implementation will differ depending on the style of organisation and management that exists in the firm.

2.3.1 Cultural Model

The cultural model emphasizes a lower level employee participation in both strategy formulation and implementation thus leading to the disappearance of the separation of “thinkers” and “doers”. It seeks to implement strategy through the infusion of corporate culture throughout the firm. The SMET is an initiator, a visionary, and a communicator of the forward thinking process, thus the strategy of an organisation is stated in terms of broad guidelines and long-term direction (Homburg et al., 2000).

In this model, the SMET guides the organisation by communicating the vision for the firm while then allowing lower level employees to participate in the strategy implementation. A “clan-like” (Ouchi, 1980) organisation is expected to prevail, where a powerful culture results in employees aligning their individual goals and behaviours with those of the firm. However, a high level of organisational slack is needed to instil and maintain a cultural model. This model has several limitations: it assumes well-informed and intelligent participants; firms with this model tend to drift and lose focus; cost of change in culture often comes at a high price; increased homogeneity can lead to a loss of diversity, and creativity consequently (Parsa, 1999).

2.3.2 Change Model

This hierarchical model emphasizes how organisational structure, incentive compensation, and control systems can be used to facilitate the implementation of strategy. Here the senior marketing executive team (SMET) acts as an architect and uses behavioural science techniques to manage the firm to meet the needs of the strategy. The change model can be

identified through the changing of structure and staff to convey the firm's new priorities; alternating planning, performance measurement, incentive compensation systems; and using of cultural adaptation techniques to introduce system changes (DeWit and Meyer, 2004).

According to this model, there is a greater concordance between the “thinkers” (those employees exhibiting cerebral tendencies, preferring intellectual judgment and reasoning to solve organizational problems) and “doers” (those employees manifesting the practical ability to make things happen and exhibit intra-preneurial flair). The strategy content is considered as an evolving process, rather than as a set of predetermined plans. The goals of the firm remain predominantly economic but are adjusted to reflect specific strengths and weaknesses of the firm.

2.3.3 Collaborative Model

This alternative model focuses on group decision-making at a senior management level and involves SMETs in the strategy formulation process. In this way it expects a firm to have a formalized strategic planning system. The role of the SMET is to employ group dynamics and “brainstorming” approaches to involve managers in both strategy formulation and implementation phases. As a result, the behavioral nature of the firm dominates. The collaborative model overcomes both the limitations of information inaccuracy and cognitive limits of the change model (Parsa, 1999), as highlighted previously.

In this mode, organisations have both a strong culture and deep-rooted traditions. Successful implementation requires the cultivation of strong cultural values to meet the changing organizational needs. This model requires greater emphasis on human resource practices and as a result, the chosen strategy is a best possible compromise among the conflicting views of the differing groups (Bourgeois and Brodwin, 1984).

2.4 Stages of Strategy Implementation

Schmidt (1994) claims that a strategic change can be successfully implemented through a four-stage process: Assess the organizational capabilities and behavior needed to move from what the company is to what it needs to become, Determine what work processes would be required to implement the strategy and design current work processes to fit those requirements, identify what information needs the work processes generate, and determine

what information systems and databases would be required to meet those needs and determine which organizational structure would best support those work processes. The following implementation problems can be derived from the above mentioned areas: Uncontrollable factors in the external environment had an adverse impact on implementation.

Major problems surfaced which had not been identified earlier. McGrath et al. (1994) indicated that the political turbulence may well be the single most important issue facing any implementation process. Consequently, the following problem may occur: Advocates and supporters of the strategic decision left the organization during implementation. Clearly, the recent literature survey shows implementation challenges cited 15 years ago still recurring. Hence, it is worthwhile to examine which of these are actually taking place in reality.

2.5 Successful Strategy Implementation

Successful strategy implementation, it is suggested, requires sound mechanisms for directing activity and behaviour Otley (2001), especially including effective communication systems as well as appropriate strategic and management controls. The balanced scorecard's four perspectives as manifested in Kaplan and Norton's (2004, p. 10) strategy maps provide a level of granularity that improves clarity and focus thereby creating clear direction and, potentially, through the development and publishing of the strategy map, facilitate understanding and coordination across the organisation.

The importance of enabling sound “two-way” communications within organisations is seen as fundamental to the effective implementation of strategy, with a particular emphasis on facilitating useful feedback and “bottom-up” messages (Otley, 2001). The process of creating an organizational balanced scorecard essentially commences with a full strategic appraisal and the clear articulation of the organization’s strategic vision and objectives (Kaplan and Norton, 1992), this process can in itself can build consensus and engender learning which can be of enormous value.

In addition to substantially meeting necessary conditions, the balanced scorecard appears to offer a range of additional attributes that may also support successful strategy implementation. It has been shown that the keys to enabling such communications are an organisation's “middle managers” who have been shown to play a pivotal role and are viewed as strategic “actors” playing an important role in strategic transformation. The scorecard

approach encourages the establishment of co-ordinated scorecards at every level of an organisation which, when implemented properly, engage middle managers. It is further suggested that the balanced scorecard approach should be viewed as a template not a strait-jacket (Kaplan and Norton, 2004, p. 34).

2.6 Challenges of Strategy Implementation

According to Galpin, (1998), organizations seem to have difficulties in implementing their strategies, however. Researchers have revealed a number of problems in strategy implementation: e.g. weak management roles in implementation, a lack of communication, lacking a commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors.

Another issue influencing the study of strategy implementation is the perspective one has on strategy (Mintzberg, 1978). Wessel (1993) stated clearly that most of the individual barriers to strategy implementation that have been encountered fit into one of the following interrelated categories: too many and conflicting priorities, the top team does not function well; a top down management style; inter functional conflicts; poor vertical communication, and inadequate management development. These categories can be translated into the following problems: competing activities distracted attention from implementing this decision, changes in responsibilities of key employees were not clearly defined, key formulators of the strategic decision did not play an active role in implementation and problems requiring top management involvement were not communicated early enough.

2.7 Empirical Evidence

Many scholars have researched on the field of strategy implementation and the challenges faced in the implementation. According to Alexander (1985), the ten most frequently occurring strategy implementation problems include underestimating the time needed for implementation and major problems surfacing that had not been anticipated, in addition uncontrollable factors in the external environment had an adverse impact. Based on empirical work with 93 firms he observed that senior executives were over optimistic in the planning phase and it is noteworthy that the first two issues which occurred most frequently in

Alexander's study are planning issues. He also found the effectiveness of coordination of activities and distractions from competing activities inhibited implementation, in addition key tasks were not defined in enough detail. With regard to people, the capabilities of employees involved were often not sufficient, leadership and direction and training and instruction given to lower level employees were not adequate (Alexander, 1985, p. 92).

Nutt, (1995) points out that subtle changes taking place in the attitudes of employees towards working, their employers, and their lives are requiring companies to change their personnel management techniques accordingly to motivate their employees and instill them with commitment. Simons (1994) refer to three categories of factors that affected strategic decision-making process: environmental factors; organizational factors; and decision-specific factors. Tavakoli and Perks (2001) stated that there were mostly individual barriers to strategy implementation such as too many and conflicting priorities, insufficient top team functions, a top down management style, inter-functional conflicts, poor vertical communication, and inadequate management development. Rapert et al (2002) identify three criteria that must be met by performance management systems if they are to effectively mediate between an organization's strategy and its day-to-day activities. These "necessary" conditions comprise: that the system must explicitly link operational targets to strategic goals; it must integrate financial and non-financial performance information; and the system should focus business activities on meeting customer requirements.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

For the purposes of this study, the researcher applied a case study. A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2003). The primary purpose of a case study is to determine factors and relationships among the factors that have resulted in the behavior under study.

A case study was considered as the appropriate research design since it is a more appropriate strategy for answering research questions which ask ‘how and ‘why’ and which do not require control over the events (Kothari, 2000). This is because such questions deal with operational links that would need to be traced over time, rather than mere frequencies or incidence. By using the case study approach, the reasons why certain decisions were made, how they were implemented and what the results are can be identified.

3.2 Data Collection Method

The researcher used both primary and secondary data. Primary data was collected using self-administered interview guide while secondary data was collected by use of desk search techniques from published reports and other documents. Secondary data sources included the bank’s publications, journals, periodicals and information obtained from the internet.

The interview guide had open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. The interview guides were preferred over other methods of collecting data because of their capability to extract information from the respondents as well as giving the researcher a better understanding and a more insightful interpretation of the results from the study. Interview guides were also preferred because they enabled the researcher obtain more up to date information as well as eliciting information which might not be captured in the other data collection techniques. The use of an open-interview strategy enabled better exposure of the interviewees’ personal perspectives, their deeper thoughts, emotions and ambitions (Bromley, 1986; Paton, 1990).

This less structured approach allowed the interviews to be much more like conversations than formal events with predetermined response categories, permitting the respondents' views to unfold, rather than the predisposition of the researcher (Marshall and Rossman, 1997, p. 80).

The respondents of this study was the staff in the bank who include directors and other staff in the ranks of management such as top managers, middle level managers and lower level managers. This made it easier to get adequate and accurate information necessary for the research. The interview guide was administered through a face to face interview method.

3.3 Data Analysis

Before processing the responses, the completed interview guide was edited for completeness and consistency. The data collected using interview guides which was qualitative in nature, was analyzed using conceptual content analysis which is the best suited method of analysis. Content is defined by Creswell (2003) as a technique for making inferences by systematically and objectively identifying specific characteristic of messages and using the same approach to relate trends. The content analysis was used to analyze the respondents' views about the challenges of strategic implementation at Eco-Bank using the perspective of Marshall and Rossman (1997), who see qualitative data analysis as a search for general statements among categories of data.

The advantage of using content analysis is that it enables grouping of the collected data into various groups for easier analysis which is presented in continuous prose. According to Mugenda and Mugenda (2003) the main purpose of content analysis is to study the existing information in order to determine factors that explain a specific phenomenon. According to Kothari (2000), content analysis uses a set of categorization for making valid and replicable inferences from data to their context.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter presents data findings from the field, its analysis and interpretations. The data was gathered through interview guides and analyzed using content analysis. The data findings were on the challenges of strategy implementation at Ecobank Kenya Limited. According to the data found, all the directors and other staff in the ranks of management such as top managers, middle level managers and lower level managers projected in the previous chapter to be interviewed were interviewed which makes a response rate of 100%. The commendable response rate was achieved after the researcher made frantic efforts at booking appointments with the heads of departments despite their tight schedules and making phone calls to remind them of the interview.

4.2 Demographic Information

The study, in an effort to ascertain the interviewees' competence and conversance with matters regarding Ecobank Kenya Limited asked questions on the position that the interviewee held in the bank. According to the data findings, all the interviewees were either directors or managers in charge of various departments in the bank. On the highest level of education, the study found that most of the interviewees had at least a University Degree as their highest level of education while others had a Masters Degree and a PhD. Degree. The researcher also asked a question on the years that the interviewees had worked for Ecobank Kenya Limited. According to the interviewees' response, all of them had worked for the organisation for at least four years as most promotions are internal, within the organization. The interviewees' responses hence had the advantage of good command and responsibility being that they were directors and managers and had experience and aptitude owing to their years of experience in the organisation.

4.3 Strategy Implementation Practices

The interviewees were in agreement that the importance of strategy implementation to the bank success is that it helps in the alignment of the bank to the operating environment enabling it to have a competitive advantage over its rivals. They also indicated that the bank

was able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment during strategy implementation by engaging in proactive environmental scanning to ensure there is alignment of the strategies to the environment. The interviewees also indicated that strategy implementation at Ecobank Kenya Limited involved putting the strategic decision reached during the planning, into action. To the question on the importance of management ability, or competence, in achieving successful strategy implementation, the interviewees intimated that the management should be competent so as to ensure good strategy objective setting, achieve strategic awareness, manage resistance to strategy implementation, giving a clear guidance, sustain vigorous strategy implementation efforts, align structure to strategy, envision change for future competences and critically assess current strategy.

To the question on the stages of strategy implementation at the bank, the interviewees concurred that the process entail assessment of the organizational capabilities and behavior needed to move from what the company is to what it needs to become; determination what work processes would be required to implement the strategy and design current work processes to fit those requirements, identification of what information needs the work processes generate, and determination of what information systems and databases would be required to meet those needs and determine which organizational structure would best support those work processes. The interviewees further reiterated that senior managers, directors, middle managers, departmental heads and other lower level employees are involved in strategy implementation process at the Ecobank Kenya Limited but the middle level managers play the pivotal role in the implementation.

On the role that communication plays in the process of strategy implementation at Ecobank Kenya Limited, the interviewees agreed unanimously that proper communication of strategic awareness can act as a cohesive force and succeed in connecting those with ultimate responsibility for organisations with those who directly implement policies at the sharp. According to some employees, communication is pervasive in every aspect of strategy implementation, and it is related in a complex way to organizing processes, organisational context and implementation objectives which, in turn, have an impact on the implementation

process and also enhances timely feedback on the progress and challenges met in the process of strategy implementation.

To the question on the impact of management development programmes /training on effective strategy implementation at Ecobank Kenya Limited, the interviewees indicated that training instills to the employees a set of management competencies which it is hoped will deliver better competitive and commercial practice; Staff training is an important contributor to individual and group motivation; training can increase staff involvement in the organisation, improve communication between peers; facilitate change, eliminate confusion since everybody understands his or her role,.

On the effect of early involvement of firm members in the strategy process on successful strategy implementation, the interviewees intimated that early involvement of firm members in the strategy process helped members understand super-ordinate goals, style, and cultural norms and thus become essential for the continued success of a firm strategy implementation. It also prevents them from being taken by surprise, puts all members at the same platform, and helps the employees to own the process thus ensuring better results. According to some interviewees, early involvement of firm members in the strategic plans and decisions taken by the bank are essential to their progress and development within their organisational environments. Involving staff in such processes increases their confidence and sense of ownership of new policies and changes which in turn contribute to their personal and professional motivation towards successful strategy implementation.

The interviewees, on initiatives taken by management in creating and sustaining a climate within the firm that motivates employees in their implementation role, unanimously agreed that the management have taken initiatives that include encouraging teamwork, maintaining a powerful culture that results in employees aligning their individual goals and behaviours with those of the firm, continuous staff training and development, implementing reward and benefits systems including frequent recognition given in less formal ways, ensuring a conducive working condition by focusing on relations between peers through effective staff meetings that allow opportunities for discussion interaction and proper communication. The interviewees also reiterated that the requirements for a successful strategy implementation at

the bank were such as effective communication, involvement of all stakeholders, management commitment and coordination of activities during the process.

The interviewees indicated the style /model of strategy implementation employed at the bank is the top down model. They further concurred that the strategy implementation practices employed by Ecobank Kenya Limited include allocation and management of sufficient resources (financial, personnel, operational support, time, technology support); establishing a chain of command or some alternative structure; assigning responsibility of specific tasks or processes to specific individuals or groups; monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary; taking advantage of supportive implementation instruments like the balanced scorecard and assessing both internal and external obstacles to strategy implementation of the organization.

To the question on other factors leading to strategy implementation success at the bank, the interviewees indicated that factors leading to strategy implementation success include clear aims and planning, a conducive climate, giving implementation priority, having abundant resources, an appropriate structure and implementing flexibly and organisational structure.

4.4 Challenges of Strategy Implementation

All the interviewees unanimously agreed that the strategic implementation problems that are related to organizational hurdles were such as the processes taking long than expected and sometimes failure in the implementation. The interviewees were in accord that they face the challenge of strategy implementation time being underestimated and thus most of the implementers have a deadline that is merely an approximation due to the occurrence of unexpected developments. According to some interviewees, the bank experiences delays by external business partners in providing the expected support in time.

To the question on some of the challenges that surface during strategy implementation that had not been anticipated, the interviewees cited that political turbulence was the most important issue facing any implementation process. Other challenges include supporters of the strategic decision leaving the organization during implementation, change of guiding policies by umbrella bodies e.g. CBK, system breakdown, low or underestimated budget

allocation and underestimation of the commitment, time, emotion, and energy needed to overcome inertia in their organization and translate plans into action. Other factors in the external environment that had an adverse impact in strategy implementation at the bank were indicated by the interviewees as increasingly sophisticated customers and management practices, escalating globalization, more prevalent and subtle product differentiation, credit crunch, political environment, breakneck competition from other banks.

All the interviewees concurred that some of competing activities that cause distractions inhibiting strategy implementation include too many conflicting priorities, advertisement/promotion, well versed customers, door to door sale and the bank trying to cope with competition in the industry hence losing perspective of its strategy. The interviewees further intimated the challenges posed by the inadequacy of information systems used to monitor strategy implementation include the implementers not knowing how effective the strategy implementation has been, may lead to loss of opportunities, lack of timely feedback and false report on progress and consequently ultimate failure. To the question on the challenges posed by customers and staff not fully appreciating the strategy on strategy implementation, the interviewees were in agreement that they faced challenges of criticism, lack of cooperation, strategy failure and implementation delays.

The interviewees, on the impact of poor communication and diminished feelings of ownership and commitment by employees to strategy implementation, said that it resulted to delayed results, wastage of resources, loss of business, and rejection of the strategy, demotivation and lack of commitment to new ideas. To the question on the challenges caused by ineffective coordination and poor sharing of responsibilities of strategy implementation activities, the interviewees unanimously agreed that they caused challenges of delayed implementation, overworking of some workers, errors of commission, omission and duplication.

According to the interviewees, other challenges faced in strategy implementation at the bank include poor planning, lack of support, non involvement, inadequate knowhow on the key stages, poor coordination, poor communication, unclear strategic intentions, conflicting priorities, unawareness or misunderstanding of the strategy, unaligned organizational systems

and resources, competing activities and uncontrollable environmental factors. The researcher further asked the interviewees to suggest the possible solutions to the challenges of strategy implementation at the Ecobank Kenya Limited. According to the interviewees, the solution to the problems include continuous training on how the strategy should be implemented; involvement of staff in decision making, consider piloting before rolling it out to everyone, appraise achievements, sharing responsibility, efficient communication, defined and clear process flow.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations were drawn are in quest of addressing the research question or achieving at the research objective which is the challenges of strategy implementation at Ecobank Kenya Limited.

5.2 Summary of Findings

The study found that the importance of strategy implementation to the bank success is that it helps in the alignment of the bank to the operating environment enabling it to have a competitive advantage over its rivals and the bank able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment during strategy implementation by engaging in proactive environmental scanning to ensure there is alignment of the strategies to the environment.

Effectiveness of strategy implementation is, at least in part, affected by the quality of people involved in the process (Govindarajan, 1989). Here, quality refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position. The study collates with the literature on the importance of management ability, or competence, in achieving successful strategy implementation, where the study found that the management should be competent so as to ensure good strategy objective setting, achieve strategic awareness, manage resistance to strategy implementation, giving a clear guidance, sustain vigorous strategy implementation efforts, align structure to strategy, envision change for future competences and critically assess current strategy.

Strategy implementation at the bank entail assessment of the organizational capabilities and behavior needed to move from what the company is to what it needs to become; determination what work processes would be required to implement the strategy and design current work processes to fit those requirements, identification of what information needs the work processes generate, and determination of what information systems and databases

would be required to meet those needs and determine which organizational structure would best support those work processes.

On the role that communication plays in the process of strategy implementation at Ecobank Kenya Limited , the researcher found that proper communication of strategic awareness can act as a cohesive force and succeed in connecting those with ultimate responsibility for organisations with those who directly implement policies at the sharp; communication is pervasive in every aspect of strategy implementation, and it is related in a complex way to organizing processes, organisational context and implementation objectives which, in turn, have an impact on the implementation process and also enhances timely feedback on the progress and challenges met in the process of strategy implementation. The researcher also found that effective communication throughout the organisation leads to a clear understanding of key roles and responsibilities of all stakeholders including middle managers, whose role is often pivotal and ensures that everybody understands success levels at all times. This collates with earlier findings by Rapert, Velliquette and Garretson (2002).

On the impact of management development programmes and training on effective strategy implementation at Ecobank Kenya Limited, the researcher found that training instills to the employees a set of management competencies which it is hoped will deliver better competitive and commercial practice; Staff training is an important contributor to individual and group motivation; training can increase staff involvement in the organisation, improve communication; facilitate change and eliminates confusion.

On the effect of early involvement of firm members in the strategy process on successful strategy implementation, the study found that early involvement of firm members in the strategy process helped members understand super-ordinate goals, style, and cultural norms and thus become essential for the continued success of a firm strategy implementation. It also prevents them from being taken by surprise, puts all members at the same platform, and helps the employees to own the process thus ensuring better results. Further, early involvement of firm members in the strategic plans and decisions taken by the bank are essential to their progress and development within their organisational environments. Involving staff in such processes increase their confidence and sense of ownership of new policies and changes

which in turn contribute to their personal and professional motivation towards successful strategy implementation. These findings are similar to the ones on previous research by (Hambrick and Cannella, 1989).

The research found that the bank applies fluid processes for adaptation and adjustment in strategy implementation to a great extent because strategy implementation is a complex phenomenon thus in response, generalizations have been advanced in the form of encouraging fluid processes for adaptation and adjustment. On initiatives taken by management in creating and sustaining a climate within the firm that motivates employees in their implementation role, the researcher found that the management has taken initiatives that include encouraging teamwork, maintaining a powerful culture that results in employees aligning their individual goals and behaviours with those of the firm, continuous Staff training and development, implementing reward and benefits systems including frequent recognition given in less formal ways, ensuring a conducive working condition by focusing on relations between peers through effective staff meetings that allow opportunities for discussion and interaction and proper communication. The requirements for a successful strategy implementation at the bank were such as effective communication, involvement of all stakeholders, management commitment and coordination of activities during the process. The model of strategy implementation employed at the bank is the top down model.

On other factors leading to strategy implementation success at the bank, the research found that factors leading to strategy implementation success include clear aims and planning, a conducive climate, giving implementation priority, having abundant resources, an appropriate structure and implementing flexibly, organisational structure, control mechanisms, strategic consensus, leadership and positive attitude towards strategy implementation success. The research found that the bank faces the challenge of strategy implementation time being underestimated in and thus most of the implementers have a deadline that is merely an approximation due to the occurrence of unexpected developments and also experience delays by external business partners in providing the expected support in time.

On some of the challenges that surface during strategy implementation that had not been anticipated, the research found that political turbulence was the most important issue facing any implementation process. Other challenges include supporters of the strategic decision leaving the organization during implementation, change of guiding policies by umbrella bodies e.g. CBK, system breakdown, low or underestimated budget allocation and underestimation of the commitment, time, emotion, and energy needed to overcome inertia in their organization and translate plans into action. Other factors in the external environment that had an adverse impact in strategy implementation at the bank were found to include increasingly sophisticated customers and management practices, escalating globalization, more prevalent and subtle product differentiation, credit crunch, political environment, breakneck competition from other banks.

The research found that some of competing activities that cause distractions inhibiting strategy implementation include too many conflicting priorities, advertisement/promotion, well versed customers, door to door sale and the bank trying to cope with competition in the industry hence losing perspective of its strategy. The research further found the challenges posed by the inadequacy of information systems used to monitor strategy implementation include the implementers not knowing how effective the strategy implementation have been, may lead to loss of opportunities, lack of timely feedback and false report on progress and consequently ultimate failure.

On the challenges posed by customers and staff not fully appreciating the strategy on strategy implementation, the research found that they faced challenges of criticism, lack of cooperation, strategy failure and implementation delays. The research, on the impact of poor communication and diminished feelings of ownership and commitment by employees to strategy implementation, found that it resulted to delayed results, wastage of resources, loss of business, rejection of the strategy, demotivation and lack of commitment to new ideas.

On the challenges caused by ineffective coordination and poor sharing of responsibilities of strategy implementation activities, the research found that they caused challenges of delayed implementation, overworking of some workers, errors of commission, omission and duplication. Other challenges faced in strategy implementation at the bank include poor

planning lack of support, non involvement, inadequate knowhow on the key stages, poor coordination, poor communication, unclear strategic intentions, conflicting priorities, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, competing activities and uncontrollable environmental factors. These collated with Beer and Eisenstat's (2000) , six silent killers of strategy implementation. The research further found the possible solutions to the challenges of strategy implementation at the Ecobank Kenya Limited include continuous training on how the strategy should be implemented; involvement of staff in decision making, consider piloting before rolling it out to everyone, appraise achievements, sharing responsibility, efficient communication, defined and clear process flow.

5.3 Conclusion

From the study, the research concludes that the management should be competent so as to ensure good strategy objective setting, achieve strategic awareness, manage resistance to strategy implementation; early involvement of firm members in the strategy process helped members understand super-ordinate goals, style, and cultural norms and thus become essential for the continued success of a firm strategy implementation, puts all members at the same platform, and helps the employees to own the process thus ensuring better results.

The study also concludes that the management has taken initiatives in creating and sustaining a climate within the firm that motivates employees in their implementation that includes; encouraging teamwork, maintaining a powerful culture that results in employees aligning their individual goals and behaviours with those of the firm, continuous staff training and development, implementing reward and benefits systems including frequent recognition given in less formal ways, ensuring a conducive working condition by focusing on relations between peers through effective staff meetings that allow opportunities for discussion and interaction and proper communication. The study also concludes that factors leading to strategy implementation success include clear aims and planning, conducive climate, giving implementation priority, having abundant resources, an appropriate structure and implementing flexibly, organisational structure, control mechanisms, strategic consensus, leadership and positive attitude towards strategy implementation success.

On the challenges, the study concludes that the bank faces the challenge of strategy implementation time being underestimated, political turbulence, poor planning lack of support, non involvement, inadequate knowhow on the key stages, poor coordination, poor communication, unclear strategic intentions, conflicting priorities, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, competing activities and uncontrollable environmental factors, supporters of the strategic decision leaving the organization during implementation and change of guiding policies by umbrella bodies e.g. CBK. Factors in the external environment that had an adverse impact in strategy implementation at the bank were increasingly sophisticated customers and management practices, escalating globalization, more prevalent and subtle product differentiation, credit crunch, political environment, and breakneck competition from other banks.

5.4 Limitations of the study

A limitation for the purpose of this research was regarded as a factor that was present and contributed to the researcher getting either inadequate information or responses or if otherwise the response given would have been totally different from what the researcher expected.

Being that this was a case study on one company the data gathered might differ from strategic responses that other companies in the banking industry have adopted to match the competitive environment. This is because different companies adopt different strategies that differentiate them from their competitors. The study however, constructed an effective research instrument that sought to elicit general and specific information on the subject matter.

The study faced both time and financial limitations. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried. Due to limited finances the study could not be carried out on the other branches of Ecobank Kenya Limited. The study, however, minimized these by conducting the interview at the bank's headquarter since it is where strategies are made and rolled out to other branches that operate on the blue print.

5.5 Recommendations

From the discussions and conclusions in this chapter, the study recommends that although Ecobank Kenya Limited has been successful in the strategy implementation, in order to remain profitable and competitive in the market, the bank should continuously train its employees on how the strategy should be implemented, involve staff in decision making and employ an efficient communication system that avails information on strategy to all stakeholders. The study further recommends that the bank should involve all members in the strategy implementation.

5.6 Area for Further Research

The researcher recommends that a replicate study be done on other companies in the banking industry so as to find out how other banks implement strategy since each bank employs a different approach. The researcher further recommends that a similar study be done on other institutions for the purposes of benchmarking.

5.7 Implication on Policy and Practice

Ecobank being a Pan-African bank faces difficulties in implementing all its foreign policies in various countries and is sometimes forced to abandon some of its policies altogether. It also takes long as they have to consult with headquarters before implementing some of the policies and sometimes have to change the policies and adapt to country specifics. The results of this study would, therefore form a basis for the best approaches in implementing strategic decisions the bank and other such institutions whose operations range from one country to another.

The results of this study are significant in that they may impact on the policies and practice of the bank as it has given insight on the various challenges that affect strategic implementations on the bank's operations. Policy makers would recognize the need for increasing the staff/personnel as well as increasing their knowledge for the bank to effectively implement strategic decisions. There would be need to allocate more expense budget on advertising and business, staff training and capital expenditure on a robust core banking software.

The research findings would also impact on the regulators – the Central Bank of Kenya as they would have to strike a balance between the regulatory requirements and the compliance costs incurred by the banks. They would need to provide a conducive business environment but also carry out their regulatory mandate to prevent banks from taking excessive exposure in the name of business. The regulators may also realize the need of setting minimum standards on the core banking software to enable compatibility of various banks systems and also provide a common platform for common bank operations.

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APPENDICES

Appendix 1: Introduction Letter

September, 2010

The Human Resource Manager,

Eco bank Limited,

P.O Box ,

Nairobi.

MBA RESEARCH PROJECT

I am a student at Nairobi University pursuing a Masters of Business Administration program.

Pursuant to the pre-requisite course work, I would like to conduct a research project to assess the challenges of strategic implementation. The focus of my research will be Ecobank Kenya Limited and this will involve interview with members of the senior management team.

I kindly seek your authority to conduct the research at Ecobank Kenya Limited through research interviews and use of relevant documents. I have enclosed an introductory letter from the University. Your assistance is highly valued. Thank you in advance.

Yours faithfully,

Phyllis Ayuma Wetangula

Appendix 11: Interview Guide

CHALLENGES OF STRATEGY IMPLEMENTATION AT ECOBANK KENYA LIMITED

SECTION A: BACKGROUND INFORMATION

1. State your gender?
.....
2. State your age bracket?
.....
3. What is your highest academic qualification?
.....
4. Position at Ecobank Kenya Limited?
5. How long have you been in the banking industry?
.....

SECTION B: STRATEGY IMPLEMENTATION PRACTICES

1. In your view, what is the importance of strategy implementation to the bank success?
2. How is the able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment during strategy implementation?
3. What does it entail/involve at Eco bank?
4. In your opinion what is the importance of management ability, or competence, in achieving successful strategy implementation
5. What are the stages of strategy implementation at the bank
6. Who are involved in strategy implementation process in your organisation?
7. What role does communication play in the process of strategy implementation at your bank?

8. What is the impact of human resource development on effective strategy implementation at your bank?
9. What is the effect of involvement of firm members in the strategy process on successful strategy implementation?
10. What initiatives are taken by management in creating and sustaining a climate within the firm that motivates employees in their implementation role?
11. What are the requirements for a successful strategy implementation at the bank?
12. What is the style /model of strategy implementation employed at the bank?
13. What are the strategy implementation practices employed by your bank?
14. What are the other factors leading to strategy implementation success at your bank?

SECTION C: CHALLENGES OF STRATEGY IMPLEMENTATION

15. What strategic implementation problems that are related to organizational hurdles?
16. Do you face the challenge of strategy implementation time being underestimated?
17. What are some of the challenges that surface during strategy implementation that had not been anticipated?
18. What other factors in the external environment had an adverse impact in strategy implementation at the bank?
19. What are some of competing activities that cause distractions inhibiting strategy implementation?
20. What are the challenges posed by the inadequacy of information systems used to monitor strategy implementation?
21. What challenges are posed by customers and staff not fully appreciating the strategy on strategy implementation?
22. What is the impact of poor communication and diminished feelings of ownership and commitment by employees to strategy implementation?

23. What are the challenges caused by ineffective coordination and poor sharing of responsibilities of strategy implementation activities?
24. What are the other challenges you face in strategy implementation at the bank?
25. What are the challenges faced due to poor Coordination and communication?

26. What are the possible solutions to the challenges of strategy implementation at the Eco Bank?