CHALLENGES OF STRATEGY IMPLEMENTATION AT TRANSNATIONAL BANK KENYA LIMITED

BY

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DECLARATION

I the undersigned declare that this Management Research Project is my own original work and has not been submitted to any other college or university.
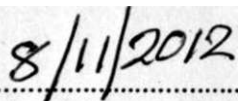
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My greatest and special gratitude is to the Almighty God who makes all things possible and beautiful at the right time.

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DEDICATION

TMS rCSCarCh is dedicated t0 P^ who gave me unwavering support in undertaking research i>roject right from the start of this journey.

ABSTRACT

There is enough evidence and common consensus in literature that although strategy implementation is a challenge to many organizations, it is strategy formulation that continues to receive more attention .Strategy implementation is the process that turns plans and strategics into actions to accomplish objectives. It str.rts with strategy formulation which refers to the development of long term plans for effective management of opportunities and threats in light of organizational strengths and weaknesses. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizations culture, resources and leadership. All interested parties should cooperate in the process since they play a leading role in the implementation of strategies in the organization. It is also evident that banks in Kenya experience certain barriers to strategy implementation. Given this situation, this study highlights the most frequent barriers to strategy implementation in general and attempts to identify and describe barriers that impede strategy implementation in the banking industry. The objectives of the study were to investigate the challenges of strategy implementation at Transnational Bank Kenya Limited and to establish how the bank has been able to overcome the challenges of strategy implementation. This was a case study design where primary data was collected using an interview guide. The data obtained was analyzed using content analysis. The findings from the study suggest that the organization had developed some strategies which were geared towards accomplishment of the organizations objectives. Employee participation in strategy formulation was the main reason that slowed down the process of strategy implementation, other contributors of the challenges on strategy implementation are inadequate analysis of progress being made as planned, financial constraints, change of strategy midstream to suite their focus, on commitment of senior staff and employees in general to support a new strategic plan given the start to its completion including review and supporting its recommendation, lack of implementation continuity if a staff leaves due to absence of project operational manuals, duplication of activities which calls for effective design programs.

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CHAPTER ONE: INTRODUCTION

l.l Background of the study

Despite the experience of many organizations, strategy implementation tends to pose a great :hallenge. It is possible to turn strategies and plans into individual actions, necessary to produce i great business performance but it's not easy. Many companies repeatedly fail to truly motivate heir people to work with enthusiasm, all together, towards the corporate aims. Most companies md organizations know their businesses, and the strategies required for success. However many :orporations - especially large ones - struggle to translate the theory into action plans that will mable the strategy to be successfully implemented and sustained. Most compjinies have trategies, but far fewer achieve them. It is upon the particular organization to identify the mplementation challenges and come up with mechanisms of overcoming them (Hill and Jones, 1009).

The challenge faced by organisations, in terms of the strategic management process, lies in ranslating their strategic plans into action (i.e. implementation of strategies) rather than in formulating strategies. There is also a strong worldwide predisposition to the creation and formulation of strategy as opposed to the implementation and execution of strategy (Pienaar & Cronje, 2008:12). Any failure to implement strategy would compromise the competitive advantage of an organisation in respect of either its business or its industry.

1.1.1 Strategy Implementation

Generally, there are two broad areas in strategy, namely strategy formulation and strategy implementation (Pearce and Robinson 2003; De Wit and Meyer 2004; Hubbard 2004). Strategy implementation involves interactive work of taking actions, reconciling and adopting organizational dimensions to strategy, experimenting ways to effectively executc strategy, and managing strategy to fit the environment which leads to increased performance (Noble 1999; Varadarajan, 1999; Hubbard et al., 2002; Homburg et al., 2004). Strategy research has generated a lot of insights for strategy formulation, but relatively little has been done for strategy implementation of organizations which are simultaneously dealing with fast growth and high performance.

Homburg et al. (2004) argues that strategy formulation does not guarantee successful strategy implementation. Mankins and Steele (2005) note that organizations are still not able to realize the full potential value of their strategies. Organizations typically fall short by 40% from fully realizing their strategies potential value (Mankins and Steele 2005).A number of Scholars Argue that the main reason for the fall short in performance is the lack of emphasis and efforts by organizations in implementing strategies. (Amburgey and Dacin 1994; Freedman 2003; Okumus 2003; Mankins and Steele 2005). So, organizations that are able to capture more than 60% of their strategies' potential value are likely to achieve above average performance. Those that are able to do so are likely to be high performance organizations (Mankins and Steele 2005).For managing fast growth and high   performance, some scholars argue that it is important for organizations to implement many new strategies (Christensen et al., 2003; Helfat et al., 2007).

However Miller (2001) points out that organization typically fail to implement about 70% of their new strategies which are critical for organizational success. Clearly, to achieve fast growth and high performance it is important to examine how organizations manage strategy implementation.Strategy formulation and implementation inevitably raise questions of power within an organization (Pettigrew and Whipp, 1991). Consequently, with respect to implementation, the existence of conflicts, and the use of individual and group power needs to be taken into consideration (Bergadaa, 1999).Thus, given the importance of strategy implementation to organizational performance, its complexity, and high failure rate, implementation should be a topic of high interest for scholars and managers with implementation responsibilities. Hence, there is a growing recognition that the most important problems in the field of strategic management are in strategy implementation (Flood et al., 2000).

1.1.2 Challenges of strategy implementation

According to the White Paper of Strategy Implementation of Chinese Corporations in 2006, strategy implementation has become "the most significant management challenge which all kinds of corporations face at the moment". The survey reported in that white paper indicates that 83 percent of the surveyed companies failed to implement their strategy smoothly, and only 17 percent felt that they had a consistent strategy implementation process. It is thus obvious that strategy implementation is a key challenge for today's organizations.

Consequently, there is a widely shared experience that all too often; plans do not work out as intended (Wemham, 1984; Nutt, 1999). Many organizations have a fundamental disconnect between the formulation of their strategy and the implementation of that strategy into useful action (Kaplan, 1995). This has been called the implementation problem: 'the all too frequent failure to create change after seemingly viable plans have been developed' (Nutt, 1983). Therefore, implementation constitutes an enigma and a source of frustration in many companies (Noble, 1999b). Achieving successful implementation remains a continuing challenge for managers responsible for executing strategies (Cravens, 1998). The widely reported incidence of plan failure and the needs of managers suggest that a careful examination of implementation practice should be a priority (Nutt, 1987). Because of the reported high failure rate, strategy implementation appears to be a difficult organizational issue. A reason for this difficulty may be that strategy implementation is a multifaceted and highly complex organizational phenomenon (Wemham, 1984; Noble, 1999).

Implementation is difficult and complex because the process is messy, ambiguous and often involves many departments in the firm (Noble, 1999b, Schofield, 2004). Part of this complexity arises from the social and political aspects of an implementation, which need to be taken into account. Personality differences, politics, communication problems, and struggles over power and leadership are just a few obstacles that may undermine an implementation effort (Pearce and Robinson 2003).

The major challenges experienced in the implementation of strategy arc; developing a model for directing decisions or implementing activities, knowing that how creating strategy can affect implementation, effective change management such as change culture, knowing that power and influence is essential for successful implementation, developing structures, sharing information, coordinating and clarifying accounts, developing control and feedback mechanisms, knowing that how a supportive culture for implementation should be created and exercising implementation under leader's control.

1.13 The Banking Industry in Kenya

The main regulators and governors of banking Industry in Kenya are the Companies Act, the Central Bank of Kenya (CBK) Act and the Banking Act. These Acts are used together with the prudential guidelines which Central bank of Kenya issues from time to lime. In 1995 the exchange controls were lifted after the liberalization of the banking in Kenya (CBK, 2012). Central Bank of Kenya is tasked with formulating and implementation of monetary and fiscal policies. Central bank is the lender of last resort in Kenya and is the banker to all other banks. The CBK ensures the proper functioning of the Kenyan financial system, the liquidity in the county and the solvency of the Kenya shilling. The Ministry of finance is where CBK falls. To address issues that affect the Banking industry in Kenya, banks have come together and formed a forum under the Kenya Bankers Association. The major issues facing the banking industry include: New regulations especially with the passing of the new constitution. CBK requires financial institutions to build up their minimum core capital requirement to Kenya shillings 1 Billion by December 2012. The Terrorist attacks on the twin towers in United States of America emphasised and led to the mandating Acts like Anti-money laundering. Nations are working closing to ensure that proceeds of crime do not get into the financial systems of the world.

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The Global crisis experienced affected banking industry in Kenya and more so the mobilization of deposits and trade reduction. The Interest margins declines have also affected the banking industry in Kenya.Kenyan Banks have realized tremendous grow in the last five years and have expanded to the east African region. The banking industry in Kenya has also involved itself in automation, moving from the traditional banking to better meet the growing complex needs of their customer and globalization challenges.

There has been increased competition from local banks as well as international banks, some of which are new players in the country. This has served the Kenyan economy well as the customers and shareholder are the ones who have benefited the most. Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market.

1.1.4 Transnational bank Kenya Limited

Trans National Bank Kenya Limited is a commercial bank in Kenya. It is one of the forty-four (44) licensed commercial banks in the country. It was established as a non-bank financial institution (NBFI) in 1984, under the name Trans National Finance Company (TNFC). TNFC provided loans, including lease-purchase arrangements to depositors and non-depositors. In 1985, following the issuance of a commercial banking license by the Central Bank of Kenya, the national banking regulator, the company began banking operations under its current name in Nairobi and Mombasa. At first other locations in the country continued to operate as TNFC offices. Between 1985 and 1996, all TNFC activities were merged with TNBK and the TNFC brand was closed.

The bank has one subsidiary; TNBK Forex Bureau, located at Moi International Airport in Mombasa. The bank is also affiliated with Western Union, the American International noney-transfer service. In 2009, TNBK introduced Internet banking and mobile banking through mobile telephones.

Trans National Bank provides Personal Banking services as well as Corporate Banking Services. The bank plans to win a large Personal Banking clientele over coming years. TNB has excellent products for small account holders and Business accounts. The strategies that transnational bank Kenya has implemented include; a new payment platform in partnership with paynet Kenya that seeks to enhance deployment of bulk payments system at the bank.

1.2 Research Problem

Most organizations expend resources in crafting strategies that are never implemented and, as a result, organizational goals are not attained. Strategy implementation is where strategy is translated into action to achieve the intended objective. Once strategies have been agreed on, the next step is implementation; this is where most failures occur. Strategy implementation is somewhat complex to many organizations. Challenges of strategy implementation could arise from top-down or complacent upper management, unclear strategy and conflicting priorities, ineffective senior management team, poor vertical communication, poor coordination across the enterprise and inadequate middle-manager and supervisor management skills. There is always the very weak relationship of strategy formulation to strategy execution in many organizations. Less than 10% of strategies effectively formulated are effectively executed mainly because most organizations tend to separate strategy formulation and execution.

Strategy implementation is very important since strategy is the grand design or an overall 'plan' which an organization chooses in order to move or react towards the set of objectives by using its resources. Strategies most often devote a general programme of action and an implied deployed of emphasis and resources to attain comprehensive objectives. Strategy helps the organization to meet its uncertain situations with due diligence. Without a strategy, the organization is like a ship without a rudder.

Transnational Bank provides Personal Banking services as well as Corporate Banking Services. The bank plans to win a large Personal Banking clientele over coming years. The bank has formulated and implemented strategies to improve on its service delivery. However, it has faced many challenges in the implementation of strategies for example it can be caused by poor understanding of the strategy, strategies becoming too complex, unrealistic expectation place on the implementation team and lack of commitment or buy in to the strategy. This study therefore studies on the challenges faced when implementing strategy and how to overcome them.

Numerous researches have been conducted on execution of strategy and its challenges among other studies. Nyakundi (2010) studied strategy implementation and its challenges at Citibank Kenya. Ngala (2010) studied challenges of strategy implementation at I & M bank Ltd. Basing on the concept and context of these studies, none has based on strategy implementation at transnational bank limited thus justifying this area of study. This research mainly contributes to the known literature that strategy implementation remains a challenge to many organizations.

The environment in which public and private organizations operate is increasingly dynamic or even turbulent (Volberda, 1996; D'Aveni, 1999). Therefore, these changes require appropriate strategy implementation. The research aims to answer the following questions: what challenges are faced by Transnational bank Kenya Limited; what measures have been taken in response to these challenges?

1.3 **Research Objectives**

The objectives of this study are;

i. To establish the challenges of strategy implementation at Transnational bank limited Kenya.

ii. To determine the measures taken by the bank to deal with the challenges.

1.4 Value of the study

This study will benefit the banking fraternity in the country among other stakeholders by providing direction and solutions to challenges faced when implementing strategy. It will also provide information to the government and regulators in the financial sector to put in place policies that will guide and encourage other firms within and outside the industry in implementing their strategies.

Other researchers interested in the problem under this study will also benefit, as the research will lay a platform on which further research on the topic can be undertaken. This will help in the investigation of the influence of context, validating previous research, facilitate theory building and contribute to the existing body of knowledge in the area of strategic management and strategy implementation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Despite some people suppose strategy to be a new vocabulary, it is a long lasting phenomenon, which has helpfully been applying for solution making by specialists and thinkers at recent century. Today most of executive managers of companies, profit and non-profit organizations spend considerable time, energy and money for formulating and assigning basic strategies of their organizations, but they often imply about not implementing strategies properly.

Implementation of strategies highly affects all levels of organization and both divisional and functional levels.

2.2 Concept of Strategy Implementation

Strategy implementation has received increasing attention in literature (e.g. Bourgeois& Brodwin, 1984; Alexander, 1991; Grundy, 1998; Noble, 1999; Beer & Eisenstat, 2000; Flood et al., 2000). However, no coherent research paradigm seems to exist, main reason being the diversity of perspectives that have been taken in defining the concept (Noble, 1999). Nobble has made a large review of research carried out in the dispersed field of strategy implementation and combines the perspectives having a focus on the process of implementation, defines strategy implementation as communication, interpretation, adoption and enactment of strategic plans.

Strategy implementation is viewed as a process that entails various forms of organizational learning, because both environmental threats and strategic responses are a prime trigger for organizational learning processes (Lehner, 2004) Following to this we review that it's a quiet a complicated task for any management team, making a strategy perform or execute, implementing the ideas all throughout the organization. Strategy implementation is considered mostly as something of an expertise and its research history has formerly been illustrated as fragmented and diverse. Soft, hard and mixed factors, which range from the people who communicate or mechanism in place for co-ordination and control, have been proved influential to the success of Strategy implementation. Strategy execution is also defined as 'the step by step implementation of the various activities that make up a formulated decision- making strategy. Strategy execution also can be treated as cognitive process (Singh, 1998).

Strategy formulation is usually regarded as the exclusive domain of senior management because it rewards creativity - the most admired and valued of all intellectual pursuits (Raffoni, 2003). It is where managers aspire to be because of the challenges, rewards and influence that it brings. By comparison, effective implementation of strategy rarely gets as much kudos or respect. Yet experienced executives know that the most creative and well-crafted visions and strategic plans are useless if they cannot be translated into action.

Frequently the causes of breakdown in strategy implementation relate to the capabilities, processes and activities that are needed to bring the strategy to life. Effective execution calls for unique, creative skills including leadership, precision, and attention to detail, breaking down complexity into digestible tasks and activities and communicating in clear and concise ways throughout the organization and to all its stakeholders. Intricate control and feedback mechanisms are also necessary to hone the operations to align with business strategy. These are tasks that are just as intellectually demanding as vision and strategy formulation itself (Raffoni, 2003).

Furthermore, with executives searching for the next unique strategy in sluggish economies and competitive markets, effective execution is a key factor that separates successful companies from those that decline. Egelhoff (1993) extends this argument further by suggesting that effective execution in itself may even provide a major source of sustainable competitive advantage.

Implementation is not merely a matter of operationalizing the strategy by exercising command over resources, employees and their work. Forster and Browne (1996) point out that this approach assumes a logical and hierarchical distinction between strategy formulation and implementation, with implementation delegated to a subordinate status as here, implementation is seen as more mundane and detailed compared with creating a grand design and vision of the future. Some practitioners argue that if middle management has control over implementation, they may therefore have effective control over strategy itself. Successful organizations stay tuned to their external environments and adapt quickly and flexibly by changing their internal processes, systems, competencies, products and services. They implement these changes while continuing to operate efficiently and effectively.

Skills for strategy formulation and execution are both important although it is unusual to find people who are able to integrate both and become successful general managers. Yet organizational success requires constant review and connection between strategy formulation and execution with each component feeding and growing off the other in the responsibility of "middle management".

2.3 Strategy Implementation Process

Strategy implementation is an iterative process of implementing strategies, policies, programs and action plans that allows a firm to utilize its resources to take advantage of opportunities in the competitive environment (Harrington, 2006). Particularly, strategy implementation includes creating and designing an effective organizations structure, allocating resources, developing information and decision process, and effective supportive culture, redirecting marketing efforts, preparing budgets, developing and utilizing information and managing human resources, including such areas as reward system, approaches to leadership and staffing linking employee compensation to organizational performance. Effective implementation requires continual monitoring-progress in implementing the plan of the competitive environment, of customers' satisfaction, and of the financial returns generated by the strategy (sterling 2003). According to Hill et al. (2009) the main components of the process for strategy implementation are the design of governance and ethics, the organizational structure, the organizational culture, and the organizational controls.

Governance & Ethics play a key role in the process of implementation; each organization is facing a large group of internal and external stakeholders that need to be satisfied. In formulating the strategy of the organization, management needs to take into account the wishes and needs of all of these stakeholders; otherwise they might withdraw their support to the organization.

However, since they might be opposing to one another, management cannot alvvays satisfy all needs from all stakeholders. Therefore, management has to identify who are the most important stakeholders, after which they have to prioritize their needs to determine which strategy should be pursued (Hill et al, 2009).

The starting point of implementation in many strategy textbooks (Ansoff 1984; Higgins 1990; Pearce and Robinson 1996; Yavitz and Newman 1982; etc.) is the selection and transformation of organizational structure. Organizational structure determines the departments and functions in an organization, it defines the hierarchy, span of control and reporting relationships, and includes the systems for communication, coordination and integration across these divisions and functions, both vertically and horizontally (Daft, 2001).An organizational structure affects and reflects its strategic planning goals and its focus. The structural design of an organization helps people pull together activities that promote effective strategy implementation.Schaap (2006) suggests that adjusting organizational structure according to perfect strategy can ensure successful strategy implementation. Yang et al (2008) suggests that strategy implementation perspective demands systems with criteria different from those of conventional systems. How well the system can monitor and track the implementation process should be the Centre of interest. In the past implementation, related activities were tracked manually or launched on an ad hoc basis so that there was a lack in mandatory installed business processes.

According to Rensberg (2008) shared values arc the core of the organization, guiding principles, and the fundamental ideas around which an organization is built. The corporate culture creates and in turn, is created by the quality of the internal environment; consequently, culture determines the extent of cooperation, degree of dedication, and depth of strategic thinking within an organization. Marginson (2002) argues that strategy implementation evolves either from the process of winning a group commitment through a coalitional form of decision-making, or as a result of complete coalitional involvement of staff through a strong corporate culture.

Organizational control; the final components of the process for strategy implementation are the organizational control systems. These systems, on one hand, provide incentives and motivation to management and other employees to pursue the right activities towards achievement of organizational goals. On the other hand, control systems facilitate monitoring and evaluation of performance and progress on strategic goals. This enables managers to take action to, if necessary, adapt and strengthen the organization's business model. To allow managers to respond to unexpected events, the control system has to be flexible.

Moreover, it should provide accurate and timely information on organizational performance to ensure correct decision-making by managers. When designing an effective control system, an organization first determines the targets against which performance will be measured. Control systems should be designed at all levels in the organization, and targets have to be fit to the activities that the employees are responsible for.

Moreover, it should be determined, which behaviour is rewarded, and how these rewards relate to performance. These behaviours are measured with the control systems. Next, the organization should create means for measuring and monitoring performance. Then, performance can be compared with the established standards to evaluate whether action should be taken to better pursue attainment of strategic goals (Hill et al, 2009).

2.4 Challenges of Strategy Implementation

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work - implementing it throughout the organization - is even more difficult (Hrebiniak, 2006). A myriad of factors can potentially affect the process by which strategic plans are turned into organizational action. Unlike strategy formulation, strategy implementation is often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 1999b). It is thus not surprising that, after a comprehensive strategy or single strategic decision has been formulated, significant difficulties usually arise during the subsequent implementation process. Among the challenges discussed below are, strategy formulation, organizational culture, changing environment, poor communication, resource allocation, poor execution, organizational complexity and operation planning.

Strategy formulation; It is clear that a poor or vague strategy can limit implementation efforts dramatically. Good execution cannot overcome the shortcomings of a bad strategy or a poor strategic planning effort (Hrebiniak, 2006). Several studies mention the fact that the kind of strategy that is developed (Alexander, 1985; Allio, 2005) and the actual process of strategy formulation, namely, how a strategy is developed (Kim & Mauborgne, 1991, 1993; Singh, 1998) will influence the effect of implementation.

Alexander (1985) believes that the need to start with a formulated strategy that involves a good idea or concept is mentioned most often in helping promote successful implementation. As Allio notes, good implementation naturally starts with good strategic input: the soup is only as good as the ingredients (Allio, 2005).

Raps (2004) suggests the top managements principle challenge in the cultural context is to set the culture tone, pace, and character to see that its conducive to the strategic changes that the executives are charged with when implementing. When implementing strategy, the most important facet is the top management's lack of commitment to the strategic direction itself.infact, this commitment is a prerequisite for strategy implementation. Senior executives must not assume that lower managers have the same perceptions of the strategic plan and implementation, its underlying rationale, and its urgency. Instead they must assume they don't, so the executives must persuade employees of the validity of their ideas.

Thompson (1993) observes that many organizations compete in uncertain, dynamic and turbulent environments. Developments such as the globalization of markets, rapid technological change, deregulation of industries, a shift of organizations from the public to the private sector, and the increasing aggressiveness of competition have radically altered the competitive rules during the 1990s and beyond (Volberda, 1996). This dynamism is a real challenge to strategy implementation. Hence, if there are significant changes in the environment, strategies may no longer be viable for implementation in the organization.

Communication barriers; Rapert, Velliquette & Garretson (2002) state that communication and shared understandings play an important role in the implementation process. In particular, when vertical communication is frequent, strategic consensus (shared understanding about strategic priorities) is enhanced and an organization's performance improves. They explore vertical communication linkages as a means by which strategic consensus and performance can be enhanced.

Resource allocation also plays a major role in the process of strategy implementation. Hussey (2004) argues that, it is imperative to ensure that the people who carry out the action have the skills and knowledge, Lack of adequate skills, knowledge and capabilities to implement the strategy can be an issue if the employees have an incomplete understanding of the concepts they are trying to implement.

Most executives underestimate the amount of time needed and don't have clearly focused view of the complexities involved when implanting strategies. Basically, it is difficult enough to identify the necessary implantation steps and more difficult to estimate an appropriate time frame, so you have to determine the time-intense activities and harmonize them with the time capacity.

Executors are comprised of top management, middle management, lower management and non-management. 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 (Peng & Littleton, 2001).Strategy implementation processes frequently results in problems if the assignments of responsibilities are unclear. Who is responsible for what? To add to this problem, responsibilities are diffused through numerous organizational units that tend to think in only their department structures.

Consequently, there is a widely shared experience that all too often; plans do not work out as intended (Wernham, 1984; Nutt, 1999). Many organizations have a fundamental disconnect between the formulation of their strategy and the implementation of that strategy into useful action (Kaplan, 1995). This has been called the implementation problem: 'the all too frequent failure to create change after seemingly viable plans have been developed' (Nutt, 1983). Therefore, implementation constitutes an enigma and a source of frustration in many companies (Noble, 1999b). Achieving successful implementation remains a continuing challenge for managers responsible for executing strategies (Cravens, 1998). The widely reported incidence of plan failure and the needs of managers suggest that a careful examination of implementation practice should be a priority (Nutt, 1987).

CHAPTER THREE: RESEARCH METHODODGY

3.1 Introduction

This chapter presents the research methodology that was used in conducting the research. This included the research design, data gathering and data analysis.. It encompasses the procedures that were followed to analyze and interpret the data gathered.

3.2 Research Design

The research was conducted using a case study which served as a means to reveal an in-depth and extensive description of the topic under investigation. It emphasized more on full contextual analysis of fewer events and their relation. The case study aimed at getting detailed information and understanding of the challenges faced by transnational Kenya limited when implementing strategy and how they overcame and minimized them.

Researcher Robert K. Yin defined the case study research method as an empirical inquiry that investigated a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context were not clearly evident; and in which multiple sources of evidence were used (Yin, 1984, p. 23).It was therefore reliable in this research since it provided a good understanding of certain phenomenon. The study selected six interviewees that included heads of departments and the managing director.

3 J **Data collection**

Primary data was used in this study. An interview guide was used through face to face interview to collect data because of their capability to extract information from the interviewees as well as giving the researcher a better understanding and more insightful interpretation of the results from the study. Primary data was collected by interview guide which had open ended questions. The advantages of open ended questions were that they helped in discovering the responses that individuals gave spontaneously, thus offered more details and information in areas that might not have been foreseen by the researcher. It also avoided bias that may have resulted from suggesting responses to individuals.

According to the topic under research which related to challenges of strategy implementation, six interviewees were more appropriate which consisted of the managing director, head of human resources, head of finance, head of operations, marketing, and the head of business development. The major purpose of choosing few respondents was to get adequate and accurate information for the research.

34 **Data Analysis**

The most preferable technique to analyze the data was content analysis since it is a research tool used to determine the presence of certain words or concepts within texts or sets of texts. The information from various respondents on the challenges of strategy implementation at Trans national bank Kenya limited was evaluated and documented as findings for the study.

Qualitative method was used to understand the topic under study, since the method does not limit respondents and can generate more information to meet the objectives of the study. The researcher studied each question separately from all the respondents; which gave a clear idea about the total responses of subjects to certain issues.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents **the** findings and analysis with regard to the objectives of the study as well as the discussion of **the** same. The research objectives were to establish the challenges of strategy implementation at Transnational bank Kenya Limited and to determine the measures taken by the bank to deal with **the** challenges.

4.2 Interviewees' General Information

The respondents comprised top level managers of the organization and the researcher managed to interview five out of the intended six interviewees. All interviewees had worked over a period of five years in the organization a condition that showed they were knowledgeable enough for the research.

It was observed that one of the respondents upon being asked whether he would change his current working position answered on the affirmative. The reason being he felt that the amount of work he undertook did not commensurate the compensation he got from the bank. However the others indicated satisfaction on their current duties. In addition views of both genders were well represented since there were four men and two women.

4.3 Strategy Formulation and Development at Transnational Bank Kenya Limited.

It was important to understand the strategy development process since it has an impact on the implementation and its success. In the Interviewees opinion on what they considered to be the organizations strategy development process, they agreed in totality that strategy development of a firm is concerned with carrying out a situation analysis that leads to setting of objectives.

The organizations vision and mission statements are in most cases the guiding factor in the development of strategies. The interviewees confirmed the importance of strategy to the organization and said it assisted the organization to remain competitive ir the ever changing environment. It assisted the organization to know what they are supposed to do when and thus help in achievement of the set objectives.

Transnational bank Kenya limited made their strategies once a year and the approach normally used is the top-bottom depending on the circumstances. The period taken on the organizations strategy is mostly medium term covering a period of two years though in some cases yearly goals are set, though this duration may vary depending on the business impact as observed by three interviewees.

Employees played a key role in the process of strategy implementation at Transnational Bank Kenya limited. This fact was reinforced by five of the interviewees who said that they employees were the actual implementers and indicated that one of the ways to motivate them to work towards achieving the set objectives was through an attractive remuneration package. However, it was observed by the interviewees that salaries and benefits scheme of the bank was not among the best in the sector and they felt that they still needed much better remuneration.

4.4 Challenges of strategy implementation and its responses.

According to the interviewees, Transnational bank Kenya limited faces a number of challenges in the implementation of its strategies. For effective strategy implementation, strategy formulation is not enough. The strategy must be supported by decisions regarding appropriate organizations structure, reward system, organizational culture, resources and leadership. Just like the strategy of the organization must be matched to the external environment, it must also fit the multiple factors responsible for its implementation.

At Transnational bank Kenya limited, all interviewees identified different factors that have hindered effective strategy implementation. These challenges ranged from: channel conflicts between various lines business retail or corporate, organizational culture, organizational structure, inadequate resources and unpredictable leadership resources. The challenges have not been taken lightly by the bank and thus various measures have been taken to curb them. These are discussed below.

4.4.1 Organizational structure

In an organization, structure is designed to breakdown how work is to be carried out in business units and functional departments. However the interviewees indicated that the organization structure in some cases has been a challenge in implementation of strategies. It was observed that the vertical structure that has been adopted by the organization though good for controlling the activities of the organization has impacted on its decision making process.

The response structure was found to be slow and led to loss of opportunities. It's important therefore that in designing the structure and making it operational, the key aspects like empowerment and communication be taken into account. The way structure was organized the interviewees pointed out that some roles and functions were not clearly structured and that they lacked the supporting structure. In addition the management failure to take initiative in creating and sustaining a favorable environment within the firm that could incorporate all stakeholders in the implementation process was identified as a major challenge.

The interviewees therefore suggested a number of steps that the bank has taken to remedy the situation which included a yearly revision of structures in line with business decisions meant to address the growth of staff departments and branches, designation of clear process, flow that is meant to address the adequacy in the general know how of the key implementation stages. It was also recommended that yearly assessment of individual roles be conducted to ensure proper revision of the structure to be in line with the organization strategy. Another thing was to encourage teamwork and ensure that there was a conducive working environment which they said would create room for interactions and discussions and proper communication. This they said would be achieved through good working relations between peers and holding effective staff meetings.

4.42 Resources and capacity

Unanimously the interviewees agreed that resource constraints hindered strategy implementation. The human resource capacity in terms of qualifications, competence and numbers were identified as major constraints. Financial and time resources were also highlighted. Time for example they said was limited in that the given time »s under estimated, external partners also delayed in providing expected support on time. As far as the resource is concerned setting and communicating deadlines that are workable is key.

The solutions suggested to this were proper planning and prioritizing on the policies is a key factor to be considered in avoiding wastage. They also observed that setting aside enough finances for the project while ensuring that the staff are motivated and recognized. Adequate resources should also be incorporated when setting budgets to ensure realization of the set goals and putting in place mechanism of addressing the issue of resource limitation.

4.4.3 Organizational culture

The interviewees agreed that culture hindered strategy implementation in the organization. Culture factors that were identified included resistance to change and fear of the unknown. Four of the interviewees indicated that there is a number of senior staff members who are used to a certain way of doing things in their organizations and whenever there was a change they are slow in decision making which caused loss of opportunities in most cases.

It is also observed that employees usually see changes as threats and would resist change. Customers influence on implementation of the organization strategy was also noted as a challenge. The bank has known its customers to desire high level of service quality and also high levels of expectation. The high expectations of the customers hinder changes of strategy of the organization because of the fear of losing some of the customers.

The solutions suggested by the interviewees to deal with culture are; openness of board meetings to create an inclusive process where the customer participates. As a result customer centric approach with education and innovation is the core solution. Involvement of senior m;magement in strategy implementation and training together with communication of benefits of changing the strategy to all staff. One of the respondent noted that less challenges were encountered when the benefits of changing the strategy were communicated.

In enhancing values and beliefs of the organization, the respondents indicated that teamwork and partnership in product development and innovations would go a long way. There were mixed reactions in the question of how the shared beliefs and values of the organization posed a threat in the process of strategy implementation. Four of them observed that conformity to existing values and traditions would lead to the loss of perspective of the new strategy which they said could lead to delays, waste of time and resources. One of them argued that the integration with partners posed a big challenge that required a lot of innovation to overcome.

4.4.4 Leadership and management

The researcher wished to know if leadership was a threat when it came to strategy implementation. To this extent 100% of the respondents were of the opinion that indeed leadership was a big challenge. This is caused by the rigidity and bureaucracy together with the failure to embrace new ideas and innovational technology in business. In addition some of the managers have been known to lack expected competence to ensure actualization of the strategies management resistance to change and new ideas, lack of visionary leadership together with poor leadership skills and knowledge are still additional challenges. It was found out that some of the leadership challenges could be due to lack of training and this could be remedied through the process of training.

The remedial measures recommended by the interviewees to deal with the challenge of leadership include; hiring of experts to engage senior management on the need for change. They also proposed retreats for senior management and the board ought to be scheduled to discuss the need for strategy implementation. Leadership training sessions to instill a set of management competencies was advocated for which they said could deliver better competitive and commercial practice. Appraisal of individuals was also suggested to motivate them.

4.4.5 Employees of the organization

The respondents said employees, are the key implementers of strategy in the organization. They enumerate some of the roles to include formulation of strategic objectives and execution of specific activities in order to realize the said plans. They argued that since policies were formulated to enable the organization better itself, employees were in a way directly involved in implementing strategies though with the help of line managers.

On the issue of resistance from the employees in relation n to strategy implementation responses were in full agreement that at times there was lack of commitment to buying new ideas and diminishing feelings of ownership to the new policies. They outlined some of the ways to overcome these resistances to include the involvement of all the staff in revising strategic objectives, communication, motivating employees and encouraging teamwork together with frequent recognition of employees' achievement. The respondents further added that dissemination of vision through constant communication was paramount in overcoming resistance as the employees would feel part of the process.

4.4.6 Customers of the organization

It was agreed that customers also pose a challenge to the process of strategy implementation. The respondents noted some of the challenges as the introduction of products which were not market driven, which made the organizations strategy not to be realized despite the effort put in to implement it. Negative critics from the customers were also highlighted by the interviewees as a big downturn to the strategy implementation process. This was because the customers might be reluctant to share the information on how they w\ant the new system improved but at the same time being at the forefront criticizing a system meant for them.

In dealing with the challenges brought by the customers at Transnational bank Kenya Limited, the respondents recommended the involvement of the customers through the research and design process for them to understand the specific needs and ideas of the customers. These should be factored in before the final strategy implementation. In addition, communication, education through the media ought to be enhanced for them to be conversant with the new policies and products, holding introductive sessions with customers in order for them to appreciate new strategies.

Other challenges faced by Transnational bank Kenya limited brought by customers included increasing sophisticated clients who gave the company's vital information to the competitors. Despite the various challenges the interviewees advocated for various remedial measures which not only included extensive market research of the launch of any new product but also agitated for the creation of interaction opportunities and proper communication as the organization leams from the customers.

4.4.7 Other stakeholders

The researcher also wanted to find out from the interviewees what challenges other stakeholders brought in during the process of strategy implementation. It was found out that alignment of strategy to other stakeholders' expectations especially the shareholders who expected dividends which conflicted the company's strategy to retain profits and expand. Accommodation of diverse views and interest together with the time lag in approval of given strategies together with the time lag in approval of given strategies were identified as critical challenges for the stakeholders.

Various ways of curbing the identified challenges were recommended by the interviewees that shareholders be given non cash dividends inform of bonus shares, share splitting and also ensuring that the stakeholders understand the timelines of a given strategy. The respondents further recommend introduction of rights issue to enable shareholders increase their shareholding by offering shares at discounted prices.

On the question of what other problems were caused by stakeholders, the respondents noted that economic changes, technological advances, political changes and the change of guiding policies by the regulator bodies like the CBK.This was solved through carrying out environmental analysis to remain competitive in the ever changing environment.

CHAPTER FIVE: SURMARRY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions, limitations and the recommendations of the study according to the data analysis and findings.

5.2 Summary of the findings

The study revealed that the interviewees are aware of the strategies adopted by Transnational bank Kenya limited in its implementation process as well as the challenges faced in achieving the set objectives. The knowledge about the organizations operations has been experienced by the respondents by virtue of having worked at the organization for more than five years and engaged in day today management and operation of its strategy implementation. As a result the researcher felt that the findings are a true representation of the organization.

The challenges faced by the organization in its strategy implementation process ranged from inflexible organizational structure, unresponsive leadership management, inadequate resources and capacity, unadoptive organizational culture, varied needs of stakeholders and high expectations. Another challenge was the strategy implementation time which was underestimated and thus most of the implementation have a deadline that is merely an approximated due to the occurrence of unexpected developments and also experience delays by external business partners in providing the expected support time.

Transnational bank Kenya limited operates in a complex, dynamic, highly competitive and regulated environment. It has responsibilities to shareholders, customers, employees and communities together with the underlying objectives of the organization. Towards achievement of these objectives the firm has endeavored to modernize its infrastructure through empowerment of new technology and maintain workforce that is motivated and willing to steer the organization towards the attainment of the same objectives.

The organization has also recognized the importance of availing enough resources to the implementation process especially the human resources, clear understanding of key responsibilities of all stakeholders, conducive climate, strategic consensus, giving implementation priority continuous training and development, initiating programs to help build capacity of the employees to face the different challenges coming from the business environment and initiating control mechanisms. The provisions of a clear vision, direction and purpose for the organization also lead to success.

The organization also considered restructuring its structure to facilitate quick response, as well as training their leaders since they are the key to effective strategy implementation. Finally on the role that communication played in the process of strategy implementation at the organization, the researcher found out that proper communication of strategic awareness can act as a cohesive force to succeed in connecting those with ultimate responsibility for formulation of organizations strategy with those who directly implement policies. Communication is pervasive and it is related in a complex way to organizational processes, organizational context and implementation objectives which in turn have an impact on the implementation process

J Conclusions

romthe research findings and answers to the research questions, some conclusions can be made -om the study. Strategy formulation and implementation processes are very vital for the motioning of any organization. From the findings it was found out that strategy formulation jllowed a defined process and involved organizational employees, management and other akeholders. The organization had a team of qualified staff who are committed to their work but : the same time uncertain of their job security. In addition the researcher felt that the rganization should have in place adequate mechanism of incorporating the views of akeholders especially the ones that will be affected by the implementation of some strategies, ransnational bank Kenya limited to a large extent been able to achieve its objectives of strategy nplementation which was aimed to increase revenues and provision of banking services. This an be evidenced by growth in earnings.

he study reveals that for an effective strategy implementation, an organization needs to make ie process all inclusive where the junior staff, customers, stakeholders are accommodated for ach to feel part and parcel of the process. Further effective monitoring and evaluation of the trategies all through the process was found to be critical. An organization should be able to put i place measures for tracking down progress and facilitating learning and decision making in a uicker manner and therefore increase the chances of achieving the same strategies. In an effort a increase monitoring and evaluation an external consultant will be recommended that will give ^dependent opinions and guidance towards the achievement of the same objectives.

5.4 Limits dons of the study

\ limitation for the purpose of this research was regarded as a factor that was present and contributed to the research getting either inadequate information or responses or if otherwise the response given would have been totally different from what the researcher expected. Some respondents refused to be interviewed. This reduced the probability of reaching a more conclusive study. However conclusions were made with this response rate, the small size of the sample could have limited confidence in the results and this might limit generalizations to other situations.

Most of the respondents were ever busy and had to reminded continuously and even persuaded to provide the required information. This study depended on interviews and discussions with management and the employees of the bank. It would have been of value also to obtain views from those who are served by the bank or other stakeholders. The scope and depth of the study was also limited by time factor and financial resource constraints.

5.5 Recommendations for Policy and Practice

The study recommends that strategy implementation should not be viewed as a one off process; the management should inculcate a practice of regular review and reference making of strategic plan throughout its lifespan. At the start of the strategic plan process, it would be prudent to include a human resource audit to assess the capacity of the staff to implement new strategy and give recommendations. To improve on human resource management Transnational bank Kenya limited need to institute performance management system and training key staff on administration of the system., review the job descriptions, personnel policies and reward system.

The bank has generally realized great achievement in terms of revenue growth and customer share. However, there is still untapped opportunity existing in the market and hence they should increase their strategies more to cover more customers especially in the rural areas. With this strategic move it is believed that the bank will further grow to greater levels of success and stay ahead of competition.

5.6 Areas for further research .

The study confined itself to Transnational bank Kenya limited. This research therefore should be replicated in other companies that have recently moved to commercial baking in the country and the results compared so as to establish whether there is consistency among the challenges facing such firms in their strategy implementation and for benchmarking.

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APPENDIX: INTERVIEW GUIDE

Research Topic: Challenges of Strategy Implementation at Transnational Bank Kenya Limited.
Kindly answer the following questions by filling in the spaces provided.

Part A: General Information

1. Name of the Interviewee (optional)

2. Name of the department

3. How long have you worked in your current position?

4. Would you change your current duties given a chance?

Part B: Sample questions to be used in evaluating challenges of strategy implementation at Transnational Bank Kenya Limited.

Strategy development process in the bank

What duration does the bank's strategy cover?

What approach can you categorize the strategy development process?

Do employees get involved in the strategy development process?

What challenges are faced in the process of developing strategy?

Challenges and responses to **strategy implementation**

1. Resource capability

Do you face any constraints on resources that hinder strategy implementation?

What kind of resources in particular?

How do you address this issue?

2. Organizational structure

Does structure in your organization pose any challenge to strategy implementation?

What kind of challenge and how do you deal with it? On strategy formulation, what form does your organization take? Top-down or bottom-up?

How does this affect strategy implementation?

What other challenges are caused by structure and how do you deal with them?

3. Organizational culture

What are the shared beliefs and values by members of your organization?

Does this culture pose a challenge in the implementation of strategy?

What challenges are brought by culture and how do you overcome them and still ensure the culture of fhe organization is maintained?

4. Employees

Do employees play any role in the process of Strategy implementation?

What role do they play and how does it impact on strategy implementation?

Do you at times face resistance from the employees in relation to strategy implementation?

How do you deal with it?

What other challenges do you face with employees in the process of strategy implementation and how do you overcome them?

5. Customers

Do customers pose a challenge in the process of strategy implementation?

What are some of these challenges and how do you overcome them?

Do you also face the challenge of customers not appreciating new strategies?

How do you deal with such a challenge?

What other challenges do customers pose in the process of strategy implementation and how do you deal with them?

6. Leadership and management

Is leadership a challenge in strategy implementation?

What kind of challenges do you face and how do you deal with them?

How does ineffective coordination and poor sharing of responsibilities impact on the process of strategy implementation?

What would you say are the possible solutions to these challenges?

7. Other stakeholders

What challenges are brought by other stakeholders and how do you curb them?