CHALLENGES OF STRATEGY IMPLEMENTATION AT EQUITY BANK LIMITED

SABINA NJAGI

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DECLARATION

This is to declare that this research project is my original work and has not been presented to any other university or institution of higher learning for examination or for any other purpose.

Signed .... Date 16TH NOV 2010

SABINA NJAGI

D61/71579/2007

This is to declare that this project has been submitted for examination with our approval as the university supervisor

Signed .... Date 16TH NOV 2010

DR. MARTIN OGUTU

School of Business

University of Nairobi

DEDICATION

My study is dedicated to the following: my loving husband David Kirimi for his time, support and patience as well as encouragement during the entire period of my study.

Further, to my children Charleen and Jayden for their encouragement and continued prayers towards successful completion of this course, and for their patience even when I had to leave them to go and research.

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Finally I pay glowing gratitude and tribute to The Lord who has brought me this far and enabled me complete my study successfully.

Thank you and God bless you abundantly.

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ABSTRACT

Strategy formulation is the development of long term plans for the effective management of opportunities and threats in light of the organization's strengths and weaknesses. On the other hand strategy implementation is the process that turns implementation strategies and plans into actions to accomplish objectives. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. The process must have the blessings of all interested parties and the top management should play a leading role in the exercise.

The general objectives of this study were to investigate the strategy implementation challenges at Equity bank Ltd 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 interview guide. The data obtained from the interview guide was analyzed using qualitative analysis.

The findings from the study suggest that the organization had developed strategies which were geared towards accomplishment of the organizations objectives. Involvement of employees in strategy formulation was the main reason for the slow implementation of strategies. The other major challenges faced by the organization in implementing its strategies were cited as; non 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, change of strategy mid-stream to suit their focus, inadequate analysis of progress being made as planned, financial constraints, lack of

implementation continuity if a staff leaves due to absence of project operational manuals, duplication of activities and reporting over the same activities which calls for effective design of the programmes.

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LIST OF ABBREVIATIONS

CBK	- Central Bank of Kenya
CEO	- Chief Executive Officer
HR	- Human Resource
ICT	- Information Communication Technology
M & E	- Management and Evaluation
SWOT	- Strengths, Weaknesses, Opportunities and Threats

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The Kenyan banking industry has experienced many challenges especially in the process of strategy implementation. However, Equity bank seems to be doing well despite the challenges in the banking industry and this may be resulting from how well it is responding to the challenges it faces in the process of strategy implementation. This therefore makes it necessary to find out how well it has been responding to these challenges. The industry has experienced entry of several players from the rest of the continent as well as local incorporated banks that have set a foothold in a market that until a few years ago was only dominated by few players. With this high level of competition in the banking sector, sustenance of individual banks becomes a huge challenge. As Johnson and Scholes (2002) observed, organizations are open systems operating in a turbulent environment and as such, organizations must respond appropriately to the changes and challenges in their operating environment in order to survive and to achieve their strategic objectives (Arnold,1996).

The development and implementation of strategies by an organisation to chart the future path to be taken will enhance the competitiveness of such firms operating in a competitive environment. However, many firms develop excellent strategies to counter and adapt to the environmental challenges but suffer a weakness in the implementation of the same strategies. Strategy implementation focuses on the distinct relationship between implementation and other various organizational elements. The strategy implementation process is identified by Sabatier and Weible (2007), as a process being undertaken through a systematic approach and provides a link between strategic consensus and success.

1.1.1 Challenges of strategy implementation

Companies have long known that, to be competitive, they must develop good strategies and to appropriately realign the organizational structure, systems, leadership behavior and human resource policies. However, between ideal strategic alignment and implementation lie many challenges. Many managers believe that a well conceived strategy that is communicated to the organisation equals implementation.

According to Beer and Eisenstat (2000), there were six fundamental reasons why various strategies developed by firms were not implemented effectively. They identified that employees saw the overall problem being rooted fundamentally in the process of management issues of leadership, teamwork and strategic direction and not in the commitment of people and their functional competencies. Poor quality vertical communication not only hinders strategy communication but also prevents discussions of the barriers themselves.

Top-down or laissez faire management style that involves discomfort with conflicts and use of top team for administrative matters instead of focused strategic discussions was identified as a major factor that hinders the implementation of strategies. Ineffective senior management that operates independently and refuses to cooperate effectively for fear of loosing power has also been identified to be a factor that hinders strategy implementations. Conflicting priorities and the subsequent lack of coordination thereof will equally reduce the effectiveness of a strategy implementation. Any two conflicting strategies will battle each other for the same resources leading to disharmony among the employees and if not checked, it might lead to sub optimality among the various organizational departments.

The lack of clear and compelling statement of strategic direction deprives many senior management groups, a common rallying cry that might help them coalesce as a team. Also a team of managers unwilling to subordinate their individual function interest to the needs of the overall business will be unable to implement a firm's strategy effectively. Top managers should not hide their differences but instead should be willing to confront them towards finding an amicable solution.

Many scholars have worked to identify ways in which effective implementation of strategies can be undertaken by organizations. According to Grundy (2004), an organisation should among others have the top management be committed to the strategic direction the firm is taking. To this end, he argues, the managers will willingly give their energy and loyalty to the implementation process. In addition the senior managers should abandon the notion that the lower level managers have the same perception of strategy and its underlying rationale and urgency. They must not spare any effort in persuading the other employees in adoption of their ideas.

In addition, an organisation should institute a two-way communication program that permits and solicits questions from employees about issues regarding the formulated strategy. The communication should tell the employees about the new requirement, tasks and activities to be done by the affected employees towards the implementation of the strategy. Another great component of strategy implementation will be the management of barriers to change. Implementation efforts often fail when these barriers are understated and prevention efforts are not instituted at the beginning. An emphasis to teamwork during the strategy implementation will help in reducing the change barrier.

1.1.2 Banking industry in Kenya

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system.

As at December 2008 there were forty six banking and non bank institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. According to the Central bank of Kenya 2009 annual report, there are a total of 45 licensed commercial banks in the country and one mortgage finance company. Out of the 45 institutions, 32 are locally owned and 13 are foreign owned. The locally owned financial institution comprise 3 banks with significant shareholding by government and state corporations, 28 commercial banks and 1 mortgage finance institution. However out of all the banks only 10 of them are listed in the Nairobi stock exchange having met the conditions of listing and applied for the same. The Central bank of Kenya annual supervision report (2009) categorizes the financial institutions into three tiers; Large, Medium and Small in terms of net assets. Out of the 45 institutions, 13 were in the large peer group with aggregate net assets of over Ksh. 15 billion. This is the tier that Equity bank falls based on both its asset and customer deposit base. The medium peer group comprise of 17 institutions with net assets ranging between Ksh. 5 billion and 15 billion, whereas the small peer group had 15 institutions with net assets of less than Ksh. 5 billion.

The banking industry in Kenya is governed by the companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). Over the last few years, the banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The growth has been mainly underpinned by an industry wide branch network expansion strategy both in Kenya and in East Africa community region as well as automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' products. The CBK annual supervision report of 2009 emphasizes that the banking institutions will need to cope continuously with changing business environment and a continuous flood of new requirement via a robust ICT platform, while staying sufficiently agile. Consumers will continue to demand individualized services, and to demand them faster than ever. Hence banks will continue aggressively design new products that leverage on ICT to remain competitive. Down streaming into the retail market segment will also be expected to continue particularly with the anticipated licensing of deposit taking Microfinance Institutions.

In the coming period, according to the same report, diversification into other financial services is also expected as consumers increasingly seek "one stop financial supermarket." These developments are expected to enhance banking products being offered and bring more Kenyans into the banking space. However, the main challenges facing the banking sector today include the Finance Act 2008, which took effect on 1 January 2009 that requires banks and mortgage firms to build a minimum core capital of Ksh 1 billion by December 2012. This requirement, it is hoped, will transform small banks into more stable organisation. The implementation of this requirement poses a challenge to some of the existing banks and they may be forced to merge to comply. The other major challenge is declining interest margins.

1.1.3 Equity Bank in Kenya

Equity bank opened its doors in 1984 as a registered building society. The choice of the legal format was a function of what was available at the time and what could be afforded, both in terms of license fees and capitalization. It initially focused on providing term loans and deposit services, opening several branches in nearby Central Province. Competition for clients was fierce and, in time, many of the smaller societies were closed, with the concomitant effect of diminishing client confidence in these smaller institutions. Equity, however, mobilized customers by hard one-on-one marketing strategy. This is because financial institutions operate through the need to win the confidence of clients and authorities. Unless they do so, they will not succeed in building large savings portfolios and in gaining customer loyalty. Equity bank is fiercely focused on creating and containing customer loyalty and on doing everything in its power to gain and strengthen clients' confidence in it as a financial institution. According to their annual prospectus, all its activities and actions are weighed in terms of the impact they will have on customer loyalty and trust.

Equity's focus on its microfinance customers is regarded as an important success factor since 1995. This focus, which is embodied in the mission of the organisation, drives most of the activities of Equity. The bank's focus on the management of client perceptions is an embodiment of the importance attached to clients. Impeccable attention to client service is also seen as one of the most important success areas of all. The bank has also endeavored to build human resource and technical capacity over time. The Equity bank's Range of products include Loan products: crop advance loans, farm inputs loans, from single credit to include business, household, education, emergency and group loans Savings: For special events, old age, schedules, youth accounts, education, newborns.

However, the bank, like any other organisation, has its own unique challenges which include maintenance of the client-focused culture, even with growth. The bank also considers maintaining a quality loan portfolio and a satisfied customer base, introducing frictionless inter branch banking services and changing client perception of the pricing of products to among other challenges the bank faces in its future operation.

1.2 Statement of the Problem

Strategy implementation involves change as organizations and their environment are constantly changing. In their research, Bartlett and Ghoshal (1987) found that in all the companies they studied "the issue was not a poor understanding of environmental forces or inappropriate strategic intent. Without exception, they knew what they had to do; their difficulties lay in how to achieve the necessary changes". Evidence keeps piling of how barriers to strategy implementation make it so difficult for organizations to achieve sustained success.

Bridging the gap between strategy formulation and implementation has since a long time been experienced as challenging. Implementation programmes vary according to the nature of the strategic problems that the organization faces and Equity bank has not been an exception. Equity bank in comparison with other established banks in the country can be considered to be relatively young having converted to commercial banking in 1984. During the last 25 years the bank has been in operation, it has been able to and break to be among the big four commercial banks in the country. This can be attributed to among others the ability of the bank to develop and implement its strategies.

There are many local studies that have been done in Kenya regarding strategic responses to environment challenges. Some of the more recent studies include; Nyangweso (2009) on the strategy implementation challenges at Cooperative bank who found out that in the case of Co-op bank just like in any other player in the banking industry, implementation of strategies should be fast, consistent and should be adaptable on many fronts simultaneously. Kiprop (2009) researched on challenges of strategy implementation at the Kenya Wildlife service and identified that a firm should focus on formal organizational structures and control mechanisms of employees while implementing its strategy. Waiyego (2009) studied strategy implementation at Kenya electricity generating company ltd observing that for dominant players in the market, the strategy implementation process has changed recently due to more scrutiny from the government and stakeholders in general. She therefore observed that such firms should be adaptable to the changing environment. As can be evidenced in the above studies, they fail to capture the strategy implementation challenges in commercial banks. This study will try to seek the answer to the questions; "what challenges has Equity bank encountered in the process of strategy implementation and how has it been able to overcome these challenges?"

1.3 The research Objectives

The objectives of this study are to:

i) Determine the challenges of strategy implementation at Equity bank

ii) Establish how the bank has been able to overcome strategy implementation challenges

1.4 Importance of the Study

The study will aid various stakeholders: the banking fraternity in the country will obtain details on how they can be able to effectively implement their strategies in the face of numerous challenges facing the industry both from within and outside the industry. Adaptability of firm's strategies in the face of unpredictable business environment and the details of responses to the challenges will help the firms in the industry. In addition the study will be an invaluable source of material and information to the many micro-finance institution operating in the country since Equity bank was just less than a quarter a century ago one of them and yet in a span of less than twenty years it has been able to transform itself to what it is today.

The government and regulators in the financial sector will also find invaluable information in how good strategies can be adopted and as a result put in place policies that will guide and encourage other firms within and without the industry in implementing their strategies.

For academicians, this study will form the foundation upon which other related and replicated studies can be based on. Investors can also gain an insight on the business and its strategic position within the environment, which can assist them in determining their viability of their investments.

CHAPTER TWO: LITERATURE REVIEW

2.1 Overview of Strategic management process

The concept of strategy embraces the overall purpose of an organization. It is the determination of the basic long-term goals and objectives of an enterprise, adoption of courses of action and the allocation of resources necessary for carrying out those goals. Equity bank, like other firms competing in the cutting edge banking sector in Kenya, operate in complex environment that needs to be assessed and responded to appropriately.

Gole (2005) proposes that strategic management is a process, directed by top management to determine the fundamental aims or goals of the organization, and ensure a range of decisions which will allow for the achievement of those aims or goals in the long-term, while providing for adaptive responses in the short-term. The three core areas of corporate strategy as outlined by Gole (2005) encompasses: strategy analysis, strategy development and strategy implementation. Strategic analysis deals with examining the environment within which the organization operates.

As put by Pearce and Robinson (2007), Strategy formulation is concerned with determining where the organization is, where it wants to go and how to get there. It involves carrying out situation analysis that leads to setting of objectives. Vision and mission statements are crafted and overall corporate objectives, strategic business unit objectives and tactical objectives are also developed. Strategy implementation is the process of allocating resources to support an organization's chosen strategies. This process includes the various management activities that are necessary to put strategy in motion and institute strategic controls that monitor progress and ultimately achieve organizational goals. Strategy evaluation includes review of external and internal factors that are bases for strategies formulated, measuring performance and taking corrective action, if necessary. This is important as all strategies are subject to future modification depending on environmental turbulence (Robbins and Coulter (1996).

2.2 Concept of Strategy Implementation

Strategy Implementation is one of the important components of the strategic planning process. Chandler (1962) defined strategy as the determination of the basic long term goals and objectives of an enterprise and the adoption of action and the allocation of resources necessary for carrying out these goals. This means that strategy is about managing new opportunities. The strategy that is chosen should be one that optimizes the resources available in order to achieve organizational goals and objectives. Strategy implementation has been defined as "the process that turns implementation strategies and plans into actions to accomplish objectives" (Pride and Ferrell 2003). It addresses who, where, when, and how to carry out strategic implementation process successfully (Kotler et al. 2001; Kotler et al. 1994).

Pride and Ferrell (2003) define strategy implementation as "the process of putting strategies into action". According to David (2003), both managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Elements that require consideration during the implementation process include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture (David 2003). In developing policies during the implementation process, methods, procedures, rules, forms, and administrative practices are established.

According to David (2003), strategies which are implemented within an organization should support the culture associated with the firm. The proposed strategy should preserve, emphasize, and enhance the culture, in accordance with the culture supporting the proposed strategy. Conflict management also plays an integral role within the implementation process. According to David (2003), the human element of strategic implementation plays a key role in successful implementation and involves both managers and employees of the organization. Both parties should directly participate in implementation decisions and communication plays a key role in ensuring that this occurs (David 2003). Business performance is influenced by this human element of strategic implementation. Through providing performance incentives to employees during the implementation phase, it is suggested that business performance will be positively influenced.

Bartlett and Ghoshal (1987) noted that in all the companies they studied "the issue was not a poor understanding of environmental forces or inappropriate strategic intent. Without exception, they knew what they had to do; their difficulties lay in how to achieve the necessary changes". Supporting this, Miller (2002) reports that organizations fail to implement more than 70 percent of their new strategic initiatives. Given the significance of this area, the focus in the field of strategic management has now shifted from the formulation of strategy to its implementation (Hussey, 1998; Lorange, 1998).

There are some commonly used models and frameworks such as SWOT, industry structure analysis and generic strategies for researchers and practicing managers, in the areas of strategy analysis and formulation in strategic management. By contrast, there is no agreed-upon and dominant framework in strategy implementation. Concerning this, Alexander (1991) has stated that: One key reason why implementation fails is that practicing executives, managers and supervisors do not have practical, yet theoretically sound, models to guide their actions during implementation. Without adequate models, they try to implement strategies without a good understanding of the multiple factors that must be addressed, often simultaneously, to make implementation work.

Noble (1999), has further noted that: There is a significant need for detailed and comprehensive conceptual models related to strategy implementation. To date, implementation research has been fairly fragmented due to a lack of clear models on which to build. He argues that if a firm's strategy is implemented well, several benefits will be derived by an organization. These benefits include; Proper utilization of both financial and human resources and thus enhance organizational growth, development of efficient systems that will enhance coordination that would guarantee achievement of organizations goal and set targets, increased organizational impact due to improved organizational performance and also enable the organization have a clear focus and direction in its growth path and in the process attract competent and resourceful human resource base.

2.3 Challenges of Strategy Implementation

Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Just as the strategy of the organization must be matched to the external environment, it must also fit the multiple factors responsible for its implementation (Bateman& Zeithaml, 1993, David, 1997). As was further observed by David (1997), successful strategy implementation must consider issues central to its implementation which include, matching organizational structure to strategy, creating a supportive organizational culture among other issues.

2.3.1 Organizational culture

Culture is a set of assumptions that members of an organization share in common (shared beliefs and values). Organizational culture helps in nurturing and dissemination of core values. Implementation of new strategy will be concerned with adjustments in the structure, employees, systems and style of doing things in order to accommodate the perceived needs of the strategy (Pearce and Robison, 2007). Weihrich & Koontz (1993) look at culture as the general pattern of behavior, shared beliefs and values that members have in common.

Culture can be inferred from what people may do and think within an organization setting. It involves the learning and transmitting of knowledge, beliefs and patterns of behavior over time. This means organizational culture is fairly stable and does not change fast. It sets the tone for the company and establishes rules on how people should behave. The top managers create a climate for the organizations and their values influence the direction of the firm.

2.3.2 Leadership and Management

Organizational structure on its own is not sufficient to ensure successful implementation of a strategy, effective leadership is required. Bateman and Zeithaml (1993) define a leader as one who influences others to attain goals. Leaders have a vision and they move people and organizations in directions they otherwise would not go. In a competitively chaotic environment, one essential contribution of a strategic leader is to provide and share a clear vision, direction and purpose for the organization (Thompson, 1997).

Leadership is the key to effective strategy implementation. The role of the Chief Executive is fundamental because a CEO is seen as a catalyst closely associated with and ultimately is accountable for the success of a strategy. The CEO's actions and the perceived seriousness to a chosen strategy will influence subordinate managers' commitment to implementation. The personal goals and values of a CEO strongly influence a firms' mission, strategy and key long term objectives. The right managers must also be in the right positions for effective implementation of a new strategy (Jones and Hill, 1997). Top management goodwill and ownership to drive the process is also critical to effective implementation of strategy. According to Thompson (1997), the strategic leader must direct the organization by ensuring that long term objectives and strategies have been determined and are understood and supported by managers within the organizations who will be responsible for implementing them.

2.3.3 Organizational Structure

Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted (Lorsch 1967). Thompson and Strickland (1980) notes that strategy implementation involves working with and through other people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Structure according to Thompson (1997) is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes.

Strategies are formulated and implemented by managers operating within the current structure. The structure of an organization is designed to breakdown how work is to be carried out in business units and functional departments. People work within these divisions and units and their actions take place within a defined framework of objectives, plans, and policies. Successful strategy implementation depends on a large part on how a firm is organized. Ohmae (1983) agrees that strategy and structure need to be matched and be supportive of each other in order to achieve objective set. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm's strategic objective. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce & Robinson, 2002).

2.3.4 Reward and sanctions systems

The execution of a strategy depends on individual members of organization especially key managers. Motivating and rewarding good performance for individuals and units are key success factors in effective strategy implementation (Shirley, 1983). According to Cummings and Worley (2005), organizational rewards are powerful incentives for improving employee and work group performance. It can also produce high levels of employee satisfaction. Reward systems interventions are used to elicit and maintain desired levels of performance.

Reward system should align the actions and objectives of individuals with objectives and needs of the firm's strategy. Financial incentives are important reward mechanisms because they encourage managerial success when they are directly linked to specific activities and results. Intrinsic non-financial rewards such as flexibility and autonomy in the job are important managerial motivators. Negative sanctions such as withholding of financial and intrinsic rewards for poor performance are necessary to encourage managers' efforts (Pearce and Robinson, 2007, Thompson et al, 2007).

2.3.5 Resources and Capacity

According to Thompson et al (2007), effective strategy implementation depends on competent personnel and effective internal organizational systems. No organization can hope to perform the activities required for successful strategy implementation without attracting, motivating and retaining talented managers and employees with suitable skills and intellectual capital. As was reinforced by Cummings and Worley (2005), the task of implementing challenging strategic initiatives must be assigned to executives who have the skills and talent to handle and can be counted on to turn decisions and actions into results to meet established targets.

Without a smart, capable result-oriented management team, the implementation process ends up being hampered by missed deadlines, misdirected or wasteful efforts. Building a capable organization is thus a priority in strategy execution. High among organizational building priorities in the strategy implementation is the need to build and strengthen competitive valuable competencies and organizational capabilities. Training therefore becomes important when a company shifts to a strategy that requires different skills, competencies and capabilities.

2.3.6 Effective Performance Management

The level of success of a strategy depends on the degree of participation in planning and on acceptance of the goals, indicators and targets set. Therefore effective implementation of strategy plan will be successful if it rests on meetings and consensus between the management and staff, rather than a top down imposition of plans and targets, Song (1983). Goal setting involves managers and subordinates jointly establishing and clarifying employee goals.

The first element of goal setting is establishing goals that are perceived as challenging but realistic and to which there is high level of commitment. It involves having employees participate in the goal setting process so as to increase motivation and performance. Participation also convinces employees that the targets are achievable and can increase their commitment to achieving them. Employee participation is likely to be effective if employees are involved and will therefore support goal setting. Participation in goal setting is seen as legitimate, resulting in the desired commitment to the implementation of a strategy (Cummings & Worley, 2005).

The second element in the goal setting process involves specifying and clarifying the goals measurement. When given specific goals, workers perform higher because ambiguity is reduced than when they simply receive no guidance. Clarifying goal measurement requires that employees and supervisors negotiate resources necessary to achieve the goals such time, equipment, raw materials and access to information. If employees cannot have appropriate resources, the targeted goal may have to be revised. The process of specifying and clarifying goals can be difficult if the business strategy is unclear, hence under such conditions, attempting to gain consensus on the measurement and importance of goals can lead to frustration and resistance to change (Grundy, 1998)

2.4 Dealing with challenges of strategy implementation

Despite the importance of strategy implementation, some managers mistake the implementation of strategy as an afterthought, Grundy (1998). Studies undertaken by Alexander et al (2001), most strategic literature is on strategy formulation and this they argued, is an indicator of the emphasis placed in the formulation phase in strategic planning. To resolve this, Grundy (1998) suggests that strategic planning should accomplish its own shift of emphasis by moving from 90:10 concerns on strategy formulation relative to implementation to a minimum of 50:50 proportions with it. To overcome and improve challenges in strategy implementation, Adreas (2005) suggests that the following steps should be undertaken.

2.4.1 Commitment of Top management

The most important thing when implementing a strategy is the top management's commitment to the strategic direction itself. This is undoubtedly a prerequisite for strategy implementation (Kubinski, 2002). Therefore, top managers must demonstrate their willingness to give energy and loyalty to the implementation process. This demonstrable commitment becomes, at the same time, a positive signal for all the affected organizational members.

To successfully improve the overall probability that the strategy is implemented as intended, senior executives must abandon the notion that lower-level managers have the same perceptions of the strategy and its implementation, of its underlying rationale, and its urgency. Instead, they must believe the exact opposite. They must not spare any effort to persuade the employees of their ideas (Kubinski, 2002).

2.4.2 Involvement of middle managers

The second most important thing to understand is that strategy implementation is not a top-down-approach. The success of any implementation effort depends on the level of involvement of middle managers. To generate the required acceptance for the implementation as a whole, the affected middle managers' knowledge (which is often underestimated) must already be accounted for in the formulation of the strategy. Then, by making sure that these managers are a part of the strategy process, their motivation towards the project will increase and they will see themselves as an important part in the process.

Unfortunately, in practice, managers and supervisors at lower hierarchy levels who do have important and fertile knowledge are seldom involved in strategy formulation and when they do, the probability for realizing a smooth targeted and accepted strategy implementation process increases substantially (Kaplan and Norton, 2001). To involve employees is an important milestone to make strategy everyone's everyday job. That is why the involvement of middle managers is essential to increase the general awareness of the strategy. The involvement of middle level managers helps in building consensus for the strategy. A lack in strategic consensus can limit a company's ability to concentrate its efforts on achieving a unified set of goals (Miniace and Falter, 1996).

2.4.3 Integrative point of view

Traditional strategy implementation concepts generally over-emphasize the structural aspects and reduce the whole effort down to an organizational exercise. It is dangerous; however, when implementing a new strategy, to ignore the other existing components, Alexander (1985).Strategy implementation requires an integrative point of view. Not only the organizational structure, but cultural aspects and the human resources perspective are to be considered as well.

An implementation effort is ideally a boundary less set of activities and does not concentrate on implications of only one component, e.g. the organizational structure. It is of great importance to integrate soft facts as well in the reflection of the implementation process. It is the consideration of soft and hard facts together that ascertains that cultural aspects and human resources receive at least the same status as organizational aspects. Altogether, such an integrative interpretation allows an important scope of development for implementation activities (Kubinski, 2002).

2.4.4 Clear assignment of responsibilities

One of the reasons why strategy implementation processes frequently result in difficult and complex problems – or even fail at all – is the vagueness of the assignment of responsibilities (Giles, 1991). In addition, these responsibilities are diffused through numerous organizational units. Cross-functional relations are representative of an implementation effort. This is indeed a challenge, because as already mentioned before organizational members tend to think only in their "own" department structures. This may be worsened by over-bureaucracy and can thus end up in a disaster for the whole implementation (Guffey and Nienhaus, 2002).

To avoid power struggles between departments and within hierarchies, one should create a plan with clear assignments of responsibilities regarding detailed implementation activities. This is a preventive way of proceeding. Responsibilities are clear and potential problems are therefore avoided.

2.4.5. Preventive measures against change barriers

Change is part of the daily life within an organization. The ability to manage change has shown to be a core competency for corporations. A great challenge within strategy implementation is to deal with potential barriers of the affected managers. Implementation efforts often fail when these barriers are underestimated and prevention methods are not adopted at the beginning (Thompson et al, 2007). One has to be aware that barriers against the implementation of the strategy can lead to a complete breakdown of the formulated strategy.

In psychology, much research is done about human barriers. The cause for these barriers is seen in affective and non-logical resistances, which are, in a way, incomprehensible because they come out of the subconscious of human beings (Donaldson, 1995). Barriers to implementing a strategy range from delay to outright rejection. However, this psychological point of view is often downplayed during discussions of implementation issues, even though it is becoming more and more obvious that strategy implementation consists, for the most part, of psychological aspects. By changing the way they view and practice strategy implementation, senior executives can effectively transform change barriers into gateways for a successful execution (Thompson et al, 2007).

2.4.6 Calculate buffer time for unexpected incidents

One of the most critical points within strategy implementation processes is the exceeding of time restrictions. This can be attributed to an underestimation on the part of many executives who do not have a clearly focused view on the complexities involved in implementing strategies and on the general process to deal with these multifaceted complexities (Miles and Snow, 1978).

Basically, it is difficult enough to identify the necessary steps of the implementation. It is even more difficult to estimate an appropriate time frame. One has to find out the time-intense activities and harmonize them with the time capacity. One method for accomplishing this is to work with the affected divisions and the responsible managers. In addition to calculating the probable time frame an extra buffer should be calculated to account for unexpected incidents that might occur at any time.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research design was 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. The study was used to identify the challenges of strategy implementation at Equity Bank of Kenya and at the same time establish how it had responded to strategy implementation challenges. In this light therefore, a case study design was deemed the best design to fulfill the objectives of the study as the results were expected to provide an insight in understanding how the bank responds to the strategy implementation challenges.

3.2 Data Collection

The study made use of primary data which was collected through a face to face interview with the researcher. An interview guide (appendix 1) was used to collect data on strategy implementation process and its challenges in the bank. An interview guide is a set of questions that the interviewer asks when interviewing (Mugenda and Mugenda, 2003). The respondents interviewed were those involved with formulation and implementation of organization's strategies. This made it possible to obtain data required to meet specific objectives of the study. The interviewees were the top managers and functional heads in charge of finance, risk management, information technology and operations, human resources, marketing and research division, and public affairs and communication division. These were considered to be key informants for this research. In addition the departments in which the intended respondents work in are the key developers' and implementers of the banks strategies. The results were expected to provide an insight in understanding how the company responds to the strategy implementation challenges in its strategic planning.

3.3 Data Analysis

The data obtained from the interview guide was analyzed using qualitative analysis. Qualitative data analysis makes general statements on how categories or themes of data are related (Mugenda and Mugenda, 2003). The qualitative analysis was done using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 2003). It involves observation and detailed description of objects, items or things that comprise the object of study. The themes (variables) that were used in the analysis were broadly classified into two: challenges of strategy implementation and dealing with strategy implementation challenges.

CHAPTER FOUR: DATA FINDINGS AND ANALYSIS

4.1 The Respondents Profile

The research objective was to determine the challenges of strategy implementation at Equity bank and to establish how the bank had been able to overcome strategy implementation challenges. This chapter presents the findings and analysis with regard to the objective and discussion of the same.

The respondents comprised the top level managers of the bank. In total; the researcher interviewed six respondents out of the intended seven interviewees. This represented 85% response rate and was considered a good result. All the respondents had worked in the organization for over five years. With this, it was felt that the respondents were knowledgeable enough on the research subject matter and thus of help in the realization of the research objective.

One observation made from the results of the interview was that two of the respondents, upon being asked whether they wished to change their current jobs answered in the affirmative. The reasons given were that they felt the amount of work they undertook in the organisation does not commensurate with the level of compensation they get. However, the other four respondents indicated their satisfaction with their current duties, highlighting various opportunities available within and without the organization such as career development, interaction and solving customer complains, and the new challenges that come in the course of their duties. All these helped in personal development of the respondents and thus creating a motivated workforce.

In addition, the views of both genders were represented in the respondents interviewed because two of the respondents were female against four men.

4.2 Strategy Formulation process at Equity Bank Ltd

In this section, the respondents were to give their independent opinion on what they consider to be the organizations strategy development process. It was important to understand the process because a good strategy development process that is all inclusive will impact on the degree of its success.

The respondents in totality agreed that the strategy development of a firm, among others is concerned with carrying out situation analysis that leads to setting of objectives. The organizations Vision and mission statements will in most cases be the guiding factor in the development of the strategies. The respondents noted that organizational strategy is very important to an organization as it assists the organization to know what they are supposed to do, at what time and thus helps in achieving its objectives. As a result, a policy guide towards the achievement of this will be important. In the case of Equity bank, the organization made their strategies ones a year and the approach normally used is the top-down though in some cases bottom–up approach was adopted depending on the circumstances.

The duration of the period taken on the organizations strategy was mostly medium term covering two years though in some cases yearly goals were set. One of the respondents observed that the duration taken varies on business impact e.g. operation or profitability will have on the organizations business.

The implementation of any organization strategy will only be successful if the employees who are the actual implementers participate fully in the process. This fact was reinforced by five of the respondents, representing 80% of the respondents, who did indicate that one of the ways in which to motivate the employees to work to their best of ability in the strategy implementation process is offer an attractive pay package. The respondents observed that in the case of Equity bank, employee compensation and job security is documented in the Human Resource Policy Manual (HRPM). In their view, the salary and benefit scheme of the bank was not among the best in the sector and that in consideration of the amount of work they did; they felt they still needed much better remuneration.

4.3 Challenges and Responses

Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Just as the strategy of the organization must be matched to the external environment, it must also fit the multiple factors responsible for its implementation.

Equity bank faces a number of challenges in implementing its strategies. All the respondents identified different factors that have hindered effective implementation of the strategy. The challenges ranged from: Channel conflicts between various lines of business, retail or corporate, organizational culture, organizational structure, in adequate resources and unpredictable leadership decisions.

However, challenges in the implementation of the company strategy have not been taken lightly by the bank. Various measures have been undertaken to overcome the challenges and move the organisation towards the realization of its objectives. What follows are the various challenges and the corresponding responses that were identified by the respondents to overcome the challenges.

4.3.1 Organizational culture

The respondents agreed that the culture in their organization hindered its implementation of strategy. The culture factors that were identified by the respondents varied and included the following: resistance to change and the fear of the unknown. Three of the respondents, representing 50%, indicated that there is a certain number of senior staff members that are used to a certain ways of doing things in the organisation and whenever new changes were introduced or change of strategy was required to capture a certain opportunity or counter a given threat, the same group would be slow in decision making that lead to the loss of opportunity. The respondents observed that when employees were used to a given way of life or doing things normally new ideas are seen as a threat to the existing culture and will naturally be resisted. The customers influence on the implementation of the organisation strategy was also noted as a challenge. The bank has known its customers to desire high level of service quality and also abhorring high level of expectation. Thus in some circumstances, noted the respondents, the high expectations from the customers hindered changes in strategy of the organisation because of the fear of losing some of the customers.

The researcher also wished to get from the respondents how they overcame the challenges posed by the values and beliefs shared by the organization employees and still ensured the maintenance of the organization culture. The respondents did indicate that the involvement of the senior management in strategy implementation and training together with communication of benefits of changing the strategy to all staff were key ways to overcome most of the challenges realized in strategy implementation. One of the respondents noted that whenever the bank took the employees through the benefits of changing a particular strategy, they encountered less challenges in its implementation. In addition, the respondents recommended the openness of board meetings to create an all inclusive process where not only the staff but also the customers could feel part and parcel of the process. As a result, the respondents also indicated that customer centric approach together with education and innovation as core to overcoming these challenges.

In the question of how values and beliefs of the organisation could be enhanced, the respondents indicated that teamwork, and partnership in product development and innovations would go a long way in enhancing cooperation in the organizations staff. The respondents had mixed reactions when it came to the question on the values and beliefs shared by the organization members posed a challenge to the process of strategy implementation. Three of the respondents observed that conformity to existing values and traditions would lead to the loss of perspective of the new strategy which they said could result to delays, waste of resources and time loss, the respondents who agreed with the question argued that the integration with partners posed a big challenge that required a lot of innovation to be overcome.

4.3.2 Organizational structure

The respondents indicated that the organizations structure in some cases has posed a challenge to strategy implementation. The structure of an organisation is designed to breakdown how work is to be carried out in business units and functional departments and not to be an impediment in the developing or implementing the organizations strategies. It was observed that the vertical structure that has been adopted by the organisation though good for controlling the activities of the organisation, has impacted its decision making process. Its response structure was found to be slow and in some cases lead to the loss of opportunities. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment and communication process be considered.

However, the respondents suggested a number of steps that had been taken to remedy the situation which included, yearly revision of structures in line with business demands which was meant to address the growth of staff departments and branches, the designation of clear process flow that is meant to address the inadequacy in the general know how of the key implementation stages.

Further when asked about other challenges in strategy implementation which is brought about by the way the structure was organized, the respondents 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 the stakeholders in the implementation process was identified as a major challenge.

The respondents recommended various ways of addressing the challenges faced in strategy implementation as far as the organization structure was concerned and identified yearly assessment of individual roles to ensure proper revision of the structure to be in line with the organization strategy, encouraging teamwork and ensuring that there was a conducive working environment, which they said would create room for discussions, interaction and proper communication. This they argued would be achieved through good working relations between peers and holding effective staff meetings. Furthermore, additional training together with constant focus on the organization goals were also identified as great remedies to these challenges.

4.3.3 Resources and capacity

The respondents agreed unanimously that resource constraints hindered strategy implementation. Human resource capacity in terms of qualifications, competence and numbers were identified as a major constraint. Further, financial and time resources were also highlighted. The respondents argued that when there is time shortage i.e. given time is underestimated, external partners also delayed in providing expected support in time. Poor time planning may lead to disillusionment of the partners on strategic decisions who may quit the business before implementation is completed. As far as the resource is concerned setting and communicating deadlines that are workable as well as prioritizing on the policies is key.

With financial resources, proper planning and prioritizing on the policies is a key factor to be considered in avoiding wastage. It is also important to set aside enough finances for the project while ensuring that staff are motivated and recognized i.e. through reward and appreciation schemes. The staffs with adequate training in their roles in strategy implementation are nerve centers in boosting the organisation competence and qualification to handle demanding tasks. As a result, the respondents noted that when the organisation is setting budgets, it ought to incorporate adequate resources to ensure the realization of the set goals and putting in place mechanism of addressing the issue of resource limitation in their role.

4.3.4 Leadership and management

The researcher also wished to determine from the respondents if leadership was a challenge to the process of strategy implementation. To this extent 100% of the respondents were of the opinion that indeed leadership was a big challenge to the process. They supported this by pointing out the various kinds of challenges faced by the organisation that resulted by the leadership in place. First, rigidity and bureaucracy together with the failure to embrace new ideas and innovational technology in business was noted as a challenge. 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 facing the organisation. Some of these leadership skills were found to be due to a lack of proper training and this could be remedied through the process of training of those in the management positions.

Some of the remedial measures recommended by the respondents to deal with the challenges posed by leadership included, hiring of experts to engage senior management on the need for change, in addition they proposed that retreats for senior management and the board ought to be scheduled to discuss the need for strategy implementation. Moreover 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 recommended as there was a believe that performing/best individuals could be identified ad rewarded.

The respondents were in agreement of facing the challenges posed by ineffective coordination and poor sharing of responsibilities. Some of this is as a result of poor communication, overworking of some staff leading to errors. The respondents recommended various ways of addressing these challenges, among them engaging human resource department and business units in harmonizing all roles in the company. Communication of roles and responsibilities at an early stage and involvement of middle line managers at the tender stage was further advocated for by the respondent views. The respondents in addition emphasized on responsibility and accuracy as a great remedy to the challenges.

In addition, three of the respondents were in agreement that they faced a challenge in implementing and sharing the vision of the CEO's since the same is not shared by all of the staff but instead restricted to a few of the senior staff. Asked on how this impacted on the process of strategy implementation the respondents noted that the other staffs who are under the CEO in the organization do not work toward achieving the CEOs vision and this could derail and delay the implementations because the persons who are at the centre of implementation don't feel part and parcel of the process. This could therefore call for massive employment of resources by the CEO to satisfy his vision. To avoid the challenge, the respondents recommended that the CEO ought to constantly communicate to all the staff on his vision for the company. Strong vision bearers were proposed to hold the top managerial positions since with the strong believe comes major successes which will be all inclusive.

4.3.5 Employees

The respondents said employees played one role or another in the implementation process of the firms' strategy. They enumerated some of these roles to include, formulation of strategic objective 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 e.g. if a new system was introduced, employees are the ones to implement the same and hence this group constitute a critical group.

Asked whether at times they faced resistance from the employees in relation to strategy implementation, the respondents were in full agreement adding 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 on how to overcome these resistances to include the involvement of all the staff in devising strategic objectives, communication, motivating employees and encouraging team work together with frequent recognition of employee's achievement. The respondents further added that dissemination of vision through constant communication was paramount in overcoming resistances as the employees would feel part of the process.

Asked about other challenges the respondents faced in the process as far as employees were concerned, they were of the opinion that resistance to change and the fear of new technologies by the old staff were major challenges. The pursuance of other goals different from those of the organization by the staff was also identified as another great challenge. Further, the respondents pointed out that they faced not only criticism and lack of co-operation but also strategy failure and implementation delays together with lack of self motivation. One of the respondents echoed the CEO's concern that the greatest challenge is in bringing all employees on board to adopt new ideas.

4.3.6 Customers

Customers posed 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.

The company for example could discontinue a particular product line and introduce a new product that is not received well by customers. This will make the organizations strategy not to be realized however much effort is taken to implement the same. In addition, the respondents also highlighted negative criticism from customers as a big downturn to the implementation strategy because the customers might be reluctant to share information on how they want the new system improved but at the same time being at the forefront criticizing a system meant for them.

In dealing with the challenges posed by the customer, the respondents recommended the involvement of customers through the research and design process for them to understand fully their specific needs and their ideas and needs factored in before the final strategy which is meant for implementation is adopted. 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, trying to understand the consumers and educating them on what policies are there for implementation especially on the matters that affect them. Otherwise they noted that they could face implementation challenges to the policies.

On the question of what other challenges Equity bank faced with their customers on the issue of implementing the strategies, the respondents indicated that they faced the challenge of not only aligning products in line with the consumer needs but also of increasingly sophisticated clients who gave out companies vital information to the competitors. Despite the various challenges the respondents advocated for various remedial measures which not only included extensive market research before the launch of any new product but also agitated for creation of interaction opportunities and proper communication as the organization learns from these customers.

4.3.7 Other stakeholders

The researcher also wished to identify the challenges brought about by other stakeholders in the process of strategy implementation from the respondents. To this extent, the respondents identified the alignment of strategies in line with other stakeholder's expectations, especially the shareholders. Shareholders expect dividends which may conflict with company's strategy to retain profits in order to expand. In addition external partnerships delayed in providing their support to the process. This means extra cost could be incurred. Furthermore accommodation of diverse views and interest together with the time lag in approval of given strategies were identified as critical challenges from the stakeholders

Various ways of curbing the identified challenges were recommended by the respondents. They suggested 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 recommended introduction of rights issue to enable shareholders increase their shareholding by offering shares at discounted prices.

On the question of what other problems the respondents faced in strategy implementation, the respondents noted that economic change, technological advancement, political changes and the change of guiding policies by the regulator bodies e.g. CBK. In addition, unaligned organizational systems together with stiff competition were pointed out as major problems which were a big setback to strategy implementation.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary and Findings

In summary, the study revealed that the interviewees are aware of the strategies adopted by Equity bank in its implementation process and the challenges that the organization is facing in the process of achieving its objectives. The knowledge about the operations of the organization has been experienced by the respondents by virtue of having worked in the firm for more than five years and also due to the fact that all of the interviewees were engaged in the day-to-day management and operations of its strategy implementation of the firm. As a result of the above, the researcher felt that the results obtained from the respondents reflects the true position as in the organization.

Equity Bank Limited operates in a complex, dynamic, highly competitive and regulated environment. It has responsibilities to shareholders, customers, employees and communities together with the underlying objective of the firm which is providing banking services to Kenya and East Africa at large. Towards the attainment of this objective, the firm has endeavored to modernize its infrastructure through the employment of new technologies and maintain a workforce that is motivated and willing to steer the organization towards the attainment of the same objectives.

The organization strategy is clear and concise and can be understood by the employees though the organisation adopts a top-down approach in its strategy development. As a result the employees feel that they need to be involved more by the top managers especially in strategy policies that affect them. As a result of the non-involvement of the employees in the development of the strategies, implementation of these strategies has faced challenges such that the staffs are hesitant to act. In addition, the organisation has recognized the importance of availing enough resources to the implementation process especially the human resource. Continuous training and development programs have been initiated to help in building capacity of these employees to face the different challenges coming from the business environment.

In the pursuit of achieving implementation success of the organisation strategies, the company has faced a number of challenges. The challenges ranged from: inflexible organizations structure, unresponsive leadership and management, inadequate resources and capacity of staff, un adaptive organizational culture, varied needs of stakeholders and high expectation of the stakeholders. It was also noted that the organization structure should be restructured to facilitate quick response than is currently witnessed. The respondents observed that in the case of Equity bank, some managers have not been enthusiastic enough in implementing some of the organisation strategies and coming up with strategies to counter the challenges that face the firm and this has hampered their success. In a competitively and chaotic environment, one essential contribution of a strategic leader is to provide and share a clear vision, direction and purpose for the organization. Leadership is the key to effective strategy implementation and whenever there is no clear leadership in a process, and then chances are possible that the organisation might not achieve its objectives.

On the role that communication plays in the process of strategy implementation at Equity Bank, the researcher found that proper communication of strategic awareness can act as a cohesive force and succeed in connecting those with ultimate responsibility for formulation of organization's strategy with those who directly implement policies. Communication is pervasive in every aspect of strategy implementation, 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 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 organization lead 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 findings by Rapert, Velliquette and Garretson, (2002). On other factors leading to strategy implementation success at the bank, the researcher found that factors leading to strategy implementation success included clear aims and planning, a conducive climate, giving implementation priority, having abundant resources, an appropriate structure and implementing flexibly, organizational structure, control mechanisms, strategic consensus, leadership and positive attitude towards strategy implementation success.

The researcher found that the bank faced 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

5.2 Conclusion

From the research findings and the answers to the research questions, some conclusions can be made about the study.

Strategy formulation and implementation process is very vital for the functioning of any organization. From the findings, it was established that strategy formulation follows a defined process and involves some organizations employees, management and other stakeholders. The organization has a team of qualified and experienced staff who are committed to their work but at the same time uncertain of their job security. In addition, the researcher felt that it is important for the organisation to have in place adequate mechanism of incorporating the views stakeholders especially the ones that will be affected by the implementation of some strategies. On its part, Equity bank limited has been able to a large extent achieve the objective of its strategy implementation processes which was aimed to increase its revenues from the provision of banking services. This can be evidenced by the growth in earnings since it went fully to commercial banking. However, it has acknowledged that there is room for improvement to increase yearly revenues.

Another important conclusion from the study is that for an effective strategy implementation, an organization needs to make the process of implementation all inclusive where the junior staff, customers, stakeholders are accommodated for each to feel part and parcel of the process. Further, effective monitoring and evaluation (M & E) of the strategies during implementation was found to be critical. An organisation should be able to put in place measures for tracking down progress and facilitating learning and decision making in a quicker manner and therefore increase the chances of achieving the same strategies. In an effort to improve M & E, An external consultant will be recommended that will give independent opinions and guidance towards the achievement of the same objectives.

Despite the great strides that the Equity bank has achieved within the short time that it has been in the banking business, there is still room of improvement and growth considering that there are still many Kenyans and East Africans who do not have access to banking services. Further expansion especially in the rural areas need to be taken because it has been proved that the unbanked population in the rural areas have greater potential to change the fortunes of a bank.

5.3 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.

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 busy throughout and had to continuously be reminded and even persuaded to provide the required information.

This study depended on interviews and discussions with management and the employees of the organization. It would have been of value to obtain the views of those served by the organization or other stakeholders in the firm. The scope and depth of study was also limited by the time factor and financial resource constraints. This put the researcher under immense time pressure.

5.4 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 the Strategic Plan throughout its lifespan. At the start of the Strategic Plan process, it would be prudent to include an HR audit to assess the capacity of the staff to implement the new strategy and give recommendations. The basis of doing this lies on the principle of "First who, then what" that is it is important to have the right people on the bus, then the problem of managing and directing them largely goes away". To improve on human resource management, Equity bank need to institute performance management system and train 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; customer base as well has increasing its market share. However, there are still untapped opportunities existing in the market and hence they should increase their strategy to cover more customers especially in the rural areas. With this strategic move, it is believed that the bank will further grow to greater level of success and stay ahead of competition.

5.5 Areas for Further Research

The study confined itself to Equity bank. This research therefore should be replicated in other companies that have recently moved to commercial banking such as Family bank in the country as well as other commercial banks 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

APPENDIX: INTERVIEW GUIDE

The interview guide will seek to achieve the following objectives;

1. Determine the strategy implementation challenges of Equity bank

2. Establish how Equity Bank has been able to overcome strategy implementation challenges

Interview Questions

The following sections provide sample questions to be used in evaluating challenges of strategy implementation at Equity Bank of Kenya.

Background Information on the interviewees

- What current position in the organisation do you hold?
- For how long have you been holding the current position?
- Would you change your current duties if given a chance?

Strategy development process in the Bank

What duration does the banks strategy cover?

What approach can you categorize the strategy development process of the firm to take?

What level of involvement of employees does the strategy development take?

What sort of challenges does the organisation face in the development of its strategies?

Challenges and Responses

1. Organizational culture

Does the culture in your organization hinder strategy implementation?

What challenges are brought about by culture?

How do you overcome them?

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

Does this pose a challenge to the process of strategy implementation?

How do you overcome these challenges and still ensure the culture of the organization is maintained?

2. Organizational structure

Does the structure in your organization pose a challenge to strategy implementation?

What kind of challenge and how do you deal with it?

What approach can you describe the organization strategy formulation to adopt? Top down or bottom up?

How does this affect the process of strategy implementation?

What other challenges in strategy implementation are brought by the way the structure is organized?

How do you resolve them?

3. Resources and capacity

Do you have any resource constraints hindering strategy implementation?

What kind of resources in particular?

How do you address the issue of resource limitation?

4. Leadership and management

Is leadership a challenge to the process of strategy implementation?

What kind of challenges do you face with leadership?

How do you deal with such challenges?

Do you face the challenges posed by ineffective coordination and poor sharing of responsibilities?

How do you address them?

Are you faced with the challenge of conflict in leadership whereby the CEO's vision is not shared all?

How does this impact on the process of strategy implementation?

What would you say are some of the solutions to these challenges?

5. Employees

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

What role do they play?

How does this impact on the process of strategy implementation?

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

How do overcome this?

What other challenges do you face in the process as far as employees are concerned?

6. Customers

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

What are some of these challenges?

How do you deal with these challenges?

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

How do deal with such a challenge?

What other challenges do you face as far as customers are concerned?

How do you overcome them?

7. Other stakeholders

What challenges are brought about by other stakeholders in the process of strategy implementation?

How do you overcome them?

What are the other problems you face in strategy implementation?

What would you say are some of the solutions to these challenges?