

**THE PRACTICE AND CHALLENGES OF STRATEGY IMPLEMENTATION AT CO-
OPERATIVE BANK OF KENYA**

BY

DAPHINE M. NYANGWESO

**UNIVERSITY OF NAIROBI
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DECLARATION

This is to declare that this research project is my original work that has not been presented to any other University or Institution of Higher Learning for examination.

Signed: 

Date: 12/11/2009

Daphine M. Nyangweso

D61/70114/2008

DECLARATION BY SUPERVISOR:

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

Sign: 

Date: 13/11/2009

Jeremiah Kagwe

Lecturer, University of Nairobi

School of Business

DEDICATION

My study is dedicated to the following: My loving husband Ireneus for his support and patience during the entire period of my study.

Further, my children Ian and Valerie for their encouragement and continued prayers towards successful completion of this course.

Finally I pay glowing gratitude and tribute to my employer The Co-operative Bank, and colleagues for understanding me during the entire period of study.

Thank you and God bless you abundantly.

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LIST OF ABBREVIATIONS

CBK – Commercial Bank of Kenya

KCB – Kenya Commercial Bank

SMET - Senior Marketing Executive Team

ABSTRACT

A nicely drafted strategic plan, prepared through a sophisticated process by a team of accomplished management consultants or a group of top managers, is hardly likely to fail by itself. Failure, when it occurs, almost always happens during the implementation of the strategic plan. Yet, strategy formulation hogs most of the attention of management and strategy thinkers while strategy implementation is sidelined. The apathy to strategy implementation can be ascribed to several reasons, among them: greater likelihood of failures in implementing strategies; higher complexity in the process of strategy implementation; strategy implementation being considered to be less glamorous than formulation; and practical difficulties in research involving middle-level managers.

The aim of this study was to determine practices and challenges of strategy implementation at Cooperative Bank of Kenya Limited. 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 study found that the strategy implementation practices employed by Co-operative bank include allocation and management of resources; establishing a chain of command or some alternative structure; assigning responsibility of specific tasks or processes to specific individuals monitoring results and taking advantage of supportive implementation instruments like the balanced scorecard and assessing the obstacles to strategy implementation.

The study concludes that the management should be efficient so as to ensure good strategy objective setting, and manage resistance to strategy implementation. The study also concludes that early involvement of firm members in the strategy process helped members understand super-ordinate goals, style, and cultural norms and thus become essential for the continued success of a firm strategy implementation. The study recommends that although Cooperative bank has been successful in the strategy implementation, in order to remain profitable and competitive in the market, the bank should continuously train its employees on how the strategy should be implemented, involve staff in decision making and employ efficient communication that avail information on strategy to all stakeholders.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategy implementation has attracted much less attention in strategic and organizational research than strategy formulation or strategic planning. Alexander (1991) suggests several reasons for this: strategy implementation is less glamorous than strategy formulation, people overlook it because of a belief that anyone can do it, people are not exactly sure what it includes and where it begins and ends. Furthermore, there are only a limited number of conceptual models of strategy implementation.

Organizations seem to have difficulties in implementing their strategies, however. Researchers have revealed a number of problems in strategy implementation: e.g. weak management roles in implementation, a lack of communication, lacking a commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors (Galpin, 1998; Lares-Mankki, 1994; Beer and Eisenstat, 2000).

Strategy which is a fundamental management tool in any organisation is a multi dimensional concept that various authors have defined in different ways. It is the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish (Thompson S, 1993) It is meant to provide guidance and direction for the activities of the organization. Since strategic decisions influence the way organizations respond to their environment, it is very important for a firm to make strategic decisions and define strategy in terms of its function to the environment. The purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Pearce and Robinson, 2007).

Ansoff (1999) views strategy in terms of market and product choices. According to his view, strategy is the "common thread" among an organization's activities and the market. Johnson and Scholes (1998) define strategy as the direction and scope of an organization that ideally matches

the results of its changing environment and in particular its markets and customers so as to meet stakeholder expectation. According to Jauch and Glueck (1984), strategy is a unified and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization.

Mintzberg and Quinn (1979) also had a hand in strategy definition whereby he perceives strategy as a pattern or a plan that integrates organization's major goals, policies and action into a cohesive whole. Porter (1996) has defined strategy as a creation of a unique and vulnerable position of tradeoffs in competing, involving a set of activities that neatly fit together, that are simply consistent, reinforce each other and ensure optimization of effort. Pearce and Robinson (2007) defines strategy as the company's "game plan" which results in future oriented plans interacting with the competitive environment to achieve the company's objectives. Johnson and Scholes (2002), view strategy as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, and fulfill stakeholder's expectations.

1.1.1 Strategy Implementation

In the world of management, increasing numbers of senior people are recognizing that one of the key routes to improved business performance is better implementation (Renaissance Solutions Ltd, 1996). However, at the same time, it is also understood that implementation is one of the more difficult business challenges facing today's managers (Pfeffer, 1996). Within this, management ability, or competence, is seen as an important contributor to achieving this aim (Boyatzis, 1982).

Okumus and Roper (1998, p. 219) observe that "despite the importance of the strategic execution process, far more research has been carried out into strategy formulation rather than into strategy implementation", while Alexander concludes that literature is dominated by a focus on long range planning and strategy "content" rather than the actual implementation of strategies, on which "little is written or researched" (Alexander, 1985, p. 91). Reasons put forward for this apparent dearth of research effort include that the field of strategy implementation is considered to be less "glamorous" as a subject area, and that researchers often underestimate the difficulties

involved in investigating such a topic – especially as it is thought to be fundamentally lacking in conceptual models (Alexander, 1985;). More “practical” problems associated with the process of strategy implementation, meanwhile, include communication difficulties and “low” middle management skill levels (Alexander, 1985; Otley, 1999).

Thus there would appear to be a significant “gap” in the knowledge base at a time when the commercial environment is exhibiting significant changes. The transformation from the industrial to the information age is signalled by increasingly sophisticated customers and management practices, escalating globalization, more prevalent and subtle product differentiation, and an emphasis on intellectual capital and enhanced employee empowerment (Eccles, 1991; Brander Brown and Atkinson, 2001). In this new world order successful strategy implementation becomes ever more important. Simultaneously, new performance measurement frameworks are evolving to fill the gap between operational budgeting and strategic planning. As a consequence, many organizations have tried to enhance their capacity to implement through the use of management development programmes (Winterton and Winterton, 1997). Often, these follow training needs analysis which identifies a set of management competencies which it is hoped will deliver better competitive and commercial practice. Sometimes these competencies are couched very loosely, for example: “we need to be better at financial management”. On other occasions they are stated more specifically, as in; “we must teach our managers better techniques for running meetings” (Hirsh and Strebler, 1994). The former commonly lead to broad-based educational courses while the latter usually result in technical or skills-based training.

What tends to be absent from these programmes is attention to any higher order competencies which enable managers to use these educational or technical abilities to make a difference to the organisation (Harris, 1989). As an example, better financial management may require senior managers not only to have a good grasp of financial principles but also to “remain open minded” or to “lead by example” under the difficult circumstances of trying to get other managers to keep a closer eye on expenditure. Similarly, improved chairmanship may demand qualities of “self confidence” and the ability to “read interpersonal or political situations” which often crop up in management meetings, as well as learning about techniques for running meetings. Exactly the same is argued to be true for organisational strategy and other areas of business improvement (Ulrich, 1998).

The purpose of this article is to add weight to the burgeoning idea that efforts to improve implementation through the development of competencies need to include these higher order capabilities (Pedler et al., 1994). The suggestion is that if these are not included in programmes of management development, the potential for improved implementation can be seriously impaired.

1.1.2 Challenges of Strategy Implementation

According to Alexander (1985), the ten most frequently occurring strategy implementation problems include underestimating the time needed for implementation and major problems surfacing that had not been anticipated, in addition uncontrollable factors in the external environment had an adverse impact. Based on empirical work with 93 firms he observed that senior executives were over optimistic in the planning phase and it is noteworthy that the first two issues which occurred most frequently in Alexander's study are planning issues. He also found the effectiveness of coordination of activities and distractions from competing activities inhibited implementation, in addition key tasks were not defined in enough detail. With regard to people, the capabilities of employees involved were often not sufficient, leadership and direction and "training and instruction given to lower level employees were not adequate" (Alexander, 1985, p. 92). Although the least frequent in this study in many cases the information systems used to monitor implementation were not adequate.

Reed and Buckley (1988) discuss problems associated with strategy implementation identifying four key areas for discussion. They acknowledge the challenge and the need for a clear fit between strategy and structure and claim the debate about which comes first is irrelevant providing there is congruence in the context of the operating environment. They warn that, although budgeting systems are a powerful tool for communication, they have limited use in the implementation of strategies as they are dominated by monetary based measures and due to their size and the game playing associated budget setting "it is possible for the planning intent of any resource redistribution to be ignored" (Reed and Buckley, 1988, p. 68). Another problem is when management style is not appropriate for the strategy being implemented, they cite the example of the "entrepreneurial risk taker may be an ideal candidate for a strategy involving growth, but may be wholly inappropriate for retrenchment" (Reed and Buckley, 1988, p. 68). Goal setting

and controls are also recognised as problematic, identifying co-ordinated targets at various levels in the organisation is difficult and the need for control is heightened as uncertainty and change provide a volatile environment, a point supported by Tavakoli and Perks (2001).

Al Ghamdi (1998) replicated the work of Alexander (1985) in the UK and found for 92 percent of firms implementation took more time than originally expected, that major problems surfaced in 88 percent of companies, again showing planning weaknesses. He found the effectiveness of coordination of activities as a problem in 75 percent and distractions from competing activities in 83 percent cases. In addition key tasks were not defined in enough detail and information systems were inadequate in 71 percent of respondents. What is interesting is that there is congruence between these findings, which implies that lessons have still not been learned; as Al Ghamdi states, "the drama still continues" (Al Ghamdi, 1998, p. 322).

More recent articles confirm notable barriers to successful strategy implementation about which there appears to be a degree of accord including Beer and Eisenstat's (2000) "six silent killers of strategy implementation" These comprise: a top-down/laissez-faire senior management style; unclear strategic intentions and conflicting priorities; an ineffective senior management team; poor vertical communication; weak co-ordination across functions, businesses or borders; and inadequate down-the-line leadership skills development (Beer and Eisenstat, 2000). It is recognised that such change requires a shared vision and consensus (Beer et al., 1990) and "failures of strategy implementation are inevitable" if competence, coordination and commitment are lacking (Eisenstat, 1993). Corboy and O'Corrbui (1999, p. 29), meanwhile, identify the "deadly sins of strategy implementation" which involve: a lack of understanding of how the strategy should be implemented; customers and staff not fully appreciating the strategy; unclear individual responsibilities in the change process; difficulties and obstacles not acknowledged, recognised or acted upon; and ignoring the day-to-day business imperatives. Overall though, it is increasingly acknowledged that the traditionally recognised problems of inappropriate organisational structure and lack of top management backing are not the main inhibiting factors to effective strategy implementation (Aaltonen and Ikävalko, 2002). Rather, the major challenges to be overcome appear to be more cultural and behavioural in nature, including the impact of poor communication and diminished feelings of ownership and commitment (Alexander, 1985; Giles, 1991; Corboy and O'Corrbui, 1999; Aaltonen and Ikävalko, 2002;).

Aaltonen and Ikävalko recognise the role of middle managers, arguing they are the “key actors” “who have a pivotal role in strategic communication” (Aaltonen and Ikävalko, 2002, p. 417) meanwhile Bartlett and Goshal (1996) talk about middle managers as threatened silent resisters whose role needs to change more towards that of a “coach”, building capabilities, providing support and guidance through the encouragement of entrepreneurial attributes.

In addition to the above, another inhibitor to successful strategy implementation that has been receiving a considerable amount of attention is the impact of an organisation's existing management controls and particularly its budgeting systems (Reed and Buckley, 1988; Otley, 2001). Although it is increasingly suggested that budgets suffer from being bureaucratic and protracted, and that they focus on cost minimisation rather than value maximisation (Brander Brown and Atkinson, 2001), they still represent the main integrative control mechanism in many, if not most, business organisations (Otley, 2001). In the apparent absence of suitable alternative information systems (Alexander, 1985), significantly, it is claimed that well-established budget control systems can overwhelm or dominate strategic control systems (Goold and Quinn, 1990) – even to the extent that “when the going gets tough, budgetary pressures will tend to derail strategic goals”(Bungay and Goold, 1991, p. 32). In order to overcome such “myopic” tendencies (Bungay and Goold, 1991), it is suggested that organisations need to establish shorter/medium-term strategic “milestones” (Goold and Quinn, 1990).

So far in this review of literature on strategy implementation there is evidence of some recurring themes, including communication and coordination which are essential to ensure that people across the organisation know what to do and to ensure that they stay focussed on the key targets under the everyday pressures. Strategic control systems provide a mechanism for keeping today's actions in congruence with tomorrow's goals and their importance to strategy implementation is discussed next.

1.1.3 The Co-operative Bank of Kenya Limited

The Co-operative Bank of Kenya Limited ('the Bank') is incorporated in Kenya under the Company's Act (cap 486), and is also licensed to do the business of banking under the Banking Act. The Bank was initially registered under the Co-operative Societies Act (cap 460) at the point of founding in 1965. This status was retained up to and until June 27th 2008 when the

Bank's Special General Meeting resolved to incorporate under the Companies Act with a view to complying with the requirements for listing on the Nairobi Stock Exchange (NSE). The Bank went public and was listed on December 22 2008. Shares previously held by the 3,805 co-operatives societies and unions were ring-fenced under CoopHoldings Co-operative Society Limited which became the strategic investor in the Bank with a 64.56% stake.

The Bank runs two wholly-owned subsidiary companies, namely: Co-op Trust Investment Services Limited, the fund management subsidiary; Co-operative Consultancy Services (K) Limited, the corporate finance, merchant and investment banking subsidiary. The bank interconnects all branches countrywide and becomes only the second bank in Kenya to offer fully centralized banking. On August 7th, 1997 the bank suffered a major setback from a terrorist bombing that completely destroyed the Bank's Head office, Co-operative House, necessitating a full re-location of the bank to alternative premises. Despite the bombing, suspected to have been targeted at the neighbouring Embassy of the United States, the Bank manages to realize a remarkable recovery and retains the confidence of customers and other stakeholders. The style /model of strategy implementation employed at the bank is the top down model. The managers, directors, middle managers, departmental heads and other lower level employees are involved in strategy implementation process at the Co-operative Bank of Kenya but the middle level managers play the pivotal role in the implementation.

1.2 Statement of the Problem

A nicely drafted strategic plan, prepared through a sophisticated process by a team of accomplished management consultants or a group of top managers, is hardly likely to fail by itself. Failure, when it occurs, almost always happens during the implementation of the strategic plan. Yet, strategy formulation hogs most of the attention of management and strategy thinkers while strategy implementation is sidelined. For instance, Okumus and Roper (1998, p. 219) note that “despite the importance of the strategy execution process, far more research has been carried out into strategy formulation while very few have been done into strategy implementation”, while Alexander observes that literature is dominated by a focus on long range planning and strategy content rather than the actual implementation of strategies, on which “little is written or researched” (Alexander, 1985, p. 91). The apathy to strategy implementation can be ascribed to

several reasons, among them: greater likelihood of failures in implementing strategies; higher complexity in the process of strategy implementation; strategy implementation being considered to be less glamorous than formulation; and practical difficulties in research involving middle-level managers (see, for instance, Alexander, 1985).

Despite the neglect by academicians and consultants more challenges are experienced in practice in the course of strategy implementation. 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”. Strikingly, organizations fail to implement about 70 per cent of their new strategies. (Miller, 2002) Another recent study is a bit less alarming; it says 40 per cent of the value anticipated in strategic plan is never realized. (Mankins and Steele, 2005) 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 long been experienced as challenging. Several studies have been done on the strategies that the banks have employed over time (Aaltonen and Ikävalko, 2002, Bourgeois and Brodwin, 1984). However, no known study has been done to explore the challenges encountered in strategy implementation by the Cooperative Bank of Kenya.

For instance, Kiptugen (2003) did a study to determine the strategic responses of Kenya Commercial Bank to a changing competitive environment. Since he focused mainly on strategies that can be adopted in a competitive environment; the study failed to cover the processes involved in strategy implementation and challenges in the implementation phase. Muturi (2005) on the other hand did a study to determine the strategic responses of Christian churches in Kenya to changes in the external environment. He based his survey on evangelical churches in Nairobi. This study focused on a different context and concept from what the current study seeks to cover. Kamanda (2006) also did a study on Kenya Commercial Bank (KCB) with the objective of determining the factors that influence its regional growth strategy. His study, however, does not cover the issues of strategy implementation. Situma (2006) also covered KCB but focused on its turnaround strategy. Muguni (2007) studied the role of executive development in strategy implementation. His was a comparative study of KCB and National Bank of Kenya.

The study also fails to capture the process of strategy implementation process and challenges. Given the importance of these processes, this study seeks to fill the gap by seeking answers to the question on implementation of strategic decision whereby it will focus on the Cooperative Bank of Kenya.

1.3 Objective of the Study

The objective of this study was to determine practices and challenges of strategy implementation at Cooperative Bank of Kenya Limited.

1.4 Importance of the Study

The study is important not only to Co-operative Bank of Kenya Limited managers but also other managers in other industries. It would help them understand the Challenges of strategy implementation and how to overcome them, it helps different firms achieve success better than others.

The study would be a source of reference material for future researchers on other related topics; it will also help other academicians who undertake the same topic in their studies. The study would also highlight other important relationships that require further research; this may be in the areas of relationships between intelligence and firm's performance

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are strategy implementation, types of strategy implementation, change model, collaborative model, cultural model, and finally the challenges of strategy implementation.

2.2 Strategy Implementation

Historically, numerous researchers in strategic management, and to a lesser extent in strategic marketing, bestowed great significance to the strategic formulation process and considered strategy implementation as a mere by-product or invariable consequence of planning (Anderson, 1982; Day and Wensley, 1983; Wind and Robertson, 1983). Fortunately, insights in this area have been made recently which temper our knowledge of developing any strategy with the reality of executing that which is crafted (e.g. Varadarajan et al., 2001; Piercy, 2002; Miller et al., 2004; Homburg et al., 2004; Olson et al., 2005; Chimhanzi and Morgan, 2005; Lewis, 2005; Qi, 2005). However, as strategy implementation is both a multifaceted and complex organisational process, it is only by taking a broad view that a wide span of potentially valuable insights is generated.

Research emphasizing strategy implementation is classified by Bourgeois and Brodwin (1984) as part of a first wave of studies proposing structural views as important facilitators for strategy implementation success (Drazin and Howard, 1984). Beyond the preoccupation of many authors with firm structure, a second wave of investigations advocated interpersonal processes and issues as crucial to any strategy implementation effort (Noble and Mokwa, 1999). Conflicting empirical results founded upon contrasting theoretical premises indicate that strategy implementation is a complex phenomenon. In response, generalizations have been advanced in the form of encouraging: early involvement in the strategy process by firm members (Hambrick and Cannella, 1989); fluid processes for adaptation and adjustment (Drazin and Howard, 1984); and, leadership style and structure (Bourgeois and Brodwin, 1984).

It is not surprising therefore that strategy implementation is a topic of great interest to both managers and strategy researchers. Indeed, Noble and Mokwa (1999) affirm that an integrative view encompassing both structural and interpersonal views can enhance our understanding of the factors leading to implementation success. Despite the recent interest in strategy implementation research, there is a significant need for more detailed and comprehensive models related to strategy implementation (Noble, 1999). This study aims to rectify this broadness of approach by creating a detailed and comprehensive conceptual model related to strategy implementation. This is done by grounding the work in the roots already established by previous researchers in the area (Bourgeois and Brodwin, 1984; Noble, 1999; Noble and Mokwa, 1999).

It is clearly apparent that a current challenge for management lies in implementing strategy rather than formulating it, in creating and sustaining a climate within the firm that motivates employees in their implementation role (Dobni, 2003). Not all firms implement their strategies in the same manner; nevertheless, research investigating the differing styles of implementation is scarce. Nutt (1995) utilises Jungian theory (Jung, 1923) for his framework of implementation style, however, this is very much an analysis of the psychological style of individuals within the firm. More recently, Parsa (1999) utilised Bourgeois and Brodwin's (1984) classification of strategy implementation types. Also, implementation appears much more closely tied to the daily activities of mid-level managers (Floyd and Wooldridge, 2000), despite comparably little research attention being entrusted to the factors that induce mid-level managers' implementation success (Currie, 1999).

2.2 Types of Strategy Implementation

At the firm level, extant research has observed that the effective relationship between strategy and structure is a necessary precondition to the successful implementation of new business strategies (Drazin and Howard, 1984; Olson et al., 2005; Miller et al., 2004). In addition, a match between appropriate administrative mechanisms and strategy has been found to reduce uncertainty within the firm and increase effectiveness in strategy implementation. The relevant literature (Noble, 1999; Noble and Mokwa, 1999) has advocated factors that influence the effective implementation of strategies, for example; organisational structure (Drazin and Howard, 1984); control mechanisms (Daft and Mackintosh, 1984; Jaworski et al., 1993);

strategic consensus (Floyd and Wooldridge, 1992); leadership (Gupta and Govindarajan, 1984; Nutt, 1983); and communication (Workman, 1993). However, prior research has neglected to ascertain whether the “style” of strategy implementation undertaken has any impact on the effectiveness of the implementation effort.

Mintzberg (1993) proposed that firms differ in terms of their structure and that theory should move away from the “one best way” approach towards a contingency approach, in that structure should reflect the firm's situation and strategies. The structure of a firm influences the flow of information and the context and nature of interpersonal interaction within it. Structure also channels collaboration, prescribes means of communication and co-ordination as well as allocating power and responsibility (Miller, 1987). Traditionally, firms have addressed these basic needs for coordination and cooperation by hierarchical configurations (Grant, 2002), with centralized decision-making, strict adherence to formally prescribed rules and procedures and carefully constructed roles and relationships. Others, due to the unpopularity of bureaucracy in large firms, started a movement toward de-layering hierarchies (Homburg et al., 2000; Workman et al., 1998). Downsizing has resulted in the roles of employees altering dramatically as structure is re-engineered (Balogun, 2003). These firms are characterized by decentralised decision-making, small senior executive teams and an emphasis on horizontal rather than vertical communication (Webster, 1992). With firms evolving in terms of structure it follows that the style of strategy implementation will differ depending on the style of organisation and management that exists in the firm. In general terms, Nutt (1983, 1986, 1995) and Gupta and Govindarajan(1984) find that types of leadership style can play a critical role in overcoming barriers to implementation and latterly Redding and Catalanello (1994) and Moorman and Miner (1998) proposed an improvisational approach to implementing strategic change in an organisation. These studies, however, have focused attention entirely at the organisational or functional unit level to the detriment of a more micro-manager level focus. Our progressive work seeks to explore this issue, by proposing a taxonomy of implementation styles and focusing attention on the role of those bestowed with the duties of implementation within large firms, the mid-level manager.

Strategic typologies are becoming ever popular in researching strategy (Speed, 1993). Taxonomy, the classifying of phenomena and the explanation of the classification used,

facilitates the development of our knowledge (Galbraith and Schendel, 1983). Taxonomic approaches have become commonplace in marketing theory and in the study of strategy especially. The majority of extant taxonomy models in strategy implementation tend to be normative in nature (Parsa, 1999). Alternatively, they are developed from organisational observation, and as such, become context specific and frequently lack any broader theoretical grounding (Hooley et al., 1992). In contrast, Bourgeois and Brodwin's (1984) model is comprehensive, is based on specific theoretical assumptions and has been used by authors such as Parsa (1999). Bourgeois and Brodwin (1984) to refute the traditional approach to strategy implementation as simply an adjunct to the strategy formulation phase of the strategy process. Rather, they contend that strategy implementation evolves either from a process of winning group commitment through a coalitional form of decision-making, or as a result of complete coalitional involvement of implementation staff through a strong corporate culture.

Co-evolutionary theory (Lewin and Volberda, 1999) indicates that as firms grow and evolve from small to larger and multidivisional organisations, the strategy implementation methods also evolve simultaneously. The various strategy implementation models described by Bourgeois and Brodwin (1984) are meant to meet the changing needs of firms as they evolve through various stages of the organisational life cycle (Parsa, 1999). In contrast to the earlier descriptive models, this model is more prescriptive with an, albeit limited, empirical basis. Our research highlights three of Bourgeois and Brodwin's (1984) classifications of strategy implementation styles: change, collaborative, and cultural.

2.2.1 Change Model

This hierarchical model emphasizes how organisational structure, incentive compensation, and control systems can be used to facilitate the implementation of strategy. Here the senior marketing executive team (SMET) acts as an architect and uses behavioural science techniques to manage the firm to meet the needs of the strategy. The change model can be identified through the changing of structure and staff to convey the firm's new priorities; alternating planning, performance measurement, incentive compensation systems; and using of cultural adaptation techniques to introduce system changes. The senior managers not only pass the strategy to their subordinates, but also take part in the implementation phase (DeWit and Meyer, 2004).

However, the change model has its limitations under the circumstances of inaccurate information, disincentives against objectivity by managers, and motivational problems (Bourgeois and Brodwin, 1984).

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

2.2.2 Collaborative Model

This alternative model focuses on group decision-making at a senior management level and involves SMETs in the strategy formulation process. In this way it expects a firm to have a formalised strategic planning system. The role of the SMET is to employ group dynamics and “brainstorming” approaches to involve managers in both strategy formulation and implementation phases. Here, the SMET plays the role of coordinator, encouraging and promoting differing ideas and acting as a consensus generator among various implementation groups (Goold and Quinn, 1990). The SMET is co-coordinator rather than commander and to achieve desired performance results, teamwork is strongly encouraged. As a result, the behavioural nature of the firm dominates. The collaborative model overcomes both the limitations of information inaccuracy and cognitive limits of the change model (Parsa, 1999), as highlighted previously.

In this mode, organisations have both a strong culture and deep-rooted traditions. Successful implementation requires the cultivation of strong cultural values to meet the changing organisational needs. The distinction between “thinkers” and “doers” begins to blur but does not totally disappear. This model requires greater emphasis on human resource practices and as a result, the chosen strategy is a best possible compromise among the conflicting views of the differing groups. The outcome measures are not necessarily determined in economic terms but as

levels of long-term goal achievement. However, there are possibilities that the collaborative model is politically feasible but not economically rational due to the fact that it is the outcome of negotiation (Bourgeois and Brodwin, 1984).

2.2.3 Cultural Model

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

In this model, the SMET guides the organisation by communicating the vision for the firm while then allowing lower level employees to participate in the strategy implementation. The model works under the circumstances of decentralised organisation, where there are shared goals between the firm and its participants, and where the firm is stable and growing. Understanding super-ordinate goals, style, and cultural norms become essential for the continued success of a firm. The cultural model contradicts and challenges the basic objectives from the economic perspective of a firm (Parsa, 1999). A “clan-like” (Ouchi, 1980) organisation is expected to prevail, where a powerful culture results in employees aligning their individual goals and behaviours with those of the firm.

However, a high level of organisational slack is needed to instil and maintain a cultural model. This model has several limitations: it assumes well-informed and intelligent participants; firms with this model tend to drift and lose focus; cost of change in culture often comes at a high price; increased homogeneity can lead to a loss of diversity, and creativity consequently (Parsa, 1999). Each implementation style differs in the extent of centrality, the extent of group interaction, the degree of control exerted, the influence of firm culture and the way in which strategy develops. Bourgeois and Brodwin (1984) postulate that these are not mutually exclusive forms, and do not indicate that any style is necessarily better than the other. In spite of this stance however, we argue that hierarchical structures, similar to that advocated by the “change” style of

implementation (Grant, 2002) are essential for creating the efficient and flexible co-ordination of strategy implementation.

2.3 Challenges of Strategy Implementation

Strategy implementation has attracted much less attention in strategic and organizational research than strategy formulation or strategic planning. Alexander (1991) suggests several reasons for this: strategy implementation is less glamorous than strategy formulation, people overlook it because of a belief that anyone can do it, people are not exactly sure what it includes and where it begins and ends. Furthermore, there are only a limited number of conceptual models of strategy implementation.

Organizations seem to have difficulties in implementing their strategies, however. Researchers have revealed a number of problems in strategy implementation: e.g. weak management roles in implementation, a lack of communication, lacking a commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors (Alexander, 1991; Giles, 1991; Galpin, 1998; Lares-Mankki, 1994; Beer and Eisenstat, 2000).

Woolridge and Floyd (1990) note "It can be much easier to think of a good strategy than it is to implement it". Much of the shortcomings in the strategy area is attributable to failures in the implementation process rather than in the formulation of strategy itself (Beer et al., 1990; Woolridge and Floyd, 1990). The available literature in the 1990s on strategy implementation was examined in order to identify potential strategy implementation challenges. Of the 22 identified earlier by Alexander (1985) only 15 implementation problems have been cited.

Eisenstat (1993) indicates that most companies attempting to develop new organization capacities stumble over these common organizational hurdles: competence, coordination, and commitment. These hurdles can be translated into the following implementation problems: Coordination of implementation activities was not effective enough, Capabilities of employees were insufficient, Training and instruction given to lower level employees were inadequate, and Leadership and direction provided by departmental manager were inadequate.

Wessel (1993) states clearly that most of the individual barriers to strategy implementation that have been encountered fit into one of the following interrelated categories: too many and conflicting priorities, the top team does not function well; a top down management style; interfunctional conflicts; poor vertical communication, and inadequate management development. These categories can be translated into the following problems: Competing activities distracted attention from implementing this decision, Changes in responsibilities of key employees were not clearly defined, Key formulators of the strategic decision did not play an active role in implementation, and Problems requiring top management involvement were not communicated early enough.

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

This strategic change model can be translated into the following implementation problems: Key implementation tasks and activities were not sufficiently defined, Information systems used to monitor implementation were inadequate, and overall goals were not sufficiently well understood by employees. Lingle and Schiemann (1994) found that there are six areas of vital importance to long term successful strategy implementation. These areas are: market, people, finance, operation, adaptability, and environment.

The following implementation problems can be derived from the above mentioned areas: Uncontrollable factors in the external environment had an adverse impact on implementation; Major problems surfaced which had not been identified earlier. McGrath et al. (1994) indicated that the political turbulence may well be the single most important issue facing any implementation process. Consequently, the following problem may occur: Advocates and supporters of the strategic decision left the organization during implementation. Sandelands (1994) argued that people underestimate the commitment, time, emotion, and energy needed to

overcome inertia in their organization and translate plans into action. Based on this, the following implementation problem was formulated: Implementation took more time than originally allocated. Clearly, the recent literature survey shows implementation challenges cited 15 years ago still recurring. Hence, it is worthwhile to examine which of these are actually taking place in reality.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. This section is an overall scheme, plan or structure conceived to aid the researcher in answering the raised research question. In this stage, most decisions about how research was executed and how respondents were approached, as well as when, where and how the research was completed. Therefore in this section the research identifies the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections were included; research design, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

This was a case study since the unit of analysis is one organisation. 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. Since this study sought to gather in-depth information regarding the practices and challenges of strategy implementation at Co-operative Bank of Kenya, a case study design was deemed the best design to fulfill the objectives of the study.

3.3 Data Collection

In this study, emphasis was given to primary data. The primary data was collected using interview guide. An interview guide is a set of questions that the interviewer asks when interviewing (Mugenda and Mugenda, 2003). It makes it possible to obtain data required to meet specific objectives of the study. The interviewees are 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. The researcher sought to utilize the respondents since they are more versed with strategic issues for it is them that formulate and oversee the implementation of strategic decisions and are as a consequence experienced in that area. So as to avoid duplicity of data obtained, the researcher picked 10

managers and ten heads of functions from Co-operative Banks Ltd Nairobi branches. The researcher administered the interview guides through personal interviews.

Given that those who were interviewed are not so many and the researcher required getting in-depth information on issues surrounding strategy implementation challenges in Co-operative Bank, interviews were regarded as the best method and the interview guide gave a clear guidance on what questions to ask.

3.4 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 is 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 are to be used in the analysis are broadly classified into two: factors influencing strategy implementation and challenges in strategy implementation.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the findings of the study and the analysis of the data collected from the interview guide which was administered to the top managers and functional heads of Co-operative Bank of Kenya selected from various departments of the company. The interviewees to the interview guide were heads of departments (divisions) from seven departments. The functional heads in charge of finance, risk management, information technology and operations, human resources, marketing and research division, and public affairs and communication division. According to the data found, six out of all the seven heads of department projected in the previous chapter to be interviewed were interviewed which makes a response rate of 85%. The commendable response rate was achieved at after the researcher made frantic effort at booking appointments with the heads of departments despite their tight schedules and making phone calls to remind them of the interview.

4.2 Strategy Implementation

To the question on the importance of management ability, or competence, in achieving successful strategy implementation, the interviewees said that the management should be competent so as to ensure good strategy objective setting, achieve strategic awareness, manage resistance to strategy implementation, giving a clear guidance, sustain vigorous strategy implementation efforts, align structure to strategy, envision change for future competences and critically assess current strategy. The interviewees further indicated that senior managers, directors, middle managers, departmental heads and other lower level employees are involved in strategy implementation process at the Co-operative Bank of Kenya but the middle level managers play the pivotal role in the implementation.

On the role that communication plays in the process of strategy implementation at Co-operative Bank of Kenya, the interviewees said that proper communication of strategic awareness can act as a cohesive force and succeed in connecting those with ultimate responsibility for organisations with those who directly implement policies at the sharp. According to some employees, communication is pervasive in every aspect of strategy implementation, and it is related in a

complex way to organising processes, organisational context and implementation objectives which, in turn, have an impact on the implementation process and also enhances timely feedback on the progress and challenges met in the process of strategy implementation. Others also said that effective communication throughout the organisation leads to a clear understanding of key roles and responsibilities of all stakeholders including middle managers, whose role is often pivotal and ensures that everybody understands success levels at all times.

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

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

The interviewees indicated that the bank applies fluid processes for adaptation and adjustment in strategy implementation to a great extent because strategy implementation is a complex phenomenon thus in response, generalizations have been advanced in the form of encouraging fluid processes for adaptation and adjustment.

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

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

To the question on other factors leading to strategy implementation success at the bank, the interviewees said that factors leading to strategy implementation success include clear aims and planning, a conducive climate, giving implementation priority, having abundant resources, organizational structure, control mechanisms, strategic consensus, leadership and positive attitude towards strategy implementation success

4.3 Challenges of strategy implementation

The interviewees indicated that they face the challenge of strategy implementation time being underestimated and thus most of the implementers have a deadline that is merely an approximation due to the occurrence of unexpected developments. According to some interviewees, the bank experiences delays by external business partners in providing the expected support in time.

To the question on some of the challenges that surface during strategy implementation that had not been anticipated, the interviewees said that political turbulence was the most important issue facing any implementation process. Other challenges include supporters of the strategic decision leaving the organization during implementation, change of guiding policies by umbrella bodies e.g. CBK, system breakdown, low or underestimated budget allocation and underestimation of the commitment, time, emotion, and energy needed to overcome inertia in their organization and translate plans into action.

Other factors in the external environment that had an adverse impact in strategy implementation at the bank were indicated by the interviewees as increasingly sophisticated customers and management practices, escalating globalization, more prevalent and subtle product differentiation, credit crunch, political environment, breakneck competition from other banks.

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

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

To the question on the challenges caused by ineffective coordination and poor sharing of responsibilities of strategy implementation activities, the interviewees said that they caused challenges of delayed implementation, overworking of some workers, errors of commission, omission and duplication.

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

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

CHAPTER FIVE: DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

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

5.2 Discussion

Effectiveness of strategy implementation is, at least in part, affected by the quality of people involved in the process (Govindarajan, 1989). Here, quality refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position. The study collates with the literature on the importance of management ability, or competence, in achieving successful strategy implementation, where the study found that the management should be competent so as to ensure good strategy objective setting, achieve strategic awareness, manage resistance to strategy implementation, giving a clear guidance, sustain vigorous strategy implementation efforts, align structure to strategy, envision change for future competences and critically assess current strategy. The researcher further found that senior managers, directors, middle managers, departmental heads and other lower level employees are involved in strategy implementation process at the Co-operative Bank of Kenya but the middle level managers play the pivotal role in the implementation.

On the role that communication plays in the process of strategy implementation at Co-operative Bank of Kenya, the researcher found that proper communication of strategic awareness can act as a cohesive force and succeed in connecting those with ultimate responsibility for organisations with those who directly implement policies at the sharp; communication is pervasive in every aspect of strategy implementation, and it is related in a complex way to organising processes, organisational context and implementation objectives which, in turn, have an impact on the implementation process and also enhances timely feedback on the progress and challenges met in the process of strategy implementation. The researcher also found that effective communication throughout the organisation leads to a clear understanding of key roles and responsibilities of all

stakeholders including middle managers, whose role is often pivotal and ensures that everybody understands success levels at all times. This collates with earlier findings by Rapert., Velliquette and Garretson, (2002).

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

On the effect of early involvement of firm members in the strategy process on successful strategy implementation, the study found that early involvement of firm members in the strategy process helped members understand super-ordinate goals, style, and cultural norms and thus become essential for the continued success of a firm strategy implementation. It also prevents them from being taken by surprise, puts all members at the same platform, and helps the employees to own the process thus ensuring better results. Further, early involvement of firm members in the strategic plans and decisions taken by the bank are essential to their progress and development within their organisational environments. Involving staff in such processes increase their confidence and sense of ownership of new policies and changes which in turn contribute to their personal and professional motivation towards successful strategy implementation. These findings are similar to the ones on previous research by (Hambrick and Cannella, 1989).

The research found that the bank applies fluid processes for adaptation and adjustment in strategy implementation to a great extent because strategy implementation is a complex phenomenon thus in response, generalizations have been advanced in the form of encouraging fluid processes for adaptation and adjustment.

On initiatives taken by management in creating and sustaining a climate within the firm that motivates employees in their implementation role, the researcher found that the management has taken initiatives that include encouraging teamwork, maintaining a powerful culture that results in employees aligning their individual goals and behaviours with those of the firm, continuous

Staff training and development, implementing reward and benefits systems including frequent recognition given in less formal ways, ensuring a conducive working condition by focusing on relations between peers through effective staff meetings that allow opportunities for discussion and interaction and proper communication. The style /model of strategy implementation employed at the bank is the top down model.

On other factors leading to strategy implementation success at the bank, the research found that factors leading to strategy implementation success include clear aims and planning, a conducive climate, giving implementation priority, having abundant resources, an appropriate structure and implementing flexibly, organisational structure, control mechanisms, strategic consensus, leadership and positive attitude towards strategy implementation success.

The research found that the bank faces the challenge of strategy implementation time being underestimated in and thus most of the implementers have a deadline that is merely an approximation due to the occurrence of unexpected developments and also experience delays by external business partners in providing the expected support in time.

On some of the challenges that surface during strategy implementation that had not been anticipated, the research found that political turbulence was the most important issue facing any implementation process. Other challenges include supporters of the strategic decision leaving the organization during implementation, change of guiding policies by umbrella bodies e.g. CBK, system breakdown, low or underestimated budget allocation and underestimation of the commitment, time, emotion, and energy needed to overcome inertia in their organization and translate plans into action.

Other factors in the external environment that had an adverse impact in strategy implementation at the bank were found to include increasingly sophisticated customers and management practices, escalating globalization, more prevalent and subtle product differentiation, credit crush, political environment, breakneck competition from other banks.

The research found that some of competing activities that cause distractions inhibiting strategy implementation include too many conflicting priorities, advertisement/promotion, well versed customers, door to door sale and the bank trying to cope with competition in the industry hence

losing perspective of its strategy. The research further found the challenges posed by the inadequacy of information systems used to monitor strategy implementation include the implementers not knowing how effective the strategy implementation have been, may lead to loss of opportunities, lack of timely feedback and false report on progress and consequently ultimate failure.

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

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

Other challenges faced in strategy implementation at the bank include poor planning lack of support, non involvement, inadequate knowhow on the key stages, poor coordination, poor communication, unclear strategic intentions, conflicting priorities, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, competing activities and uncontrollable environmental factors. These collated with Beer and Eisenstat's (2000, p. 37) "six silent killers of strategy implementation.

The research further found the possible solutions to the challenges of strategy implementation at the Cooperative Bank include continuous training on how the strategy should be implemented; involvement of staff in decision making, consider piloting before rolling it out to everyone, appraise achievements, sharing responsibility, efficient communication, defined and clear process flow.

5.3 Conclusions

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

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

The study also concludes that factors leading to strategy implementation success include clear aims and planning, a conducive climate, giving implementation priority, having abundant resources, an appropriate structure and implementing flexibly, organisational structure, control mechanisms, strategic consensus, leadership and positive attitude towards strategy implementation success.

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

globalization, more prevalent and subtle product differentiation, credit crunch, political environment, and breakneck competition from other banks.

5.4 Limitations of the study

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

The main limitations of this study were;

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.

5.5 Recommendations

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

5.6 Area for Further Research

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

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APPENDICIES

Appendix 1: Introduction Letter

September, 2009

The Human Resource Manager,

Co-operative Bank of Kenya Limited,

P.O Box ,

Nairobi.

MBA RESEARCH PROJECT

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

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

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

Yours faithfully,

Daphine M. Nyangweso

Appendix 11: Interview Guide

CHALLENGES OF STRATEGY IMPLEMENTATION AT CO-OPERATIVE BANK OF KENYA LIMITED

Section A: strategy implementation

1. In your opinion what is the importance of management ability, or competence, in achieving successful strategy implementation
2. Who are involved in strategy implementation process in your organisation?
3. What role does communication play in the process of strategy implementation at your organisation?
4. What is the impact of management development programmes /training on effective strategy implementation at your bank?
5. What is the effect of early involvement of firm members in the strategy process on successful strategy implementation?
6. To what extent does the bank apply fluid processes for adaptation and adjustment in strategy implementation? (Briefly explain.)
7. What initiatives are taken by management in creating and sustaining a climate within the firm that motivates employees in their implementation role?
8. What is the style /model of strategy implementation employed at the bank?
9. What are the strategy implementation practices employed by your bank?
10. What are the other factors leading to strategy implementation success at your bank?

Section B: Challenges of strategy implementation

11. Do you face the challenge of strategy implementation time being underestimated?

12. What are some of the challenges that surface during strategy implementation that had not been anticipated?
13. What other factors in the external environment had an adverse impact in strategy implementation at the bank?
14. What are some of competing activities that cause distractions inhibiting strategy implementation?
15. What are the challenges posed by the inadequacy of information systems used to monitor strategy implementation?
16. What challenges are posed by customers and staff not fully appreciating the strategy on strategy implementation?
17. What is the impact of poor communication and diminished feelings of ownership and commitment by employees to strategy implementation?
18. What are the challenges caused by ineffective coordination and poor sharing of responsibilities of strategy implementation activities?
19. What are the other challenges you face in strategy implementation at the bank?
20. What are the possible solutions to the challenges of strategy implementation at the Cooperative Bank?