

**CHALLENGES OF STRATEGY IMPLEMENTATION AT  
NATIONAL BANK OF THE KENYA LIMITED**

**BY**

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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.

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

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## **ABSTRACT**

Strategic management is fundamentally about setting the underpinning aims of an organization, choosing the most appropriate goals towards those aims and fulfilling both over time In the strategy implementation. Whether a bank wins or loses in the marketplace, it is directly attributable to the calibers of a financial institution's strategy and the proficiency with which the strategy is implemented and executed. Implementing and executing strategy are thus the core management functions. This study investigated challenges facing strategies implementation at National Bank of Kenya. The objectives of the study were to determine the factors that influence implementations of strategy at the National Bank of Kenya Limited to establish the challenges facing strategy implementation at the National Bank of Kenya Limited.

For the purposes of this study, case study was adopted. The study used primary data which was collected using an interview guide. The interview guide had open-ended questions. The content analysis was used to analyze the respondents' views factors that influence implementation of strategy at the National Bank Kenya Limited and challenges facing strategic implementation at the bank.

The study concludes that technology development was a great challenges of strategy implementation due to it high cost of adoption of new technology, bureaucracy in bank making decision to take too long to be acted upon, original strategy plan poorly conceived, strategy implementation taking more time than planned, Unanticipated internal/external problems arising, poor coordination of activities, crises or competing activities diverted attention, assigned employees lacked necessary skills, assigned employees being inadequately trained, insufficient allocation of resources, uncontrollable external environmental factors, inadequate lower-level leadership and direction, poorly defined key tasks and activities and inadequate monitoring of activities and progress

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the study**

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.

Strategy implementation is a fundamental management process for the success of commercial banks. Strategy implementation is the translation of chosen strategy into organizational action so as to achieve strategic goals and objectives. 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, 1993).

The way in which the strategy is implemented can have a significant impact on whether it will be successful. In most cases different people from those who formulated it do implementation of the strategy. For this reason, care must be taken to communicate the strategy and the reasoning behind it. Otherwise, the implementation might not succeed if the strategy is misunderstood or if the affected parties resist its implementation because they do not understand why the particular strategy was selected (Thomson, 2007).

National bank facing stiff competitions from its rival and therefore there is a need for effective Strategy implementation to effectively implement strategic decisions and strategies due to threats and opportunities in an uncertain and dynamic environment. In addition to assisting National bank limited to make effective decisions as well as effective strategies, strategic management adopted by the National bank can help improve its performance.

### **1.1.1 Strategy and Strategy Implementation**

Strategy implementation is defined as the manner in which an organization should develop, utilize, and amalgamate organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance (Pearce and Robinson, 2007). Organizational structure allocates special value developing tasks and roles to the employees and states how these tasks and roles can be correlated so as maximize efficiency, quality, and customer satisfaction-the pillars of competitive advantage. An organizational control system is also required. This control system equips managers with motivational incentives for employees as well as feedback on employees and organizational performance (Beer and Eisenstat, 2000). Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. The environmental conditions facing banking institutions have changed rapidly.

Strategy refers to the machinery of the resources and activities of an organization to the environment in which it operates (Johnson and Scholes 2002). According to Ansoff and McDonnell (1990), it is through strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. He further argues that this can be done by firstly, positioning of the firm through strategy and capability planning in its rightful competitiveness secondly, use of real time response through issue management and thirdly, systematic management of resistance during strategy implementation.

The selected strategy is implemented by means of programs, budgets, and procedures. Implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. Strategy implementation is defined by Chakravarthy and White (2001) as a process by which strategies and policies are put into action through the development of programs, budgets, and procedures. Accordingly, Huse and Gabrielsson (2004) define strategy implementation as the methods by which strategies are

operationalised or executed within the organization; it focuses on the processes through which strategies are achieved.

Strategy implementation as an activity embraces all of those actions that are necessary to put a strategy into practice. In detail this Implementation involves identification of the key tasks to be performed, allocation of these tasks to individuals providing for co-ordination of separated tasks, the design and installation of an appropriate management information, system the drawing up of a specific programme of action including a time schedule down to the system of comparing actual performance with those standards and the design of a system of incentives, controls and penalties appropriate to the individual concerned and the tasks to be performed .

Banks seem to faces challenges in implementing their strategies. Wessel (1993) stated clearly that most of the individual barriers to strategy implementation that bank management has faced in strategy implementation process includes encountered faced 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. The competing activities distracts attention from implementing bank strategic decision, changes in responsibilities of key employees, 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. Challenges facing strategy implementation in Nation Bank of Kenya limited also include government interference and political influence which hinders it from achieve better performance .

### **1.1.2 National Bank of Kenya Limited**

The banking sector in Kenya comprises of the Central Bank of Kenya as the regulatory authority, commercial banks, Non- Bank financial institutions, Foreign Exchange Bureaus and deposit taking micro-finance institutions (MFIs) as the regulated entities (Bank Supervision Annual Report, 2009) The commercial banks and non-banking

financial institutions offer corporate and retail banking services but a small number, mainly comprising the larger banks, offer other services including investment banking.

The National Bank of Kenya provides a secure and professional service to a number of customers in both the Retail and Corporate market sectors. National Bank of Kenya has one of the largest networks in the country. At National Bank, is dedicated to excellence in providing competitive Financial Solutions, meeting the changing needs of its customers, being a responsible Corporate Citizen, providing attractive opportunities to its employees and improving Shareholders, National Bank of Kenya Limited provides various banking, financial and related services in the retail and corporate market sectors in Kenya ([www.nationalbank.co.ke](http://www.nationalbank.co.ke)).

National Bank of Kenya offers retail banking products and services, including savings products, such as national savers account, Taifa account, Pinnacle savings account, vision account, student's account, medical or education fund savings account, and fixed deposit account. The lending products comprises of personal loan, car loan, and education loan; transaction accounts consisting of personal current account and pinnacle current account; and business banking products, which include sole proprietor business current account, partnership current account, and sole proprietor savings account, as well as visa credit and debit cards.

The National Bank corporate and institutional banking comprise payment services, such as inward/outward remittance processing, cash-connect remittance services, RTGS services; payroll processing and distribution; third party payments processing; payments collection and reconciliation; tax collection/transmission; overdrafts; asset financing; business loans; various investment products; and trade finance products consisting of bill discounting, documentary collection (local/international), documentary credits, general guarantees, payment guarantees, performance bonds, bid bonds, and foreign exchange services. It also provides investment advisory services to its clients ([www.nationalbank.co.ke](http://www.nationalbank.co.ke)).

## **1.2 Statement of the Problem**

The mainstream strategic studies have not considered the banking industry, and conventional thought within the industry has often down played strategy's significance (Love et al, 2002). Notably in Kenya, most of the studies earlier done in the construction sector sought to identify the chronic problems of project implementation as opposed to critically assessing the managements' strategic fit .Mintzberg and Quins (1991) state that 90% of well formulated strategies fail at implementation stage. David (1997) claim that only 10% of formulated strategies are successfully implemented. Chandler (1962) observes that strategy implementation or strategy execution is the most complicated and time consuming part of strategic management. While strategy formulation is primarily an intellectual and creative act involving analysis and synthesis, implementation is a hands-on operation and action oriented human behavioral activity that calls for executive leadership and key managerial skills. In addition, implementing a newly crafted strategy often entails a change in corporate direction and frequently requires a focus on effecting strategic change (Alexander, 1985).

Whether a bank wins or loses in the marketplace, it is directly attributable to the calibers of a financial institution's strategy and the proficiency with which the strategy is implemented and executed. Implementing and executing strategy are thus the core management functions. Indeed, competent strategy and good strategy implementation are the most trustworthy signs of quality and good management (Aosa, 1992).

Nowadays, strategic planning and strategic implementation are used to enhance a competitive intelligence culture in the internal organization. The environmental conditions facing banking institutions have changed. Today's global competitive environment is complex, dynamic, and largely unpredictable. To deal with this unprecedented level of change, a lot of thinking has gone into the issue of how strategies are best formulated and implemented. There is a need for Nation Bank of Kenya to establish what could be hindering implementation of the formulated strategic decisions to be in a position of managing the future.

A number of scholars have researched on challenges facing strategy implementation. Tonui (2008) carried out a study on challenges of strategy implementation at national social security fund in Kenya .There has been no known study that has focused on challenges of strategic implementation experienced by National Bank of Kenya. This is despite the fact that implementing strategy at the National Bank faces numerous challenges, yet it remains under-researched. This study therefore seeks to fill this gap of knowledge by investigating into challenges facing strategy implementation at National Bank by answering the following questions.

- i. What are the factors that influence implementations of strategy at the National Bank of Kenya Limited?
- ii. What are the challenges facing strategy implementation at the National Bank of Kenya Limited?

### **1.3 Objectives of the study**

- i. To determine the factors that influence implementations of strategy at the National Bank of Kenya Limited.
- ii. To establish the challenges facing strategy implementation at the National Bank of Kenya Limited

### **1.4 Importance of the Study**

The study will be significant to the management of the National bank and other managers in other industries as it will provide an insight into challenges of strategy implementation and how to overcome the. This will enable the management of banking institutions and other organization successfully implements adopted strategies for better performance.

The findings of this study will be significant to the Government in developing policies that will ensure smooth implementation of strategy in the banks and other financial sectors

The findings of this study will be useful to scholars as it will act as a reference for future study and forms a background for future study. It will help other academicians who undertake the same topic in their studies in acquisition of more knowledge on challenges facing implementation of strategies in banking sector and other financial institutions. 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 reviews the information from other researchers who have carried out their studies in the same field of study in relevant to the objective of the study which is to investigate strategy implementation at the National bank of Kenya limited. The specific areas covered here are strategic implementation, strategy implementation models, stages of strategy implementation, successful strategy implementation, challenges of strategic implementation and empirical review.

### **2.2 Strategy**

The initial interests of researchers were addressed at the rational deliberation of managers strategies identifying a seminal stream of studies refereed to as “planning” approach. The focus of this approach was then extended to the organization directions, exploring different policies such as diversification and acquisition. At the beginning of the 1980s there was a significant change in the field, moving from the where to the how, starting to investigate the process whereby organizations try to achieve strategic change. This different perspective highlighted the variety of elements involved and their complex relation, shaping the strategy development as a path incrementally adjusted. The early work of Quinn (1980) gave an important contribution, being one of the first attempts to analyze systematically the apparent chaotic process enacted by strategists. He observed the experiences of several companies in achieving strategic change and going beyond the apparent chaos of events, he identified a series of incremental steps undertaken by managers in the attempt of reaching a goal. Other researchers supporting the processual perspective recognized and have searched for logic behind the path for strategic change. Its clarification is indeed complex and it needs the exploration of both the macro-organizational level and the micro-subsystems involved in the transformation.

Quinn (1980) entailed the logical incrementalism observing strategy evolution overtime, which starts from the perception of a problem or an opportunity; managers initially react cautiously with an idea, which is further refined for identifying the goal. However the intervention is not clearly identified by time line, managers may know where to arrive but they do not know how to achieve the goal. Furthermore, while leading the change, new opportunities and problems could occur and move them away from the initial idea. Revealing similarities in the case studies, he defines a dominant model based on three major stages: creating awareness and commitment; solidifying progress; integrating processes and interests.

At the first stage, managers develop an informal network of relation to get information, usually bypassing formal systems and giving more prompt and focused information. The enlargement of the debate on possible solutions improves again the basis of decisions and it influences managers' behavior. Influencing behavior and searching for consensus remain basic issues also at the second stage incremental solidifying progress. This phase narrows the set of options previously considered in terms of organizational structure and human resource empowerment. The last stage instead entails the use of formal analytical techniques for establishing, measuring and rewarding key initiatives. This framework presented is an interesting rationale for interpreting change in complex organizations and environments, in which two key issues clearly emerge: the stages of strategy processual development and the importance of human resources. However this processual perspective has been further developed alternatively tackling the organizations themselves, the organizational change and the formulation of strategies (Pettigrew, 1985).

## **2.3 Strategy Implementation**

Implementation means carrying out the pre-determined strategic plans. Strategy emerges and evolves without interventions by the strategic planners, or in spite of them .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 through a strong corporate culture. Implementing strategies successfully is about matching the planned and realizing strategies, which together aim at reaching the

organization vision. 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. Different types of leadership style can play a critical role in overcoming barriers to implementation (Miller and Wilson and Hickson 2004).

In the strategy implementation is often called the action phase the firm is required to translate its strategies and policies into action through the development of specific budgets and procedures. In this phase, the necessary changes are also made within the organizational culture, structure (divisions, departments, products), and the relationships between these elements and the managerial levels among the top, middle and lower levels of the organization.

### **2.3.1 Process of Strategy Implementation**

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

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.

Ansoff (1999) views strategy in terms of market and product choices. According to this author, 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.

For successful strategy implementation, an organization should understand the impact on strategy of external environment, internal resources and competences, and the expectations and influence of stakeholders (Johnson and Scholes (2002), Pearce and Robinson, 1994). The organization exists in the context of a complex commercial, political, economic, social, technological, environmental and legal world. This environment changes and is more complex for some organizations than for others. For successful strategy implementation it is important for the company to understand historical and environmental effects as well as expected or potential changes in environmental variables (Johnson and Scholes, 2002).

The resources and competences of the organization make up its strategic capability, which enables success in implementation of chosen strategies. Just as there are outside influences on the organization and its choice and implementation of strategies, so there are internal influences. These internal influences constitute strengths and weaknesses. Competences such as skills and know-how enhance successful strategy implementation.

With the changing environment, there emerge a number of influences on an organization's purpose. Questions on who should the organization primarily serve and how should managers be held responsible influence strategy implementation. The changing expectations of different stakeholders affect the purpose and focus of the strategy (Johnson and Scholes, 2002). Cultural influences from within the organization and from the world around it also influence the strategy (Pearce and Robinson, 1994

## **2.4 Strategy implementation Models**

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.

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.

### **2.4.1 Change Model**

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 organizational 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.

### **2.4.2 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.

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.

### **2.4.3 Collaborative Model**

In this mode, organizations have both a strong culture and deep-rooted traditions. Successful implementation requires the cultivation of strong cultural values to meet the changing organizational 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).

## **2.5 Challenges of Strategic 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. This includes unstable demand, and the variety of products. There are many operation-related problems to implementing strategies. These are problem with suppliers, need for production software, loss of control of inventory, inapplicability of strategies to low-volume operations or batch oriented productions, management complacency and fear of late production; and conflicts with ongoing projects (Drazin and Howard 1984). The following are some of barrier to effective implementation of strategies in the Banking industry.

### **2.3.1 Weak Management Roles in Implementation**

The level of effort that an individual manager will apply to the implementation of a particular strategy depends on his perception of his and the organization's potential to perform, and his perception of the likelihood that successful performance will lead to an outcome that he desires. Managers who believe their self-interest is being compromised can redirect a strategy, delay its implementation, reduce the quality of its implementation, or sabotage the effort. Upward intervention, in their conception, may include subversive behaviors such as verbal arguments, objecting memos, coalition formation, the deliberate creation of barriers to implementation, and even sabotage. Passive intervention can take the form of giving a strategy a low priority or taking too much time implementing strategic decisions, both of which can result in unnecessary delays and inhibit the implementation effort.

Guth and MacMillan (1986) insights by identifying the relative importance of the three determinants of implementation effort: perceived ability, perceived probability of success, and perceived consistency between personal goals and the strategic change goals. Personal characteristics of the middle managers influence their perceptions and the national culture characteristics influence the perceptions of middle managers.



Heracleous (2000) indicated that if middle management do not think the strategy is the right one, or do not feel that they have the requisite skills to implement it, and then they are likely to sabotage its implementation by deliberate actions or inactions, if implementing the strategy may reduce their power and influence. Therefore, Heracleous also sees the perceived ability and perceived consistency between personal goals and the strategic change goals as the decisive „soft“ factor. Hrebiniak, (2006) believe that the approach of matching strategy and managers“ style ignores the causal role of the organizational context or the interaction of personality and context on implementation actions. It is widely accepted that different strategies need to be implemented in different ways. Their study demonstrates, at least in a laboratory setting, that strategy plays a significant role in shaping managers“ intentions. Managers can alter their behaviors to suit different strategy situation.

### **2.3.2 Management Styles**

The role of appropriate management in strategic success is highly significant. It has been observed that leadership plays a critical role in the success and failure of an enterprise (Kazmi, 2002). Adequate leadership is needed for effective implementation of strategy as this will ensure that all company efforts is united and directed towards achievement of company goals (Pearce and Robinson, 1988). Chief executives should play a leading role by helping in setting company values and giving a positive lead. The chief executive role of developing motivational systems and management values is critical to the success of a company. While Lewis (1984) argues that the CEO have to be somebody who can create organizations and corporate cultures capable of integrating a wide range of different, but critical areas of expertise in the organizations they manage.

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) 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 recognized that such change requires a shared vision and consensus if competence, coordination and commitment are lacking and that 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, recognized or acted upon; and ignoring the day-to-day business imperatives lead to barrier of effective strategy implementation. 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 (Aaltonen and Ikävalko, 2002;).

### **2.3.3 Lack of Communication**

Ansoff (1999) rightly note that, “although an entire discipline is devoted to the study of organizational strategy, including strategy implementation; little attention has been given to the links between communication and strategy.” business communication researchers have become increasingly interested in the contribution of corporate communication to a company’s ability to create and disseminate its strategy in the last decade. However there is importance of communication for the process of strategy implementation (Heide , Grønhaug and Johannessen, 2002).

In organizations where employees have easy access to management through open and supportive communication, climates tend to outperform those with more restrictive communication environments. Effective communication is a key requirement for effective strategy implementation. Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation and it is pervasive in every aspect of strategy implementation, as it relates in a complex way to organizing processes, organizational context and implementation objectives which, in turn, have an effect on the process of implementation (Pearce and Robinson1988).

Communication barriers are reported more frequently than any other type of barriers, such as organizational structure barriers, learning barriers, personnel management barriers, or cultural barriers. According to Heide, Grønhaug and Johannessen (2002) communication strategies constitute the key barrier to the implementation of planned strategic activities. When vertical communication is frequent, strategic consensus (shared understanding about strategic priorities) is enhanced and an organization's performance improves. Vertical communication linkages are the means by which strategic consensus and performance can be enhanced. The study of Chakravarthy and White (2001) which was conducted in the casino industry within the state of Nevada, shows that over 38 percent of the senior-level leaders do not communicate the company's direction and business strategy to all of their subordinates.

#### **2.3.4 Lack of Commitment**

The challenging aspect when implementing strategy is the top management's commitment to the strategic direction itself. In some cases top managers may demonstrate unwillingness to give energy and loyalty to the implementation process (Marginson, 2002). This demonstrable lack of commitment becomes, at the same time, a negative signal for all the affected organizational members. Many organizations are faced with the challenge of lack of institution of a two-way-communication program that permits and solicits questions from employees about issues regarding the formulated strategy. In addition to inability to solicit questions and feedback, lack of communication causes more harm as the employees are not informed about the new requirements and tasks and activities to be performed by the affected employees.

One of the reasons why strategy implementation processes frequently result in difficult and complex problems or even fail in total is the vagueness of the assignment of responsibilities. Finally, on review of literature on strategy implementation there is evidence of some recurring themes, including coordination which is essential to ensure that people across the organisation know what to do and to ensure that they stay focused on the key targets under the everyday pressures (Miller and Wilson, 2004).

Top management refers to senior-level leaders including presidents, owners, and other high ranking executives (CEO, CFO, COO etc.) and senior-level managers. Hrebiniak and Snow, 1982 stipulates that the effect of top management on strategy implementation, Process of interaction and participation among the top management team typically leads to greater commitment to the firm's goals and strategies. This, in turn, serves to ensure the successful implementation of the firm's chosen strategy. Effective senior-level leadership behaviors will be directly related to successful strategy implementation. The senior-level leaders who have been trained in or studied strategic planning and implementation are more likely to meet the performance targets set for the company.

Gupta and Govindarajan (1984) point out that the greater the marketing and sales experience of middle managers, the greater their willingness to take risk, and the greater their tolerance for ambiguity. These personal factors contribute to the implementation effectiveness in the case of a „build“ strategy but hamper it in the case of a „harvest“ strategy for SBUs. Govindarajan (1989) considers a more comprehensive set of managerial background and personality variables analyzes the individual managerial characteristics for instance functional background, industry familiarity, locus of control, problem-solving style and competitive strategy and concluded that greater R&D experience and greater internal locus of control on the part of the SBU general manager contribute to implementation effectiveness in the case of a differentiation strategy followed by an SBUs, but hamper it for a low-cost strategy (Mintzberg,1978).

### **2.3.5 Unaligned Organizational Systems and Resources Insufficient Resources**

The available literature in the 1990s on strategy implementation was examined in order to identify potential strategy implementation problems. Eisenstat (1993) indicated 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.

Lewin and Volberda (1999) stated clearly that most of the individual barriers to strategy implementation that have been encountered fit into one of the following interrelated categories: too many and conflicting priorities, the top team does not function well; a top down management style; 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 (Burnes,1996)

Many of the organization strategies and tactics overlap each other. There are many possible sets of answers for the same set of requirements. An example of a typical overlap between a set of possible strategic tactics can be shown. There could be many situations like that when a set of strategic tactics is chosen for implementation. Suitability of chosen strategic tactics depends on the current production process, culture and many other factors that are in place. Thus, a line of strategic tactics initially identified at the start of a production process may not be valid later in the production process. Because of the competing nature, an updated set of tactics might be more appropriate and cost-effective later (Hambrick and Cannella 1989).

### **2.3.6 Lack of Coordination**

Gupta finds that mutual coordination, incentive systems and the level of decentralization between the general manager and his or her superior influence the organization's effectiveness in strategy implementation. To build market share or to pursue differentiation as a competitive strategy, openness in organization relations and subjectivity in performance assessment were found to be positively associated with effectiveness. For the organization to maximize short-term earnings or to pursue low

cost as a competitive strategy, the corresponding association was found to be negative. In contrast, organization decentralization emerged as positively associated with business unit effectiveness, irrespective of their strategic contexts.

Chimhanzi (2004) suggests that cross-unit working relationships have a key role to play in the successful implementation of marketing decisions. Implementation effectiveness is affected negatively by conflict and positively by communication and specifically, interpersonal, not written. In turn, these interdepartmental dynamics are affected by senior management support, joint reward systems, and informal integration. Chimhanzi (2004) also points out that the marketing and R&D interface remains the most extensively researched dyad within the specific context of the new product development (NPD) process.

### **2.3.7 Improper or Inadequate Planning**

There needs and requirements of every firm are different. If we apply a generic solution to all industry types, it is less likely that the returns on investment will be optimal considering their usefulness. For example, there is no single best strategy to implement JIT. They are not made to a general specification as “one size fits all”. For example, a line of strategic tactics initially identified for one company may not be applicable to a second company.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter sets out various stages and phases that were followed in completing the study. In this chapter the research identified the procedures and techniques that was used in the collection, processing and analysis of data. It included research design, target population, data collection and finally data analysis.

### **3.2 Research Design**

For the purposes of this study, the researcher was adopted case study. A case study was considered as the appropriate research design since it was a more appropriate strategy for answering research questions which ask ‘how and ‘why’ and which do not require control over the events (Kothari, 2004). This was because such questions deal with operational links that would needed to be traced over time, rather than mere frequencies or incidence. By using the case study approach, the reasons why certain decisions were made, how they will be implemented and what the results was identified.

### **3.3 Data Collection**

The study used primary data which was collected using an interview guide. The interview guide had open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. The interview guides was preferred over other methods of collecting data because of their capability to extract information from the respondents as well as giving the researcher a better understanding and a more insightful interpretation of the results from the study. Interview guides was also preferred because they enable the researcher to obtain more up to date information as well as eliciting information which might not be captured in the other data collection techniques. The interview guide was administered to the 5 senior managers, 10 head of departments and 15 assistant head of department in the bank making a total of 35 respondents.

### **3.4 Data Analysis**

Before processing the responses, the completed interview guide was edited for completeness and consistency. The content analysis was used to analyze the respondents' views factors that influence implementation of strategy at the National bank Kenya Limited and challenges facing strategic implementation at the bank .It provided the researcher with a qualitative picture of the respondent's challenges facing strategy implementation at the bank. The findings were presented in a continuous prose.



## **CHAPTER FOUR :DATA ANALYSIS, INTERPRETATION AND PRESENTATION**

### **4.1 Introduction**

This chapter presented analysis and findings of the study as set out in the research methodology. The results were presented on the challenges facing strategy implementation with a specific reference to National bank of Kenya. The data was gathered exclusively through an interview guides as the research instruments. The interview guides were designed in line with the objectives of the study and were used to collect qualitative data.

#### **4.1.1 Stages of Strategy Implementation**

The study sought to investigate the strategy implementation at the national bank. From the findings, majority 65% of the respondents indicated that strategy implementation could be successfully implemented through a four-stage process: Assess the organizational capabilities and behavior needed to move from what the bank 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. 35% Of the respondents indicated that strategy implementation is takes in stages that is identification of measurable, mutually determined annual objectives, development of specific functional strategies and development and communication of concise policies to guide decisions. This implies that strategy implementation at national bank of Kenya is undertaken on stages which when effectively could yield to better performance.

#### **Parties Involved in Strategy Implementation Process in National Bank of Kenya**

The study sought to know the parties who are involved in implementation of strategy in the National Bank of Kenya. From the findings, majority of the respondents indicated that Human resource management department, top level management and Heads of departments. This implies that strategies implementation is given a priority and senior personnel in the organization is assigned the responsibility of ensure strategies are implemented successfully.

#### **4.2 Role of Communication in The Process of Strategy Implementation**

The study requested the respondents to give out their opinion on the role of communication in the process of strategy implementation. From the findings, respondents stated that Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation. The study further found that communication helps in ensuring all the stakeholders are involved in implementation the adopted strategies and make them more committed to the course. The study further found that communication act as a motivating factor during strategy implementations, provides a mode for always reviewing the strategy implementation to providing quick avenue for corrective measures. This implies that the effective communication plays an important role in achieving effective strategy implementation in National Bank of Kenya.

#### **Impact of human resource development on effective strategy implementation**

The study sought to know the impact of the human resource development on effective strategy implementation in the National bank. From the findings, majority of the respondents indicated that the impact of human resource development in strategy implementation in at National bank includes Job training for the various strategies getting the right staffing for the various department in the bank and determining specific job requirements. The study further found that human resource supports all other functions in carrying out strategic responsibilities and ensure that right numbers and types of personnel are available for strategic implementation. The study also found that human resource development ensures employees gain skills and become competencies to enable strategy implementation is successful. This implies that effective and successful strategy

implementation relies heavily on human resources development at the national Bank of Kenya.

#### **4.3 Effect of Involvement of Firm Members in the Strategy Process**

The study sought to investigate the effect of involvement of firm members in strategy process on successful strategy implementation. From the findings, respondents stated that involvement of all staff in strategy process enables the accessibility to a greater pool of ideas, reduce resistance and promote teamwork spirit in the bank. The study also found that involvement of firm member in strategy process would make them feel a sense of ownership towards the organizations strategy implementation hence increasing their commitment in achieving the objectives of the organization. This implies that the involvement of firm members in the implementation of strategy, lead to success of the strategy implementation at the National Bank of Kenya

#### **4.4 Initiatives Taken By Management in Creating And Sustaining A Climate that Motivates Employees**

The study sought to investigate the initiatives taken by the management in creating and sustaining a climate within the firm that motivates employees in their implementation role. From the findings, respondents stated that management creates and sustains a climate that motivates employees in their implementation role by taking the initiatives of providing adequate training to ensure that the employees acquire the technical know how to implement, rewarding and recognizing all those who have delivered a higher degree towards the achievement of the strategy implementation and opening door policy that breaks all invisible walls thus ensuring feedback is always received and acted upon immediately . The study further found that the management of the national bank also provides incentives on staff that responds fast and practices Job rotation and description to avoid resistance to change.

#### **4.5 Requirements for a Successful Strategy Implementation at the Bank**

The study sought to find the requirements for a successful strategy implementation at the National bank. From the findings majority of the respondents indicated that for National Bank strategy implementations to be successful, parties involved need to come up with a good action plan, enhance organizational structure that match the strategy and ensure effective monitoring and controlling. The study found for a successful strategy implementation at the bank , management of the bank need to engage and involve all the parties, promote effective communication within the organization that is both up-down and down-up and constant review on progress for corrective purposes.

#### **4.6 Strategy Implementation Practices Employed At National Bank of Kenya**

The study sought to investigate the strategy implementation practices employed by the National bank of Kenya. From the findings, respondents indicated that bank strategy practices employed for to strategy implementation include establishing annual objectives, devising policies, allocating resources, altering an existing organizational structure, restructuring and reengineering, revising reward and incentive plans, minimizing resistance to change, matching managers with strategy, developing a strategy-supportive culture, adapting production/operations processes, developing an effective human resource function and, if necessary, downsizing. This implies that Management changes are necessarily more extensive when strategies to be implemented move a firm in a major new direction and Managers and employees throughout an organization should participate early and directly in strategy implementation decisions.

The study seeks to know the other factors leading to strategy implementation success at the bank. From the findings, respondents stated that the management of the National bank of Kenya needs to create awareness in the strategy implementation educating the members about the strategy implementation and its benefits of which the awareness must be created in a positive impression for a successful strategy implementation, maintaining continuous support in strategy implementation, The National Bank of Kenya Managers

must understand the savings and motivational benefits of training and encourage their staff on the strategy implementation at the National bank of Kenya .

## **4.7 Challenge Faced During Strategy Implementation Time**

The study requested the respondents to indicate whether there were any challenges facing National Bank on Kenya during strategy implementation. From the findings, all the respondents 100% respondents' National bank of Kenya Faces challenges of strategy implementation. 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 hence problems in implementing strategies.

### **4.7.1 Challenges That Surface During Strategy Implementation.**

The study sought to find out whether there were any challenges facing implementation of strategy process in the company. From the findings majority of the respondents indicated that there were challenges facing strategy implementation strategy. From the findings majority of the respondents indicated that strategy implementation at National Bank .The technology development was indicated to be a challenge of strategy implementation due to it high cost of adoption of new technology. The respondents indicated that other challenge in strategy implementation process was the bureaucracy in bank making decision to take too long to be acted upon.

The respondents also indicated that strategy implementation process was faced by competition from well established multinational banks and local banks like Equity, Family Bank and other financial institutions like the MFI and saving and Credit Cooperative Society. The inability to source competitively and access new market opportunities and later competitive pricing was lacking in the National Bank of Kenya.

National Bank of Kenya structure challenges the strategy implementation in that the alignment of cross function relation in terms of target signing homogenization. The respondents indicated that the top management in the organization structure seems to be a bit wide so there is a need to revise the structure as this was another challenge to

implementation of the strategy in the company. The respondents also indicated that the differences in the strategies implementation parties were yet another challenge facing implementation of strategies in National Bank of Kenya. The study also found that strategy implementation at National Bank of Kenya, faces challenges of time duration given for strategy implementation to be complemented and change in management.

#### **4.7.2 Other Factors in the External Environment Had an Adverse Impact in Strategy Implementation**

The study sought to investigate the other factors in the external environment that had an adverse impact in strategy implementation at the bank. From the findings, respondents said that the Study finds that structural changes are half as effective as those focused on decision-making and information yet more often used. Clear decision rights and effective information flows have the greatest impact on a company's ability to successfully execute its strategy. The study further found that government interference, hostile political climate and Change of action by the competitor banks like reduction in prices were great challenges facing National Bank of Kenya in its Endeavour to strategy implementation.

#### **4.7.4 Challenges Posed By the Inadequacy of Information Systems Used To Monitor Strategy Implementation**

The study sought to know the challenges posed by the inadequacy of information systems used to monitor strategy implementation. From the findings majority of the respondents indicated that when vertical communication is not frequent, strategic consensus that is shared understanding about strategic priorities is not enhanced and a National banks strategy implementation fails.

The study further found that senior-level leaders failure to communicate the National Bank of Kenya direction and business strategy to all of their subordinates causing unsuccessful strategy implementation due to inadequacy of information systems used to monitor strategy implementation. This implies that inadequacy of information systems constitute the key barrier to the implementation of planned strategic activities.

#### **4.7.5 Challenges of Unaligned Organizational Systems and Resources**

##### **Insufficient Resources**

The study sought to find out whether the organization structures align with the strategies being implemented in the National Bank of Kenya. From the findings, majority of the respondents indicated that organization structure does not align with the National Bank strategies because all functions are not being given equal considerations.

The study sought the Opinion whether there were sufficient resources for the strategy implementation. From the findings, majority of the respondents indicated that the available resources (physical, financial, technological and human) were inadequate for the strategy implementation in the bank. From the findings majority of the respondents indicated that inadequacy of finances and human resources hinder the strategy implementation but on the other hand the physical and technological resources were adequate for the strategy implementation. This clearly indicated that insufficiency fund and insufficient personnel's in the company were challenges facing implementation of strategies in the National Bank of Kenya.

The study requested the respondents to give other challenges faced by the bank in strategy implementation. From the findings, respondents indicated that firm faced the challenge of the original strategy plan poorly conceived, strategy implementation taking more time than planned, Unanticipated internal/external problems arising, poor coordination of activities, crises or competing activities diverted attention, assigned employees lacked necessary skills, assigned employees being inadequately trained, insufficient allocation of resources, uncontrollable external environmental factors, inadequate lower-level leadership and direction, poorly defined key tasks and activities and inadequate monitoring of activities and progress

#### **4.7. 6 Possible Solutions to the Challenges of Strategy Implementation at the National Bank of Kenya**

The study investigated the possible solutions to the challenges of strategy implementation at the National Bank of Kenya. From the findings, respondents said that firm should provide training for both managers and employees to ensure they have and maintain the skills necessary in strategy implementation. Majority of the respondents indicated that the National Bank of Kenya management has ensure staff training programs are effected, adopted capacity building initiative and involving the staff in decision making on issues concerning strategy implementation in the company.

The other measures taken by the management of the bank to minimise challenges implementations is to ensure rewards are tied to the ability in ensuring implementation in the national Bank is effective. Majority of the respondents indicated that aligning National Bank plan; ensure performance target to strategy will ensure strategy implementation is done as expected.

The study further found that continuous monitoring of the strategy implementation to ensure it was in tandem with the corporate plan was yet another solution to challenges to strategy implementation at the bank. From the findings, majority of the respondents indicated that there was continuous monitoring of strategy implementation which was done at the end of mid years and end of years on performance focus. The respondents indicated that the head of department and section of head s and supervisors were responsible of frequently monitoring the strategy implementation process in the bank. Evaluation of the achievement against the target were done and communication of results to staff. This implied that the company does continuous monitoring and evaluation of strategy implementation in the National Bank o Kenya to ensure strategy implementation.

Improve communication on strategy, through open quarterly strategic plan review and corporate performance briefing for staff was done. The respondents also indicated that regular updates' from the top management on the strategy implementation and the open



forums during the departmental quarterly business presentations improved the communication in strategy implementation.

The study found that other solutions to challenges of strategy implementations includes Managers and employees being motivated more .The National Bank of Kenya should seek to establish annual objectives, devising policies, allocating resources, altering an existing organizational structure, restructuring and reengineering, revising reward and incentive plans, minimizing resistance to change, matching managers with strategy, developing a strategy-supportive culture, adapting production/operations processes, developing an effective human resource function and, if necessary, downsizing.

## **CHAPTER FIVE:**

### **SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter provided the summary of the findings from chapter four, and also it gave the conclusions and recommendations of the study based on the objectives of the study. The objectives of the study were to establish the challenges affecting implementation of strategy at the National Bank of Kenya.

#### **5.2 Summary of the Findings**

The study sought to know the parties who are involved in implementation of strategy in the National Bank of Kenya. From the findings, majority of the respondents indicated that Human resource management department, top level management and Heads of departments. This implies that strategies implementation is given a priority and senior personnel in the organization is assigned the responsibility of ensure strategies are implemented successfully.

##### **5.2.1 Role of communication in the process of strategy implementation**

The study established that the role of communication in the process of strategy implementation. From the findings, respondents stated that Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation. The study further found that communication helps in ensuring all the stakeholders are involved in implementation the adopted strategies and make them more committed to the course. The study further found that communication act as a motivating factor during strategy implementations, provides a mode for always reviewing the strategy implementation to providing quick avenue for

corrective measures. This implies that the effective communication plays an important role in achieving effective strategy implementation in National Bank of Kenya.

### **Impact of Human Resource Development on Effective Strategy Implementation**

The study found out that human resource development on effective strategy implementation in the National bank. From the findings, majority of the respondents indicated that the impact of human resource development in strategy implementation in at National bank includes Job training for the various strategies getting the right staffing for the various department in the bank and determining specific job requirements. The study further found that human resource supports all other functions in carrying out strategic responsibilities and ensure that right numbers and types of personnel are available for strategic implementation. The study also found that human resource development ensures employees gain skills and become competencies to enables strategy implementation is successful.

#### **5.2.2 Effect of Involvement of Firm Members in the Strategy Process**

The study sought to investigate the effect of involvement of firm members in strategy process on successful strategy implementation. From the findings, respondents stated that involvement of all staff in strategy process enables the accessibility to a greater pool of ideas, reduce resistance and promote teamwork spirit in the bank. The study also found that involvement of firm member in strategy process would make them feel a sense of ownership towards the organizations strategy implementation hence increasing their committeemen in achieving the objectives of the organization. This was in line with Miller and Wilsonand Hickson (2004) who indicated that different types of leadership style can play a critical role in overcoming barriers to strategy implementation.

### **Initiatives taken by management in creating and sustaining a climate that motivates employees**

The study found out those initiatives taken by the management in creating and sustaining a climate within the firm that motivates employees in their implementation role. From the findings, respondents stated that management creates and sustains a climate that motivates employees in their implementation role by taking the initiatives of providing adequate training to ensure that the employees acquire the technical know how to implement, rewarding and recognizing all those who have delivered a higher degree towards the achievement of the strategy implementation and opening door policy that breaks all invisible walls thus ensuring feedback is always received and acted upon immediately . The study further found that the management of the national bank also provides incentives on staff that responds fast and practices Job rotation and description to avoid resistance to change. According to Johnson and Scholes (2002), For successful strategy implementation, an organization should understand the impact on strategy of external environment, internal resources and competences, and the expectations and influence of stakeholders The organization exists in the context of a complex commercial, political, economic, social, technological, environmental and legal world

### **5.2.3 Requirements for a Successful Strategy Implementation At The Bank**

The study found that National Bank strategy implementations to be successful, parties involved need to come up with a good action plan, enhance organizational structure that match the strategy and ensure effective monitoring and controlling. The study found for a successful strategy implementation at the bank , management of the bank need to engage and involve all the parties, promote effective communication within the organization that is both up-down and down-up and constant review on progress for corrective purposes. This was in line with Johnson and Scholes, (2002) findings who indicated that the resources and competences of the organization make up its strategic capability, which enables success in implementation of chosen strategies. Just as there are outside

influences on the organization and its choice and implementation of strategies, so there are internal influences. These internal influences constitute strengths and weaknesses. Competences such as skills and know-how enhance successful strategy implementation.

#### **5.2.4 Strategy Implementation Practices Employed At National Bank of Kenya**

The study established the strategy implementation practices employed by the National bank of Kenya which establishing annual objectives, devising policies, allocating resources, altering an existing organizational structure, restructuring and reengineering, revising reward and incentive plans, minimizing resistance to change, matching managers with strategy, developing a strategy-supportive culture, adapting production/operations processes, developing an effective human resource function and, if necessary, downsizing.

The study seeks to know the other factors leading to strategy implementation success at the bank. From the findings, respondents stated that the management of the National bank of Kenya needs to create awareness in the strategy implementation educating the members about the strategy implementation and its benefits of which the awareness must be created in a positive impression for a successful strategy implementation, maintaining continuous support in strategy implementation. Adequate leadership is needed for effective implementation of strategy as this will ensure that all company efforts is united and directed towards achievement of company goals (Pearce and Robinson, 1988).

#### **5.2.5 Challenge Faced During Strategy Implementation Time**

The study established that challenges facing implementation of strategy process in the company. From the findings majority of the respondents indicated that there were challenges facing strategy implementation strategy. From the findings majority of the respondents indicated that strategy implementation at National Bank .The technology development was indicated to be a challenge of strategy implementation due to it high cost of adoption of new technology. The respondents indicated that other challenge in

strategy implementation process was the bureaucracy in bank making decision to take too long to be acted upon. Strategy implementation process was faced by competition from well established multinational banks and local banks like Equity, Family Bank and other financial institutions like the MFI and saving and Credit Cooperative Society. The inability to source competitively and access new market opportunities and later competitive pricing was lacking in the National Bank of Kenya.

National Bank of Kenya structure challenges the strategy implementation in that the alignment of cross function relation in terms of target signing homogenization. The respondents indicated that the top management in the organization structure seems to be a bit wide so there is a need to revise the structure as this was another challenge to implementation of the strategy in the company. The respondents also indicated that the differences in the strategies implementation parties were yet another challenge facing implementation of strategies in National Bank of Kenya. Eisenstat (1993) indicated that most companies attempting to develop new organization capacities stumble over these common organizational hurdles, competence, coordination, and commitment.

The study established other factors in the external environment that had an adverse impact in strategy implementation at the bank. From the findings, respondents said that the Study finds that structural changes are half as effective as those focused on decision-making and information yet more often used. Clear decision rights and effective information flows have the greatest impact on a company's ability to successfully execute its strategy. The study further found that government interference, hostile political climate and Change of action by the competitor banks like reduction in prices were great challenges facing National Bank of Kenya in it Endeavour to strategy implementation.

The study established that the challenges posed by the inadequacy of information systems used to monitor strategy implementation such as vertical communication was not frequent, strategic consensus that is shared understanding about strategic priorities is not enhanced and a National banks strategy implementation fails. The study further found that senior-level leaders failure to communicate the National Bank of Kenya direction and business strategy to all of their subordinates causing unsuccessful strategy implementation due to

inadequacy of information systems used to monitor strategy implementation. This implies that inadequacy of information systems constitute the key barrier to the implementation of planned strategic activities.

The study sought to find out whether the organization structures align with the strategies being implemented in the National Bank of Kenya. From the findings, majority of the respondents indicated that organization structure does not align with the National Bank strategies because all functions are not being given equal considerations.

The study sought the Opinion whether there were sufficient resources for the strategy implementation. From the findings, majority of the respondents indicated that the available resources (physical, financial, technological and human) were inadequate for the strategy implementation in the bank. From the findings majority of the respondents indicated that inadequacy of finances and human resources hinder the strategy implementation but on the other hand the physical and technological resources were adequate for the strategy implementation. This clearly indicated that insufficiency fund and insufficient personnel's in the company were challenges facing implementation of strategies in the National Bank of Kenya.

The study found that National Bank faced the challenge of the original strategy plan poorly conceived, strategy implementation taking more time than planned, Unanticipated internal/external problems arising, poor coordination of activities, crises or competing activities diverted attention, assigned employees lacked necessary skills, assigned employees being inadequately trained, insufficient allocation of resources, uncontrollable external environmental factors, inadequate lower-level leadership and direction, poorly defined key tasks and activities and inadequate monitoring of activities and progress

The study found that possible solutions to the challenges of strategy implementation at the National Bank of Kenya which included provision of training for both managers and employees to ensure they have and maintain the skills necessary in strategy implementation. Majority of the respondents indicated that the National Bank of Kenya management has ensure staff training programs are effected, adopted capacity building

initiative and involving the staff in decision making on issues concerning strategy implementation in the company.

The study found that other solutions to challenges of strategy implementations includes Managers and employees being motivated more .The National Bank of Kenya should seek to establish annual objectives, devising policies, allocating resources, altering an existing organizational structure, restructuring and reengineering, revising reward and incentive plans, minimizing resistance to change, matching managers with strategy, developing a strategy-supportive culture, adapting production/operations processes, developing an effective human resource function and, if necessary, downsizing.

### **5.3 Conclusions**

The study concludes that involvement of all staff in strategy process enables the accessibility to a greater pool of ideas, reduce resistance and promote teamwork spirit in the bank. Leading to success of the strategy implementation at the National Bank of Kenya

The study concludes that requirements for a successful strategy implementation at the National bank includes adopting good action plan, enhance organizational structure that match the strategy and ensure effective monitoring and controlling., management of the bank need to engage and involve all the parties, promote effective communication within the organization that is both up-down and down-up and constant review on progress for corrective purposes and availing all the required resources.

The study concludes that strategy implementation practices employed by the National bank of Kenya were establishing annual objectives, devising policies, allocating resources, altering an existing organizational structure, restructuring and reengineering, revising reward and incentive plans, minimizing resistance to change, matching managers with strategy, developing a strategy-supportive culture, adapting production/operations processes, developing an effective human resource function and, if necessary, downsizing.



The study concludes that technology development was a great challenges of strategy implementation due to it high cost of adoption of new technology, bureaucracy in bank making decision to take too long to be acted upon, original strategy plan poorly conceived, strategy implementation taking more time than planned, Unanticipated internal/external problems arising, poor coordination of activities, crises or competing activities diverted attention, assigned employees lacked necessary skills, assigned employees being inadequately trained, insufficient allocation of resources, uncontrollable external environmental factors, inadequate lower-level leadership and direction, poorly defined key tasks and activities and inadequate monitoring of activities and progress

The study further concludes that strategy implementation at National Bank faced by competition from well established multinational banks and local banks like Equity, Family Bank and other financial institutions like the MFI and saving and Credit Cooperative Society, inability to source competitively and access new market opportunities and lack of competitive pricing at National Bank of Kenya.

The study further concludes that top management in the organization structure, differences in the strategies implementation parties and time duration given for strategy implementation to be complemented and change in management were yet other factors affecting strategy implementation at the National bank of Kenya.

The study further concludes government interference, hostile political climate and Change of action by the competitor banks like reduction in prices were great challenges facing National Bank of Kenya in it endeavour to strategy implementation.

The study finally concludes that inadequacy of information systems used to monitor strategy implementation, lack of vertical communication, poor strategic consensus about strategic priorities ,failure by senior-level leaders to communicate the National Bank of Kenya direction and business strategy to all of their subordinates were also key barrier to the implementation of planned strategic activities. From the findings, concludes organization structure, sufficient resources for the strategy implementation, inadequate resources in the

bank for the strategy implementation were also challenges facing implementation of strategies in the National Bank of Kenya.

The study finally concludes that possible solutions to the challenges of strategy implementation at the National Bank of Kenya includes provide training for both managers and employees to ensure they have and maintain the skills necessary in strategy implementation, adopted capacity building initiative and involving the staff in decision making on issues concerning strategy implementation in the company, rewards tied to the ability in ensuring implementation in the national Bank is effective, aligning National Bank plan; ensure performance target ,continuous monitoring of the strategy implementation to ensure it was in tandem with the corporate plan and improve communication on strategy, through open quarterly strategic plan review and corporate performance briefing for staff and regularly updating from the top management on the strategy implementation and the open forums during the departmental quarterly business presentations improved the communication in strategy implementation.

The study concludes that other solutions to challenges of strategy implementations includes Managers and employees being motivated more establishment of annual objectives, devising policies, allocating resources, altering an existing organizational structure, restructuring and reengineering, revising reward and incentive plans, minimizing resistance to change, matching managers with strategy, developing a strategy-supportive culture, adapting production/operations processes, developing an effective human resource function and, if necessary, downsizing.

## **5.4 Recommendation of the Study**

The study recommends that Management of the company should ensures adequate communication was sought to be important to ensure staff understand the strategy through meetings, also it's incorporated in staff through the cascading of all target through performance contract and help in understanding the strategy of the company.

The study recommends that the company should ensure corporate re-alignment with the organization structure for effective implementation of strategy and this could be achieved through recruiting the professionals and undertaking skill gap analysis exercised and conducted annually with gaps shaped. This implies that there were measures taken to re-align the company's structure to easy implementation of strategy in the company.

The study also recommends that organizations need to streamline their leadership, operational and strategic management, and administration, adoption of strong financial strategies, innovation and invention strategies and research and development ventures aimed at developing the relevant customer knowledge for effective implementation of the strategy.

The study also recommends that organizations should work towards effective communication of the vision, involvement of the entire staff and community; continuous reaffirmation of the new direction, continuous review of the process and giving feedback on short term gains as this will leads to effective implementation of the strategy in the organization.

The study further recommends that continuous monitoring of strategy implementation is importance to ensures performance evaluation of corporate bodies which should be done annually and adopting performance contracting as this will ensure the company performs better in it operations .

#### **5.4 Limitations of the Study**

The study could have incorporated more financial institutions. The study faced limitation of time and other resources and making the study to focus only on commercial banks.

The study also faces challenges of time resources limiting the study from collecting information for the study particularly where the respondent delay in filling the questionnaire and travelling for collection the filled questionnaire.

Uncooperative respondent's .The respondents were found to be uncooperative from the respondents because of the sensitivity of the information required for the study. The research explained to the respondents that the information they provided was to be held confidential and was only for academic purpose only.

### **5.5 Recommendation for Further Study**

The study investigated challenges affecting implementation of strategic choices at the National Bank of Kenya. Further research should be undertaking in similar government parastatals to find out challenges facing implementation of strategy so that organizations can minimize and eradicates them for maximum achievement better performance.

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## **Appendix 11: Interview Guide**

### **CHALLENGES OF STRATEGY IMPLEMENTATION AT NATIONAL BANK OF KENYA LIMITED**

#### **SECTION B: STRATEGY IMPLEMENTATION**

1 What are the stages of strategy implementation at the National bank

i.....

ii.....

iii.....

2 Who are involved in strategy implementation process in National Bank of Kenya

i.....

ii.....

iii.....

1. What role does communication play in the process of strategy implementation at your bank?

i.....

ii.....

iii.....

2. What is the impact of human resource development on effective strategy implementation at your Bank?

i.....

ii.....

iii.....

3. What is the effect of involvement of firm members in the strategy process on successful strategy implementation?

i.....

ii.....

iii.....

4. What initiatives are taken by management in creating and sustaining a climate within the firm that motivates employees in their implementation role?

i.....

ii.....

iii.....

5. What are the requirements for a successful strategy implementation at the bank?

i.....

ii.....

iii.....

6 What are the strategy implementation practices employed by your bank?

i.....

ii.....

iii.....

7 What are the other factors leading to strategy implementation success at your bank?

i.....

ii.....

iii.....

### **SECTION C: CHALLENGES OF STRATEGY IMPLEMENTATION**

8 Do you face challenge during strategy implementation time in your bank?

i.....

ii.....

iii.....

9 at are some of the challenges that surface during strategy implementation that had not been anticipated?

i.....

ii.....

iii.....

10 What other factors in the external environment had an adverse impact in strategy implementation at the bank?

i.....

ii.....

iii.....

11 What are some of competing activities that cause distractions inhibiting strategy implementation?

i.....

ii.....

iii.....

12 What are the challenges posed by the inadequacy of information systems used to monitor strategy implementation?

i.....

ii.....

iii.....

13 What are the challenges poised by Unaligned Organizational Systems and Resources Insufficient Resources

i.....

ii.....

iii.....

14 What challenges are posed by customers and staff not fully appreciating the strategy on strategy implementation?

i.....

ii.....

iii.....

15 What is the impact of poor communication and diminished feelings of ownership and commitment by employees to strategy implementation?

i.....

ii.....

iii.....

16 What are the challenges caused by ineffective coordination and poor sharing of responsibilities of strategy implementation activities?

i.....

ii.....

iii.....

17 What are the other challenges you face in strategy implementation at the bank?

i.....

ii.....

iii.....

18 What are the possible solutions to the challenges of strategy implementation at the National Bank of Kenya ?

i.....