CHALLENGES OF STRATEGY IMPLEMENTATION AT I&M BANK LIMITED

By

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DECLARATION

I the undersigned declare that this Management Research Project is my own original work and has not been submitted to any other college, institution or University.

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This Management Research Project has been submitted for moderation with my approval as the University Supervisor.

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DEDICATION

This project is a special dedication to my loving wife Elizabeth Achieng Ngala for her encouragement and support throughout my studies. Thank you.

I cannot forget my parents, Simeon Agallo and Loice Agallo for bringing me up to be what I am and for having taught me lessons on importance of knowledge through education and good morals. I am proud of you and may the Lord bless you abundantly.

"…..for all that the Lord has done it is well. It is well with our souls…."

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"The only rock that stays steady, the only institution I know that works, is the family; we are each others' business. We are each others' magnitude and bond."

ABSTRACT

This study concentrated on the challenges of strategy implementation at I&M Bank Limited. Most organizations fail not because they had a bad strategy but how the strategy was executed. The process of strategy implementation faces many challenges leading to most organizations failing to successfully implement their strategies. The objective of this study is to find out the challenges of strategy implementation at I&M Bank Limited and to identify the Bank's response to the challenges.

The data was collected from senior staff of the Bank through questionnaires. The questionnaires had both open-ended and closed-ended questions covering general information about I&M Bank Limited, strategy implementation at the Bank, challenges of strategy implementation, responses to strategy implementation challenges and respondents suggestions. The questionnaires were administered through email. The findings of the study are presented in tables containing frequencies, means and percentages.

The findings of the study indicate the Bank has succeeded in implementing its strategies by aligning strategies to the structure, adequate resource allocation to projects, formulation of strategy supportive policies and staff commitment. However, the shortcomings were identified as poor time management, poor communication of strategy to staff, responsibilities not being well defined and high staff turnover.

This study is helpful to I&M Bank Limited as they review both short and long-term strategies. The study should also be of importance to other commercial banks and financial institutions whose responsibilities include strategy formulation and implementation. It is necessary that the senior management team come together to review, discuss, challenge and finally agree on the strategic direction and key components of the plan.

ABBREVIATIONS

KSHS …………………..….. Kenyan Shilling.

CEO ..……………………....Chief Executive Officer.

SMART ……………………..Specific, Measurable, Achievable, Relevant and Time-framed.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Without a strong leadership in a professional firm, constructive change is not possible. Strategy is formulated at the top of the firm, but executed from bottom up. Thus alignment within the firm is required in order to execute strategy. Majority of firms fail to execute because they do not focus resources on priorities and in majority of cases, employees have not been informed of the strategy. Another reason why firms fail is lack of management and accountability. Management training programs have become a popular and effective means to meet this need (Boomer, 2007).

It is obvious that a vague or poor strategy can limit its implementation efforts. Good execution cannot overcome the shortcomings of a bad strategy or a poor strategic planning effort (Hrebiniak, 2006). Several studies mention the fact that the kind of strategy that is developed (Alexander, 1985) and the actual process of strategy formulation, namely, how a strategy is developed (Kim & Mauborgne, 1991, 1993; Singh, 1998) will influence the effect of implementation. Alexander (1985) believes that the need to start with a formulated strategy that involves a good idea or concept is mentioned most often in helping promote successful implementation. As Allio notes, good implementation naturally starts with good strategic input: the soup is only as good as the ingredients (Allio, 2005).

However, the problems of strategy implementation relate to situations and processes that are unique to a particular organization or industry even though some problems may be common to all organizations. The key decision makers should therefore pay regular attention to the implementation process in order to focus attention to any emerging difficulties and on how to address them. Not many organizations implement their strategies successfully. The factors responsible for successful strategies implementation are met with challenges which at times result in serious failures and hence do not experience the desired outcomes and/or intended benefits. Challenges that occur during the implementation process of a strategy is an important area of research because even the best strategy would be ineffective if not implemented successfully. Despite the fact that challenges to successful strategy implementation challenges have not been thoroughly and widely investigated, there are some pertinent issues that have been identified in many studies.

1.1.1 Strategy Implementation

While management in any era has been difficult, many organizations are currently attempting to implement third generation strategies using what Ghoshal and Bartlett (1998) have described as second generation organization structures and processes and first generation managers. This recipe is guaranteed to generate massive problems in the strategic change process. Successful implementation of strategic decisions demands compatibility between technologies, managerial processes and practices, and matching management talents to environmental imperatives (Flood et al., 2000).

Pearce and Robinson (2003) argue that even after the grand strategies have been determined and the long term objectives set, the strategic management process is far from complete. The strategic managers now move into a critical new phase of translating strategic thought into organizational action. That is strategy implementation. Annual objectives, functional strategies and specific policies provide important means of communicating what must be done to implement the overall strategy. By translating long term intention into short term guides to action, they make the strategy operational. But strategy must be institutionalized to permeate the very day-to-day life of the company if it is to be effectively implemented. Three organizational elements provide the fundamental long term means for institutionalizing the firm's strategy that is structure, leadership and organizational culture. Change involves moving from a present state through a transition state to a future desired state (Gongera, 2007).

Strategy implementation has been defined in many ways. Traditionally the focus has been on organizational structure and systems (Galbraith, 1980). Bourgeois and Brodwin (1984) and Noble (1999) stressed the communication and cultural aspects in strategy implementation. Giap (1977) explains the victory of the Vietnamese communist forces over French and then the Americans as a classic example of how a sound strategy pursued with total commitment over a long period can succeed against vastly superior resources. The Key was Giap's strategy of a protracted war of limited engagement.

1.1.2 Challenges of Strategy Implementation

The findings of Peng and Litteljohn (2001) show that 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. Communication 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.

Alexander (1985) posits that there are many problems which over half of the corporations experienced frequently, such as the involved employees have insufficient capabilities to perform their jobs, lower level employees are inadequately trained, and departmental managers provide inadequate leadership and direction. These three are the most frequent strategy implementation problems in relation to human resource. Line level employees may use delay or prevent attempts toward change that they find particularly threatening or disagreeable.

Drazin and Howard (1984) see a proper strategy-structure alignment as a necessary precursor to the successful implementation of new business strategies. They point out that changes in the competitive environment require adjustments to the organizational structure. If a firm lags in making this realignment, it may exhibit poor performance and be at a serious competitive disadvantage.

Pearce and Robinson (2003) argue that while structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Within the organizational structure, individuals, groups and units are the mechanisms of organizational action. And the effectiveness of their actions is a major determinant of successful implementation. In this context, two basic factors encourage or discourage effective action - leadership and culture. Two leadership issues of fundamental importance here are the role of the Chief Executive Officer (CEO) and the assignment of key managers.

Noble and Mokwa (1999) put forward three dimensions of commitment that emerged as central factors which directly influence strategic outcomes: organizational commitment, strategy commitment and role commitment. Strategy commitment is defined as the extent to which a manager comprehends and supports the goals and objectives of a marketing strategy. Role commitment is defined as the extent to which a manager is determined to perform his individual implementation responsibilities well, regardless of his beliefs about the overall strategy. Noble and Mokwa's findings suggest that an individual manager's implementation role performance will influence the overall success of the implementation effort. Both, strategy commitment and role commitment, were shown to influence role performance.

Floyd and Wooldridge (1992) label the gulf between strategies conceived by top management and awareness at lower levels as implementation gap. They define strategic consensus as the agreement among top, middle level, and operating level managers on the fundamental priorities of the organization. Consensus, in their approach, has four levels: strong consensus, blind devotion, informed skepticism and weak consensus. Floyd and Wooldridge argue that strong consensus exists when managers have both, a common understanding of, and a common commitment to their strategy. If members of the organization are not aware of the same information, or if information passes through different layers in an organization, a lower level of consensus may result. This lack of shared understanding may create obstacles to successful strategy implementation (Noble, 1999).

Money is a key resource to all organizations. Most strategic development and implementation require funding. Management of money can be a key determinant of strategic success. The final resource is technology development. This will affect the competitive forces on an organization and also its strategic capability. So ways that technology is developed, exploited, organized and funded will influence the success or failure of strategy. Competence in separate resource areas is not enough. Organizations need to be able to integrate resources to support current strategies and to develop new strategies (Johnson and Scholes, 2002).

Johnson and Scholes (2002) note that culture is a strength that can also be a weakness. It's strength because it eases and economizes communication, facilitates organizational decision making and control and may generate higher levels of cooperation and commitment in the organization. This results in efficiency. The stronger the culture, the greater the efficiency. However, culture becomes a weakness when important shared believes and values interfere with the needs of the business, its strategy and the people working on the company's behalf. A company's culture can be a major strength when it is consistent with the strategy and thus can be a powerful driving force in implementation.

1.1.3 The I&M Bank Limited

I&M Bank was incorporated in 1974 and was registered as a financial institution in 1980. In 1976, the group diversified into soft drink bottling by acquisition of Coastal Bottlers Limited. In 1984, Biashara Bank Limited was formed where the group held majority shares under chairmanship of Mr. S.B.R Shah and on 31st Dec 2002, I&M acquired Biashara Bank of Kenya and consolidated its position in the Kenyan Banking Industry (www.imbank.co.ke).

In 2005, the group made a major strategic move by entering the insurance industry through the acquisition of General Accident Insurance Company. In 2007 DEG and PROPARCO, two leading international development financial institutions, invested KShs.377 million in I&M. The acquisition of Bank One (Formerly known as First City Bank) of Mauritius in 2008 through a joint venture with CIEL group of Mauritius boosted I&M's regional presence. Bank one Limited has a total of thirteen branches across Mauritius. In January 2010, I&M Bank acquired CF Union Bank of Tanzania in a joint venture with KIBO Fund (Mauritius), DEG (A German financial Institution) and Mr. Michael Shirima, a prominent Tanzanian Businessman (I&M Bank Intranet-Retrieved on 9th July, 2010).

I&M Bank is one of Kenya's leading privately held commercial banks offering a full range of corporate and retail banking services. The banks' vision talks of being the first choice where customers want to do business, and where shareholders are happy with their investment. The Bank is ranked 11th in Kenya in terms of asset base and was rated amongst the top 5 Banks in Kenya in all financial parameters as per the 2009 Banking survey. The Bank currently has 15 branches in all the major towns in Kenya with a concentration in Nairobi and a staff base of 459 employees as at July 2010. The Bank has also witnessed a period of steady growth since its conversion from Mortgage financial institution to a commercial Bank. Between December 2008 and March 2010, the assets of the Bank increased by Kshs13 billion (www.imbank.co.ke).

According to the banking sector market share report by The Central bank of Kenya, as at December 2009, I&M Bank's total assets were worth Kshs 44 billion giving it a market share of 3.25 per cent. I&M Bank's net advances for the period ending 31st December 2009 stood at 24.6 billion Kenyan shilling translating to a 3.41 percent market share. In terms of customer deposits, the Bank had a market share of 3.46 per cent with total deposits of 34.8 billion Kenya shillings to its basket. During the same period, the Bank posted a pre-tax profit of Kenya shillings 1.75 billion hence a controlling stake of 3.58 per cent of the market share. As at December 2009, I&M Bank's share capital stood at Kenya shilling 7.4 billion making it feature amongst the top 10 of the most capitalized banks in Kenya (I&M Bank Annual Report, 2009).

Players in the banking sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market. I&M Bank has an equal share of its problems that are hindering implementation of its strategic objectives. Though the Bank has a regional acquisition appetite, it does not have a substantial capital outlay to fund the increasing cost of acquisition. This has since seen the Bank pursue joint ventures with other financial institutions like Proparco, DEG. and KIBO Fund to meet its objective of going regional and international. I&M Bank acquired Bank One, Mauritius and CFUB Bank, Tanzania through joint ventures (I&M Bank Intranet-Retrieved on 9th July, 2010).

Regulatory framework in Kenya such as restrictions on investments, shareholding and capital adequacy is a challenge not only to I&M Bank but to the entire banking fraternity. Central Bank of Kenya prudential guideline restricts multiple use of the core capital resources in different banking institutions or subsidiaries both in Kenya and abroad. The institutions are directed to deduct any investment in subsidiaries conducting banking business and equity instruments of other banking institutions. (Central Bank of Kenya Prudential Guidelines; www.centralbank.go.ke).

Staff turnover is a major issue that the Bank is grappling with compounded by lack of skilled human resources pool. Due to competition in the banking industry and the fact that every bank would want to hire the best in the market, banks do poach from each other. In some instances, projects are left half-way or heavily disadvantaged when a key resource person leaves the services of the bank for 'greener pastures'. Banking experts are also lacking in the industry since banks no longer insist on employing staff with banking qualifications.

Poor infrastructures pose a major challenge to I&M Bank as the Bank has not been able to link all its subsidiaries in both Mauritius and Tanzania on one platform. Changing to a single platform core banking system requires a huge investment which is a challenge the Bank is forced to contend with for now. Lack of a common platform has its costs such as inability to develop sophisticated products like internet banking, and implementation of reliable techniques for control of risks and financial intermediaries to reach geographically distant and diversified markets.

Insecurity is a major problem in Kenya and banks are forced to spend huge sums of money on security provision at the branches and for cash in transit. Dependence on hydropower has not made it any better with frequent power interruptions forcing the bank to invest heavily on standby generators. Poor state of the roads in Kenya has made transportation cost escalate every single day as transport service providers pass their operating costs to their customers.

1.2 Statement of the Problem

Strategy implementation is an enigma in many companies. The problem is illustrated by the unsatisfying low success rates (only 10 to 30 percent) of intended strategies. The primary objectives are somehow dissipated as the strategy moves into implementation and the initial momentum is lost before the expected benefits are realized. Successful implementation is a challenge that demands patience, stamina and energy from the involved managers. The key to success is an integrative view of the implementation process (Raps & Kauffman, 2005). Given the important role commercial banks play in the economy, it is important that in order for them to survive, the whole process of strategy implementation need to be successful.

At the time of its incorporation, Investments and Mortgages Limited, now I&M Bank Limited provided a much needed personalized financial service for Nairobi's business community particularly those of Asian origin. Changes in the Central Bank regulations in 1996 opened a new chapter in the life of the Bank. By joining the more competitive Banking industry, the bank required a shift of strategies to meet the volatile market controlled by a select number of well established Banks, a majority owned by foreign multinational companies. After the acquisition of Biashara Bank, the transition from a family owned business outfit to a commercial bank had its challenges. The Bank needed to expand its branches, change the core banking system and roll out new products to keep with the very competitive banking industry. These are all strategies that required sound implementation in order to succeed.

Reasons advanced for the success or failure of the strategies revolve around the fit between structure and strategy, allocation of resources, the organization culture, leadership, reward and the strategy itself. A number of scholars have researched on challenges faced in strategy implementation. These include University of Nairobi MBA projects Ronga (2008), Adongo (2008), Resper (2007) and Ngumo (2006) among others. Ronga (2008), studied challenges to strategy implementation at Madison Insurance Company Limited. Adongo (2008), studied challenges faced by principals in implementing strategies in public secondary schools in Nairobi. Resper (2007) surveyed challenges of strategy implementation in multinational manufacturing companies in Kenya while Ngumo (2006), focused on challenges of strategy implementation in the Scripture Union of Kenya. None of these studies have touched on strategy implementation challenges faced by I&M Bank while implementing strategic choices. This study will therefore make a contribution to research enabling I&M Bank to meet its strategic objectives of going regional and expanding its domestic market share to between 8 and 9 per cent.

Due to contextual, sectoral and managerial differences among organizations, strategy implementation challenges gained from the above studies would not be assumed to explain strategic implementation challenges in another organization unless an empirical study suggest so. The studies mentioned above have not dealt with challenges of strategy implementation at I&M Bank Limited. The researcher has not also come across any research on challenges of strategy implementation at I&M Bank Limited. Therefore, this study seeks to address this knowledge gap.

1.3 Research Objective

The objectives of this study are to:

(i) To identify the challenges of strategy implementation at I&M Bank Limited.

(ii) To identify I&M Bank Limited's response to the challenges.

1.4 Importance of the Study

This study will provide managers and board of directors of I&M Bank and other commercial banks in Kenya with information on the general challenges faced during strategy implementation and how to overcome the challenges. They will be able to infer the challenges faced by banks and to prepare them accordingly in developing and implementing strategies that may help them achieve their strategic objectives.

The study is intended to add to the body of knowledge, specifically in regard to strategy implementation in the Kenyan banking industry and hopefully ignite the need for further research especially looking into competition arising in the sector. Policy makers would infer from the study on government initiatives for financial sector in Kenya and the region at large.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter explores the literature that is relevant to understanding the factors influencing strategy implementation, strategy implementation challenges and tools for successful strategy implementation.

2.2 Factors Influencing Strategy Implementation

2.2.1 Executors

Viseras et al (2005) group 36 key success factors into three research categories: people, organization and systems in the manufacturing environment. Strategy implementation success depends crucially on the human or people side of project management, and less on organization and systems related factors (Peng & Litteljohn, 2001). Harrington (2006) explains that a higher level in total organizational involvement during strategy implementation had positive effects on the level of implementation success, firm profits and overall firm success.

Executors comprise top management, middle management, lower management and non-management. Effectiveness of strategy implementation is, at least in part, affected by the quality of people involved in the process (Govindarajan, 1989). Quality therefore refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position (Peng & Litteljohn, 2001).

2.2.2 Communication

Alexander (1985) points out that communication is mentioned more frequently than any other single item promoting successful strategy implementation. The content of such communications includes clearly explaining what new responsibilities, tasks, and duties need to be performed by the affected employees. It also includes the why behind changed job activities, and more fundamentally the reasons why the new strategic decision was made firstly. Rapert and Wren (1996) find that organizations where employees have easy access to management through open and supportive communication climates tend to outperform those with more restrictive communication environments.

2.2.3 Implementation tactics

Lehner (2004) takes implementation tactics as genuine organizational behavior based on the assumption that implementation in general is dependent on the environment, and various strategic and organizational variables. He views the study of Bourgeois Ш and Brodwin (1984) as the first attempt to explicitly link behavioral patterns to the context of strategic management. These patterns are referred to as implementation tactics.

Nutt (1986) identified four types of implementation tactics used by managers in making planned changes by profiling 91 case studies: intervention, participation, persuasion, and edict. The study found a 100 percent success rate when key executives used an intervention tactic, but observed this tactic in less than 20 percent of the cases. Both the persuasion and participation tactics had 75 percent success rates; persuasion had the highest frequency of use, 42 percent, and participation the lowest, 17 percent. Implementation by edict had a 43 percent success rate and a 23 percent frequency of use.

2.2.4 Consensus

Dess and Priem (1995) define consensus as the level of agreement among the dominant coalition on factors such as goals, competitive methods, and perceptions of the environment. They view consensus as an outcome of the strategy-making process, and see consensus as critical in resolving differences, promoting a unified direction for the firm, increasing strategic commitment, and enhancing the successful implementation of a given strategy. Dooley et al (2000) findings show that decision consensus appears to result in subsequently higher levels of commitment to the strategic decision among the members of the decision-making team. Moreover, this commitment, once engendered by consensus, is positively related to successful decision implementation.

2.2.5 Organizational Structure

Olson et al (2005) identify a taxonomy comprised of four different combinations of structure/behavior types, which they label as: management dominant, customer-centric innovators, customer-centric cost controllers and middle ground. These alternative structure or behavior types are then matched with specific business strategies, that is Prospectors, Analyzers, Low Cost Defenders and Differentiated Defenders in order to identify which combination(s) of structures and behaviors best serve to facilitate the process of implementing a specific strategy.

White (1986) points out that the fit between business unit strategy and the internal organization of multi-business companies does have an effect on business unit performance. Specifically, business units with pure cost strategies experience higher return on investment when they have low autonomy. Pure differentiation strategies benefit, in terms of sales growth, from strong functional coordination. Similarly, the return on investment of cost strategies is, on average, higher when some functional responsibilities are shared.

2.2.6 Administrative System

Govindarajan and Fisher (1990) believe that executive leadership characteristics, structural variables, and control systems contribute differentially to the effectiveness of Strategic Business Units practicing differentiation and low-cost strategies. There are three key administrative mechanisms that firms can use to cope with uncertainty in this context: design of organizational structure (decentralization), design of control systems (budget evaluative style) and selection of managers (locus of control).

Roth, Schweiger & Morrison (1991) suggests that business units utilize three administrative mechanisms: formalization, integrating mechanisms, and centralization to create operational capabilities of configuration, coordination, and managerial philosophy to support the international strategy choice. Drazin and Howard (1984) discuss about the role of formal control system in the process of strategy implementation, and suggest that the fluidity of control system contribute to strategy implementation.

2.3 Strategy Implementation Challenges

Achieving strategy implementation and by this, strengthening value creation still proves to be a major task in the corporate world. Although many companies today have improved their strategic capabilities and enhanced the way strategy is being developed and executed, there is still room for improvement (Yaeger and Sorensen, 2009).

Strategy implementation almost always involves the introduction of change to an organization. Managers may spend months, even years, evaluating alternatives and selecting a strategy. Frequently this strategy is then announced to the organization with the expectation that organization members will automatically see why the alternative is the best one and will begin immediate implementation. When a strategic change is poorly introduced, managers may actually spend more time implementing changes resulting from the new strategy than was spent in selecting it. Strategy implementation involves both macro-organizational issues (technology, reward systems, decision processes, and structure), and micro-organizational issues (organization culture and resistance to change) (http://www.referenceforbusiness.com).

2.3.1 Culture

If the existing culture is antagonistic to a proposed strategy then it should be identified and changed. People can be captured by their collective experience rooted in the past success and organizational and institutional norms (Johnson and Scholes, 2002).Changing a firm's culture to fit new strategy is usually more effective than changing a strategy to fit existing culture (David, 1997).Strategists should strive to preserve, emphasis, and build upon aspects of an existing culture that support proposed new strategies. Culture may be a factor that drives the strategy rather than the other way round (Kazmi, 2002).

2.3.2 Mismatch between Strategy and Structure

Although an organization's structure may be appropriate for past strategies, it may require significant change to be suited to new and different business strategies (Kessler and Kelly, 2000). When an organization changes its strategy, the existing organizational structure may become ineffective (Wendy, 1997). Symptoms of an ineffective organizational structure include too many levels of management, too many meetings attended by too many people, too much attention being directed toward solving interdepartmental conflicts, too large a span of control; and too many unachieved objectives (David,1997). Changes in structure should not be expected to make a bad strategy good, or to make bad managers good, or to make bad products sell (Chandler, 1962).

2.3.3 Connecting Strategy Formulation to Implementation

Taylor (1986) finds need for top managers to recognize that they cannot plan everything and that strategies are bound to be translated into action within an organization. Johnson and Scholes (2002) point out the assumption that top management can plan strategy implementation at the top then cascade down through the organization is not tenable. It should be recognized that how top managers conceive strategies are not the same as how those lower down in the organization conceive of them. Therefore there needs to be ways of relating the strategic direction to the everyday realities of people in the organization. It is therefore vital that middle managers are engaged with and committed to such strategies so that they can perform this translation process (Kazmi, 2002).

2.3.4 Resource Allocation

A number of factors commonly prohibit effective resource allocation. These include an overprotection of resources, too great an emphasis on short run financial criteria, organizational politics, vague strategy targets, a reluctance to take risks, and a lack of sufficient knowledge (David, 1997).All organizations have at least four types of resources that can be used to achieve desired objectives. Financial resources, physical resources, human resources, and technological resources (Thompson, 1990). Resource allocation is a central management activity that allows for strategy execution. Strategic management enables resources to be allocated according to priorities established by annual objectives. Organizations may be captured by their resource legacy or assumptions people make about what resource priorities really matter (Johnson and Scholes, 2002).

2.3.5 Communication Gaps

Managers need to consider the importances of frequent and open communication before, during, and after the major planning activities occur. Informal organizational communication processes (the grapevine) will continue to operate at full tilt during the planning process and will often carry incorrect and unsubstantiated information throughout the organization. This has an unsettling and disruptive effect on day-to-day operations (Kessler and Kelly, 2000).

Speculand (2009) argue that people can only adopt a strategy if they know and understand it. He further explains that leaders need to explain the objectives of the new strategy so as to obtain buy-in. Staff members should also know the new actions and behaviour they must take to implement the strategy. Speculand also point out that regular communication about success, best practices, and lessons learned through out the implementation can help a new strategy succeed.

2.4 Confronting Implementation Challenges

2.4.1 Facilitation

Many organizations still believe that their success depends largely on the commitment of their employees (Emshoff, 1994). Appelbaum and Wohl cited Dowd (1998) that managers must provide support during the change process. Making oneself available, providing adequate information, being positive, actively listening, and showing personal interest and respect are strategies that mangers can use to help minimize the frustration of those coping with change.

2.4.2 Participation

Employees should be involved in decision-making and new program development. It is one of the best methods of handling resistance, simply because that employee involvement in the stage of a change process significantly influences the eventual outcome. Change has a significant impact on the work that people do, will have a significant impact on their self-esteem (Carnall, 1990). People will feel better about a decision in which they played a part, because they experience a sense of ownership that are likely to creatively change aspects of their organizations to solve problem and to exert extra effort to develop their products or services (Dirks, Cummings & Pierce, 1996). Thus their self-esteem will be enhanced to a certain height, and they won't show resistance to change any more, even they will feel angry to others who disagrees the change process they participate in.

2.4.3 Clarity and Consistent Communication

Communication is the key to the survivors' understanding the new corporate strategy and their accurate interpretation of the organization's goals and objectives. The more information is made available, the better cope with the new situation. Further open communication will also be effective in reducing employee resentment and resistance. Communicating what is known and asking for employees to do the best with what information is available will help minimize conflict and promote change. An effective and comprehensive communications plan, with feedback loops for employees to air their concerns, must be in place from day one (Attaran, 2000).

Managers should let staff know bad news rather than manipulate it into good news. Effectively communicating the change process aids in maintaining positive staff morale during the change (Sherer, 1997). People are trying to find out facts during transitions. If communication is frequent, open, and honest, even fuzzy answers are appreciated. When change is imminent, people want to know the specifics of any change, why, who, what, when and how till they believe that useful change is possible, or they will not make the sacrifices required of the change process (Axley, 2000).

2.4.4 Negotiation

Negotiations with individuals involved and the forces imposing the change can minimize resistance to change. When this is a possible, individual involved in the change will feel they have some control and be more likely to view the change as palatable. Providing as many avenues as possible for staff to provide input, help make decisions, and have some control over matters that affect them facilitates change. Furthermore, spreading the change out over time can also reduce the trauma of change. Time can allow the individual to move through a grief process slowly and experience it less intensely (Dowd, 1998).

2.4.5 Senior Management Support

The time to take stock of senior management support is when a business plan is about to be implemented. Many organizations hit a roadblock along the way because middle managers do not have sufficient authority to make adjustments especially those essential to successful implementation. Senior management support is integral to successful adoption of effective business planning activities (Kessler and Kelly, 2000).

2.5 Tools for Successful Strategy Implementation

2.5.1 Functional Strategies

Business-unit strategy provides dominant, overall guidance for a company. Such strategy is a vital instrument for focusing management's attention on future opportunities (Newman et al, 1989). Functional strategies are the short-term activities that each functional area within a firm must undertake in order to implement the grand strategy. They must be consistent with the long-term objectives and the grand objectives (Pearce and Robinson, 1994). According to Aosa (1992), functional level strategy primarily focuses on achieving maximum use of resources i.e. attaining maximum resources productivity.

2.5.2 Annual Objectives

Annual objectives translate long-range aspirations into this year's targets. If well developed, these objectives provide clarity, a powerful motivator and facilitator of effective strategy implementation (Pearce and Robinson, 1994). Annual objectives add breadth and specificity in identifying what must be accomplished to achieve long term objectives (Stalle, et.al. 1992).

Annual objectives should be consistent across hierarchical levels and form a network of supportive aims. They should be measurable, consistent, reasonable, challenging, clear, communicated throughout the organization characterized by an appropriate time dimension, and accompanied by commensurate rewards and sanctions (Bonoma, 1984).Annual objectives should be compatible with employees and managers' values and should be supported by clearly stated policies (Tregoe and Tobia, 1997).

2.5.3 Policies

Policies let both employees and managers know what is expected of them, thereby increasing the likelihood that strategies will be implemented successfully. Whatever their scope and form, policies serve as a mechanism for implementing strategies and obtaining objectives. Policies represent the means for carrying out strategic decisions and hence should be stated in writing whenever possible (Hussey, 1988).Policies sets boundaries, constraints and limits on the kinds of administrative actions that can be taken to reward and sanction behaviour, they clarify what can and cannot be done in pursuit of an organization's objectives (Galbraith and Nathanson, 1978).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study was modeled on a case study design. I&M Bank Limited was chosen for the case given that it met the criterion that was relevant to the theory underlying the research. The aim was to obtain an in-depth understanding of how I&M Bank Limited managed its strategy implementation process, the challenges experienced and how they overcame or minimized them. Aosa (1992) argues that a study with a narrower focus would achieve greater depth thereby providing further insight of the strategic change management practices in Kenya.

3.2 Data Collection

The researcher used a questionnaire as primary data collection instrument. The questionnaire was pre-tested before giving it to respondents. The questionnaire had both open-ended and closed-ended questions covering strategy implementation and its challenges and was administered using drop and pick method.

The questionnaire targeted senior employees at I&M Bank. They included Head of Corporate and Strategic Planning, Chief Manager CEO’s Office, Head of Business Development, Head of Business Support, Head of Central Marketing and Head of Treasury. The respondents were chosen because of their involvement in strategy implementation at I&M Bank. Only employees with a minimum of five years continued employment with I&M Bank were involved in the study because they participated in strategy formulation and implementation from the beginning.

3.3 Data Analysis

Content analysis was used considering the qualitative nature of the data collected through in-depth interview guide. This technique used a set of categorization for making valid and replicable inferences from data to their context (Baulcomb, 2003). The data was broken down into the different aspects of strategy implementation, arranged into logical groups and analyzed. This offered a systematic and qualitative description of the objectives of the study.

Likert item responses were analyzed using the Likert analysis to enable the use of quantitative analysis. Comparative analysis was also undertaken to establish if the responses were specific to a department, some departments or cut across the entire Bank. Frequency distribution tables, a graph and a bar chart were used to present the results of the data analysis. The results were compared by calculating the percentages, frequencies and means.

CHAPTER FOUR: DATA ANALYSIS AND RESULTS

4.1 Introduction

This chapter presents the analysis of the data collected and interpreted on the challenges of strategy implementation at I&M Bank. It analyzes the data and present results on the basis of the objectives set at the beginning of the study. The analyzed data is presented in the form of tables and a graph. The data have been analyzed using both qualitative and quantitative techniques. Where closed ended questions were used for data collection, the responses were analyzed quantitatively. Qualitative data coming from open ended questions were checked for completeness and then coded for analysis. The frequencies of responses to questions seeking a range of pre-determined answers were computed and converted into percentages for presentation and comparison. The mean was also used to analyze findings.

Data for the study was collected from Head of Corporate and Strategic Planning, Chief Manager- CEO's Office, Head of Business Support, and Head of Business Development among others. Strategy implementation challenges were identified.

4.2 Respondents details

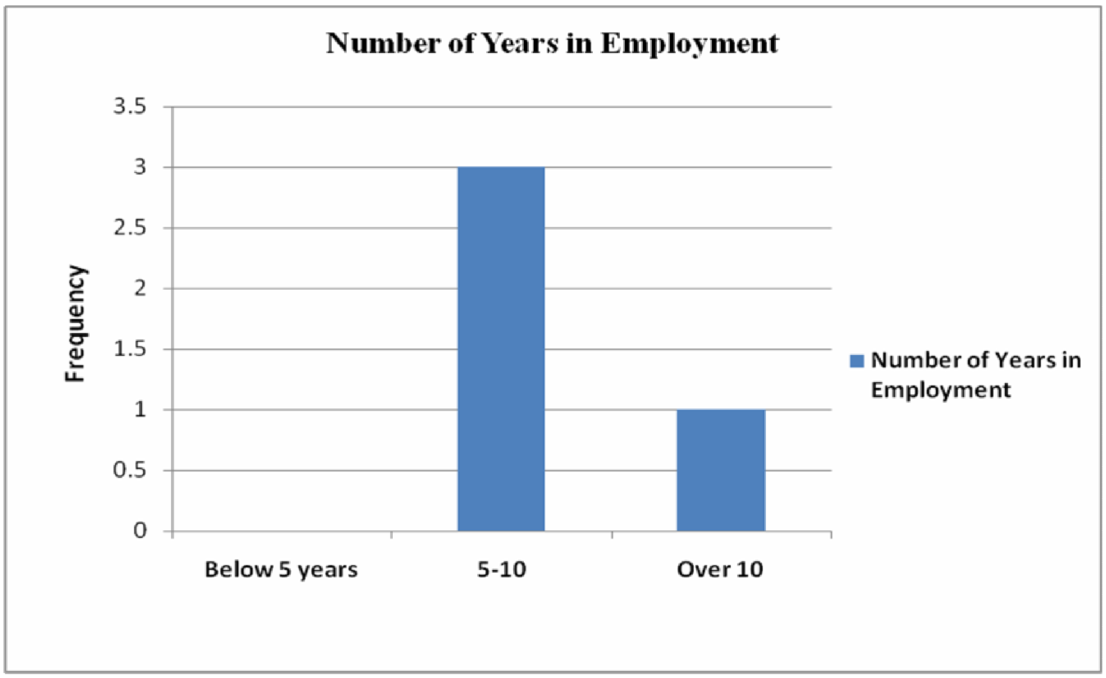
Table 1

Number of Years in the Position	**Frequency**	**Percentage**
Below 5 years	0	0%
5-10	3	75%
Over 10	1	25%
Total	**4**	**100%**

(Source: Research Data)

Out of the 6 questionnaires administered, 4 were dully filled and returned. This represents a response rate of 67%, which is considered significant enough to provide a basis for valid and reliable conclusions. 75% of the respondents had been in I&M Bank for between five and ten years while 25% percent had been in the bank's continued employment for over ten years. This implied that they were competent enough to respond to broad issues on strategy implementation challenges. The respondents were also involved in the development and implementation of the strategic plan. The below graph shows how long the respondents have been in employment.

Graph 1



(Source: Research Data)

4.3 Strategy Implementation

In order to find out how I&M Bank is implementing its strategies, some of the factors responsible for strategy implementation process were identified and included in the questionnaire. The respondents had an option of ticking either yes or no on their assessment on whether the factors supported strategy implementation or not. The factors and responses are given in the table below.

Table 2

Factors affecting strategy implementation	**Respondents**			
	Yes	**No**	**Yes**	**No**
Training	3	1	75%	25%
Annual work plans	3	1	75%	25%
Staff commitment	2	2	50%	50%
Recruitment policy	2	2	50%	50%
Leadership	3	1	75%	25%
Change in organization's structure	4	0	100%	0%
Current Structure	2	2	50%	50%
Culture	1	3	25%	75%
Communication system	3	1	75%	25%
Required resources	2	2	50%	50%
System and procedures	2	2	50%	50%
Corporate strategy	1	3	25%	75%
Reward system	2	2	50%	50%
Continuous monitoring	2	2	50%	50%
External environment	2	2	50%	50%
Skill gaps	3	1	75%	25%
Budget system	3	1	75%	25%

(Source: Research data)

4.3.1 Training

The respondents were asked whether training preceded strategy implementation. 75% of the respondents were in agreement and this shows that training had been conducted to equip staff with requisite skills before new strategies were implemented. Employee training will positively impact strategy implementation especially if the new strategy requires additional skills for its execution.

4.3.2 Annual work plans

The study set to establish whether annual work plans exist to support strategic plans. Respondents were asked to state whether work plans exist or not. 75% of the respondents answered yes while 25% answered no. This implies that the majority approves existence of work plans but there are those who feel work plans do not exist. If the activities are aligned with the objectives, strategy implementation will be reinforced hence the need for work plan existence in all departments.

4.3.3 Staff commitment

The research sought to find out whether staff is committed to strategy implementation. 50% of respondents approved staff commitment to strategy implementation while another 50% disapproved staff commitment. It is not easy to implement strategies in the organization without full staff support. The findings show that not all staff are committed and motivated to remain loyal in their work.

4.3.4 Recruitment policy

The respondents were asked whether recruitment policy supports strategic plan. Half of the respondents (50%) answered yes and the remaining 50% ticked no. The results show that recruitment policy is not fully in line with the strategy being implemented. In order to employ qualified staff, the bank needs to conduct recruitment in line with their recruitment policy. This will help in employing staff with requisite skills for strategy implementation.

4.3.5 Leadership

The respondents were asked whether senior management has provided leadership in strategy implementation. 75% of the respondents ticked yes while 25% of them ticked no. This implies that the majority approves that top management provided leadership during strategy implementation. The top management must provide leadership to direct the organization towards realization of the intended strategies.

4.3.6 Change in organizational structure

The study sought to find out whether there was a change in the organization structure since the launch of the new strategic plan. All the respondents agreed that there has been a change in the Bank's structure. Several new positions were created in the new structure which also saw some positions being rendered redundant. The position of deputy chief executive was abolished and replaced with two new positions of head of business development and head of business support both reporting to the chief executive officer. The reporting lines at the various functions and departments were also affected with the new changes. This shows that there were some changes in the structure that could easily be linked to implementation of the strategic plan.

4.3.7 Current organization structure

The study sought to find out whether the current organizations structure supports strategy implementation. 50% of the respondents supported while 50% said it does not. This means there is diversity in the way people perceive the new organization structure and its support to strategy execution. The current organization structure is composed of the Board of Directors, the Executive Director, Chief Executive Officer, Head of Functions, Managers and Departmental heads. The leadership of the organization has not fully been structured to support strategy implementation.

4.3.8 Organization culture

The respondents were asked whether the organizational culture supports strategy implementation. 25% of the respondents answered yes while 75% said the existing culture does not support strategy implementation. This implies that the majority of respondents believe that the current culture does not support strategy implementation. Culture gives employees some set of shared values and sense of direction and needs to be aligned with strategy execution. The old ways of doing things should be relooked at to ensure none hinders strategy implementation.

4.3.9 Communication system

In the research questionnaire respondents were asked whether the established communication system is in support of strategy implementation. 75% of respondents agreed that the system exists while 25% denied existence of such system. This implies that a communication system is in place even though not appreciated by all perhaps because of divergence in views.

4.3.10 Required resources

The research sought answers from respondents on the issue of resource adequacy in support of strategy implementation. 50% of respondents agreed that resources are availed to support strategy implementation while another 50% felt that resources were not adequately provided during strategy implementation. It can be concluded that although resources were allocated, the impact of the allocations have not been fully felt as supportive of the new strategy.

4.3.11 Systems and procedures

The study sought to find from respondents whether the existing systems and procedures support strategy implementation. 50% of the respondents agreed that systems and procedures support strategy implementation while the other 50% felt it did not. This implies that although systems and procedures are in existence, there are some gaps hence failure to fully support strategy implementation efforts.

4.3.12 Corporate strategy

The respondents were asked whether corporate strategy is a hindrance to strategy implementation. 25% of respondents ticked yes while 75% ticked no. Majority of the respondents felt that corporate strategy hinders strategy execution. This indicates that the corporate strategic objectives are a hindrance to strategy implementation and for successful strategy implementation the strategic objectives might have to be reviewed.

4.3.13 Reward system

The study sought to find out whether reward system support strategy implementation. 50% of respondents were in support while another 50% felt that the reward system does not support strategy implementation. From the results, it can be concluded that reward system exists except that its support to strategy implementation is weak.

4.3.14 Continuous monitoring

The respondents were asked whether there is continuous monitoring of strategy implementation to ensure it is in tandem with the corporate plan. 50% of the respondents ticked yes while another 50% ticked no. This implies that more effort is required in monitoring strategy implementation activities.

4.3.15 External environment

The research sought to find out whether uncontrollable factors in the external environment adversely impacted strategy implementation. Divergent responses were received and 50% felt that external environment impacted on strategy implementation while the other 50% disagreed. This implies that the respondents had varying views of what the external environment is and how it impacts strategy implementation.

4.3.16 Skill gaps

The respondents were asked whether management and staff have requisite skills to successfully implement strategies. 75% of respondents said that management and staff have requisite skills needed to successfully implement strategies. 25% of the respondents felt that there are some skills gaps for successful strategy execution. This implies that management and staff have the necessary skills for successful strategy execution.

4.3.17 Budget system

The research sought to find out whether budget systems are in place to support utilization of funds. 75% of respondents support existence of a budgetary system while 25% of respondents said it does not exist. This implies that the top management has committed funds for activities related to strategy implementation.

4.3.18 Coordination and sharing of responsibilities

The respondents were asked whether there is good coordination and sharing of responsibilities towards strategy implementation. A summary of the responses is given below:

Table 3

Ranking	**Frequency**	**Percentage**
Strongly disagree	1	25%
Somehow disagree	0	0%
Neutral	0	0%
Somehow agree	3	75%
Strongly agree	0	0%
Total	**4**	**100%**

(Source: Research data)

75% of respondents somehow agreed that coordination and sharing of responsibilities supported strategy implementation. 25% of respondents strongly disagreed that coordination and responsibility sharing supported strategy implementation. This implies that coordination is in place and responsibilities are shared in support of strategy implementation.

4.3.19 Performance evaluation system

The study sought to find out whether performance evaluation systems support strategy implementation and the summary of the findings are given below:

Table 4

Ranking	**Frequency**	**Percentage**
Strongly disagree	1	25%
Somehow disagree	0	0%
Neutral	2	50%
Somehow agree	1	25%
Strongly agree	0	0%
Total	**4**	**100%**

(Source: Research data)

25% of the respondents strongly disagreed that performance evaluation supports strategy implementation. 50% of respondents remained neutral while 25% somehow agreed that performance evaluation supports strategy implementation. The results show that performance evaluation system is in existence but may not be directly linked to strategy implementation.

4.3.20 Project monitoring and evaluation

Respondents were asked whether projects are monitored and evaluated to identify gaps for future project use. A summary of the findings is given below:

Table 5

Ranking	**Frequency**	**Percentage**
Strongly disagree	0	0%
Somehow disagree	0	0%
Neutral	1	25%
Somehow agree	2	50%
Strongly agree	1	25%
Total	**4**	**100%**

(Source: Research data)

75% of respondents either somehow agreed or strongly agreed that projects are monitored and evaluated to identify gaps for current and future use. 25% of respondents remained neutral. If follows that the Bank has committed personnel in charge of monitoring and evaluation.

4.3.21 Factors contributing to successful strategy implementation

The respondents were asked to choose only 4 out of the 10 factors provided that they feel contribute to successful strategy implementation. The table given on the next page shows a summary of responses received.

Table 6

Factor	**Frequency**	**Percentage**
Communication	1	6%
Systems and procedure	1	6%
Structure	4	25%
Leadership	1	6%
Culture	0	0%
Reward system	0	0%
Training	1	6%
Staff commitment	2	13%
Policies	2	13%
Resources	4	25%
Total	**16**	**100%**

(Source: Research data)

As evidenced in the table above, majority of respondents identified structure (25%), staff commitment (13%), policies (13%) and resources (25%) as factors majorly responsible for successful strategy implementation. Communication, systems and procedure, leadership and training followed with 6% each. The areas identified to be in need of more attention for effective strategy execution are organizational culture and reward system. It follows that the Bank has an elaborate structure, staff commitment, policies and resources that support strategy being implemented.

4.3.22 Factors affecting strategy implementation

Respondents were provided with 10 factors and asked to choose only 4 factors that they felt affected strategy implementation. Table 7 below gives a summary of responses received.

Table 7

Factor	**Frequency**	**Percentage**
Communication	3	19%
Systems and procedure	1	6%
Structure	0	0%
Leadership	2	13%
Culture	4	25%
Reward system	3	19%
Training	2	13%
Staff commitment	0	0%
Policies	0	0%
Resources	1	6%
Total	**16**	**100%**

(Source: Research data)

From the table, culture is shown as a major factor that affected strategy implementation at 25% followed by communication and reward system at 19% each. The respondents chose leadership and training as the third factors affecting strategy implementation with 13 percentages each. Adequate resources and systems and procedure were chosen by respondents to be the fourth factors affecting strategy implementation at 6% each. Structure, staff commitment and policies were chosen as factors that least affected strategy implementation. The bank therefore needs to improve on communication, leadership, culture, reward system and training in order to successfully implement new strategies.

4.4 Challenges in implementation of strategies

The study sought to find from the respondents the level at which each challenge affected strategy implementation on a scale between strongly disagree to strongly agree (1 to 6). Arithmetic mean for each challenge was calculated as presented in table 8 below.

Table 8

Challenges	**Score for each factor**						**Mean score**
	1	**2**	**3**	**4**	**5**	**6**	
Implementation took longer than planned	0	0	2	0	2	0	4
There was poor communication of strategy to staff	0	1	1	0	2	0	3.75
Responsibilities were not well defined	0	1	1	0	2	0	3.75
Major obstacles surfaced during strategy	1	0	0	1	2	0	3.75
There was slow acceptance of the new strategy	0	0	3	0	1	0	3.5
Resources provided were inadequate	0	2	2	0	0	0	2.5
Factors in the external environment	1	0	1	1	0	1	3.5
Competing activities distracted attention	0	2	1	0	1	0	3
The organization structure was un-supportive	2	2	0	0	0	0	1.5
The organization culture was un-supportive	1	0	1	2	0	0	3
Staff were not well trained	2	0	1	0	1	0	2.5
Strategy formulators did not play a role	0	2	1	0	1	0	3
Supporters and advocates of strategies left	0	1	1	0	2	0	3.75

(Source: Research data)

From the analysis majority of respondents somehow agreed that strategy implementation took longer than planned with an arithmetic mean of 4. Challenges like poor communication (3.75), responsibilities not well refined (3.75), obstacles surfacing during implementation (3.75), slow acceptance by stakeholders (3.5), external factors (3.5), and advocates of strategic decisions leaving at implementation phase were also somehow agreed to as having affected strategy implementation.

The respondents felt that challenges like adequate resources (2.5), organization structure (1.5) and staff training (2.5) did not affect strategy implementation. The respondents however chose to be neutral on challenges like competing activities, organization culture and strategy formulators each with a mean score of 3.

4.5 Responses to strategy implementation challenges

The respondents were asked to provide measures taken by the bank towards overcoming strategy implementation challenges. On the issue of realigning strategy to structure, the respondents said that the organization structure was changed to establish unity of command at the top. This helped harness functional synergies through consolidation of related functions to better focus energies towards achievement of business goals and risk management.

The Bank through its human resources department has organized for cross functional training to enable staff develop shared values towards the achievement of a culture compatible with strategic business decisions and strategy implementation. Resource utilization has been made simpler through delegation of financial powers to functions in the functional budgets hence quick decision making. Where policies were not in support of strategy implementation, policy reviews were effected and procedures changed to ensure successful strategy implementation.

The Bank's management has also put in place measures to ensure continuous monitoring though management reports whose details include variance analysis, a review of management information system reporting framework, continuous reviews of strategy action points in management committee meetings and establishment of a special projects function. To tie reward to ability to implement strategies successfully, the Bank's performance and reward system incorporated strategic activities and action points in employee SMART objectives.

In order to minimize effects of external factors on strategy implementation, the Bank established business continuity and disaster recovery planning. The Bank also embarked on rigorous reviews of high risk products and services before availing them to clients and also took risk transfers through insurance and outsourcing. Cross border expansion and product diversifications have also helped the Bank minimize effects of external factors.

The respondents pointed out that organization politics has been managed through defined communication protocol, periodic executive communication and emphasis on staff meetings. In order to equip staff with the requisite skills for successful strategy implementation a training and development unit was established within human resources department to close employee knowledge gaps. Resistance to strategy implementation has been managed through improved communication system, functional mobilization, decentralized decision making mechanisms and departmental meetings. Periodic executive communication on progress and new highlights has helped keep apprehension at bay and staff informed.

4.6 Whether challenges are unique to a particular department

The research sought to find out whether challenges are specific to departments or apply universally across departments. A summary of responses is given in table 9 below.

Table 9

Response	**Frequency**	**Percentage**
Unique to only my department	0	0%
Apply universally across departments	4	100%
Total	**4**	**100%**

(Source: Research data)

The findings of this study show that challenges are not department specific but apply across the whole organization. This shows that implementation challenges affect the entire Bank hence it can be concluded that the departments are interdependent.

4.7 How to minimize strategy implementation challenges

The study sought respondents' views on how to minimize strategy implementation challenges. The responses received mainly touched on issues like recognition of employees of lower cadres, development of corporate culture, alignment of structure to strategy and involvement of staff from the beginning to make them appreciate the strategies.

4.8 Other Comments on strategy implementation challenges

The study sought respondents' views on other challenges to strategy implementation at I&M Bank and some of the responses received are as given below;

a. Top management should provide leadership before and during implementation.

b. Avail adequate resources either in the form of technical, human and financial support.

c. The management should focus on improving the communication system for faster and clearer information dissemination.

d. The lower cadre personnel should be engaged in the early stages of strategy formulation because great ideas are idling with them.

CHAPTER FIVE: SUMMARY, DISCUSSIONS AND CONCLUSIONS

5.1 Introduction

This chapter sets to draw conclusions that will seek to address the research objectives as outlined in chapter one. The first objective of this study was to identify challenges of strategy implementation at I&M Bank. However great a strategy look, if it cannot be implemented it is of no value to an organization. Organizations need to continuously handle strategy implementation challenges in order to achieve the set objectives. Even though the Bank is keen on implementing its strategies, the weaknesses identified by the respondents are slowing strategy execution. It is on this premise that the Board directed the Bank's management to establish a department to monitor and guide all strategy action points on a continuous basis and report periodically on the progress.

The second objective was to identify the solutions adopted by the Bank in responding to strategy implementation challenges. The findings of these objectives are summarized, discussed and conclusions made in that order.

5.2 Challenges of strategy implementation at I&M Bank

The findings identified the following as challenges of strategy implementation at I&M Bank Limited;

a. Implementation took longer than was planned.

b. Poor communication of strategy to staff.

c. Responsibilities were not well defined.

d. Major obstacles surfacing during implementation.

e. Slow acceptance of strategy by stake holders.

f. External factors.

g. Supporters and advocates of strategic decisions leaving at the implementation phase.

5.3 How I&M Bank implemented its strategies

The second objective set to identify solutions adopted by the Bank in responding to the challenges. The responses received were as follows;

a. Having an organization structure that supports strategy implementation. This was seen through change in the organization structure to fit new strategies.

b. Consolidating related functions to focus energies to towards achieving business objectives.

c. Facilitating cross functional training in order to enable staff develop shared values towards the achievement of corporate objectives.

d. Delegation of financial powers to functional heads to quicken decision making.

e. Having some policies and guidelines reviewed in order to support strategy implementation.

f. The Bank's reward system has been tied to ability to implement strategies successfully.

g. Establishment of management committees charged with strategy monitoring responsibilities, business continuity and disaster recovery planning.

h. The Bank reviewed its communication policy that put in place communication protocol and periodic executive briefs on implementation progress.

5.4 Limitation of the study

This study had various limitations. Some of the senior officers were too busy to take time off and respond to the questionnaires even after several requests. Due to the nature of information handled by Banks some respondents were very sensitive about the information they were sharing thus did not give information considered as confidential. It would have been of value to obtain views of other lower and middle management staff since they are the implementers of strategies.

5.5 Suggestions for further research

This study concentrated on the challenges of strategy implementation at I&M Bank. The findings cannot be generalized because other banks and sectors face varied challenges such as political interference, government legislations, currency fluctuations in the international market and weather changes. This is because different sectors operate on different structures, systems, cultures, processes, leadership styles, resource capabilities and objectives. There is therefore need to do more research in other sectors in order to get a broader view on challenges to strategy implementation.

5.6 Recommendation for policy and practice

The findings of this study indicate that strategy implementation is affected by poor time management, poor communication of strategy to staff, responsibilities not being well defined and high staff turnover. Respondents stressed that for a strategy to succeed the organization structure must align to the new strategy, staff should be committed to implement it, adequate resources must be availed either in the physical, technical or financial form and the policies must also be supportive of the strategy. Organizations should strive to overcome the challenges and embrace strategy supportive factors in order to achieve their objectives.

Findings also revealed that a key role of the executive office is to communicate a vision and to guide strategic planning. Those who have successfully implemented strategic plans have often reported that involving teams at all levels in strategic planning helps to build a shared vision and increases each individual's motivation to see strategic plans succeed. To ensure that the vision is shared, teams need to know that they can test the theory, voice opinions, challenge premises, and suggest alternatives without fear of reprimand. It is also necessary that the senior management team come together to review, discuss, challenge and finally agree on the strategic direction and key components of the plan.

Without genuine commitment from senior team, successful implementation is unlikely.

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APPENDICES

Appendix 1: Introduction Letter

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

MBA PROGRAM- LOWER KABETE CAMPUS

26 /08/2010

<u>TO WHOM IT MAY CONCERN</u>

The bearer of this letter **ERICK NGALA OPIYO** registration number **D61/70514/2008** is a Master of Business Administration (MBA) student at the University of Nairobi.

He is required to submit as part of his course work assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting organizations in Kenya. We, would therefore appreciate if you assist him to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you

DR. W.N. IRAKI

CO-ORDINATOR, MBA PROGRAM.

Appendix 2: Interview Guide

Research Topic: Strategy Implementation Challenges at I&M Bank Limited

Notes for completing the Questionnaire

1. Section A- Requires general information about I&M Bank Limited
2. Section B- Requires Information on Strategy Implementation at I&M Bank
3. Section C- Requires Information on Challenges of Strategy Implementation at I&M Bank.
4. Section D- Requires Information on responses to Strategy Implementation Challenges at I&M Bank.
5. Section E- Requires general information and respondent's suggestions.

Section A

1.1 Name of Respondent (Optional) --

1.2 Designation of Respondent --

1.3 Department--

1.5 Number of Years in the Position---

1.6 Overall length of service in the Bank---

Section B

Strategy Implementation

Please tick (√) appropriately

	Question	Yes	No
2.1	Trainings preceding strategy implementation have been conducted		
2.2	Annual work plans exist within the Bank		
2.3	Staff of the Bank are committed to strategy implementation		
2.4	Recruitment policy supports strategy implementation		
2.5	Senior management have provided leadership in strategy implementation		
2.6	There has been a change in the Bank's structure since the launch of the current strategic plan		
2.7	The current organization structure support strategy implementation		
2.8	The Bank's culture supports strategy implementation		
2.9	There are established systems of communication		
2.10	Resources required, that is, physical, technological, financial and human support strategy implementation		

2.11	Existing policies, procedures, rules and administrative practices support strategy implementation		
2.12	Corporate strategy is a hindrance to strategy implementation		
2.13	Reward systems are tied to ability to implement strategies		
2.14	There is continuous monitoring of strategy implementation to ensure it is in tandem with the corporate plan		
2.15	Uncontrollable factors in the external environment adversely impact on strategy implementation		
2.16	Management and staff have requisite skills to successfully implement strategies		
2.17	Budget system is in place to enhance proper utilization of funds		

Please answer the following questions by ranking your response as provided below

1. Strongly disagree
2. Somehow disagree
3. Neutral
4. Somehow agree
5. Strongly agree

	Question	Ranking
2.18	There is good coordination and sharing of responsibilities towards strategy implementation	
2.19	Performance evaluation systems support strategy implementation	
2.20	Projects are monitored and evaluated to identify gaps for future projects use	

2.21 Which of the following factor(s) do you consider to have contributed to successful strategy implementation? Please tick (√) only 4 factors that are applicable.

Communication		Reward systems	
Systems and procedures		Training	
Structure		Staff Commitment	
Leadership		Policies	
Culture		Resources	

2.22 Which of the following factor(s) affected strategy implementation? Please tick (√) only 4 factors that are applicable.

Communication		Reward systems	
Systems and procedures		Training	
Structure		Staff Commitment	

Leadership		Policies	
Culture		Resources	

Section C

Challenges in Strategy Implementation

Please fill in the table below using the options of 1-6 provided below. You may choose one option for each statement.

1. Strongly disagree
2. Somehow disagree
3. Neutral
4. Somehow agree
5. Strongly agree
6. Not applicable

	Statement	Ranking
3.1	Implementation took longer than planned	
3.2	There was poor communication of strategy to staff	
3.3	Responsibilities were not well defined	
3.4	Major obstacles surfaced during strategy implementation phase	

3.5	There was slow acceptance of the new strategy by I&M Bank stakeholders	
3.6	Resources provided were inadequate to implement the strategy successfully	
3.8	Factors in the external environment adversely impacted strategy implementation	
3.9	Competing activities distracted attention from strategy implementation	
3.10	The organization structure was un-supportive	
3.11	The organization culture was un-supportive	
3.12	Staff were not well trained	
3.13	Those who formulated the strategy did not play an active role in strategy implementation	
3.14	Supporters and advocates of strategic decisions left at the implementation phase	

<u>Section D</u>

Responses to Strategy implementation challenges

4.1 What were the measures taken to re-align organization structure to strategic decisions?---

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4.2 What measures have been taken to ensure the Bank's culture is always compatible with the strategic decisions and strategy implementation?--------------------------------------
----

4.3 How have resources been availed to enable I&M Bank implement its strategies successfully? --
----

4.4 What measures were instituted to ensure established policies are in support of strategy implementation?---
----

4.5 What measures have been put in place to ensure that there is continuous monitoring of strategy implementation?---
----

4.6 What measures have been taken to ensure that rewards are tied to the ability to implement strategies successfully?--
----

4.7 What measures are in place to minimize effects of external factors on strategy implementation?---
----

4.8 What measures have been put in place to ensure organization politics does not affect strategy implementation?--
----

4.8 Has the Bank put in place measures to ensure staff acquire requisite skills for strategy implementation?---
----

4.9 How has the Bank gained support and minimized resistance to strategy implementation? --

4.10 What measures have been instituted to improve and provide adequate communication on strategy implementation?---
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Section E

5.1 Are the above challenges unique to your department or do they apply universally across departments? Please tick (√) appropriately.

Unique only to my department	
Apply universally across departments	

5.2 What other suggestions would you give that would help I&M Bank minimize strategy implementation challenges?--
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5.3 Please give any other comment you may have regarding implementation of strategic decisions at I&M Bank---