FACTORS INFLUENCING IMPLEMENTATION OF FUNCTIONAL STRATEGY AT BARCLAYS BANK OF KENYA

By

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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This research project has been submitted for the examination with my approval as the university supervisor

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DEDICATION

This research work is dedicated to my loving wife Josephine and our Son Sifa. I thank God for bringing you my way.

ABSTRACT

Strategy is a method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem. Strategy is where the business trying to get to in the long-term, considering markets, competition, resources, environment and stakeholders. Strategies exist at corporate, business or operational level. Successful business strategy depends to a large extent on decisions that are taken or activities that occur at the operational level. Functional managers play a key role in ensuring the organization achieves its objectives. This study was carried out to determine what factors influence implementation of functional strategy at Barclays bank of Kenya. Functional strategy implementation involves transforming strategic decisions into operational plans that each functional area of a business can effectively carry out. Managers in the operation center were interviewed with an aim of finding out how they implement strategies at their departments and what factors influence implementation of these strategies. The study employed use of interview guide with a view of collecting information from ten managers within the operation center. The analysis consists of response from six managers which was considered sufficient for data analysis. The study concluded that a number of finite factors are responsible but key amongst them is the way strategy is communicated to those who ultimately do the implementation. The study further concluded that for functional strategy to be fully implemented, clear and proper communication must be made to the entire business. This would make employees aware on what is happening and remove uncertainties if any. In addition, staff should be involved so that they are part of the process. This way resistance would be minimized if not completely removed. The study also concludes that Barclays Kenya has a good performance tool which enables it to achieve its objectives. The study recommend a wider study be done to encompass other commercial banks operating in Kenya, so as to find out whether the results generated in this study uniquely apply to Barclays or whether they are generalizable across the banking industry.

ABBREVIATIONS

ATM - Automatic Teller Machines

BBK- Barclays Bank of Kenya

CBK- Central Bank of Kenya

SME- Small & Mid-sized Enterprises

SBU- Strategic Business Units

CEO- Chief Executive Officer

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Strategy is the direction and scope of an organization over the long term, which achieves advantage in the changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. On the other hand strategic management is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company objectives. (Pearce, Robinson, & Amital, *2007).* Strategies exist at corporate, business or operational level. Successful business strategy depends to a large extent on decisions that are taken or activities that occur at the operational level. Functional managers play a key role in ensuring the organization achieves its objectives. Corporate and business level managers concentrate their attention on doing the "right things", managers at the functional level center on "doing things right". Thus, they address issues such as efficiency and effectiveness of production, the quality of customer service among others. What are some of the factors that stand in the way to smooth implementation at the functional level? What are the obstacles to successful strategy implementation at the lower level? These are some of the issues that this paper seeks to focus on and in the end advice Barclays of Kenya management.

1.1.1 Strategy implementation

Strategy formulation guides executives in defining the business their firm is in, the end result that they seek to see and the means it will use to accomplish those ends. This begins with formulating the company's mission, vision and its objectives whether it is developing a new business or reformulating direction for an ongoing business. Once this has been done, it will be cascaded downwards to the business and functional level for implementation.

Strategy implementation involves translating the intended strategy from the top into workable strategies down through the organization. Strategy implementation is also 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, (Johnson, Scholes & Whittington, 2008). It is all to do with translating good intentions into practical realities.

Top management will involve other levels of management since they may not themselves identify all the issues relevant to strategy implementation. They will always chart the way forward for the business say on a yearly basis by formulating the strategy for the company. This will be in response to among other things, the changing business environment or just to position itself in the market to enable it continue meeting its objectives and thus fulfill its obligations to its shareholders.

1.1.2 Strategy implementation at the functional level

At the heart of strategic decision-making at the functional level is the implementation of functional strategies. Essentially this involves operational planning: that is, transforming strategic plans formulated at the corporate and business levels into operational plans that each functional area of a business can effectively carry out; selecting the appropriate functional strategy or strategies for each functional area, and allocating the requisite resources to set everything into motion. It is about setting annual objectives at the functional level and polices needed to make the strategy work. This is essentially about decision-making at the functional level to facilitate the ‘corporate’ or ‘higher’ strategy.

The challenge is to turn strategies and plans into individual actions, necessary to produce a great business performance. Though most companies and organizations know their businesses, and the strategies required for success, many of them repeatedly fail to put into place all the necessary mechanisms, towards the corporate aims. Many corporations - especially large ones - struggle to translate the theory into action plans that will enable the strategy to be successfully implemented and sustained especially at the functional level. According to Pearce, Robinson, & Amital (2007) functional tactics translate thought (grand strategy) into action designed to accomplish specific short term objectives.

Middle level/ functional managers are seen as implementers of strategy. Their role is to implement in full the direction established by top management by making sure that resources are allocated and controlled appropriately, monitoring performance and behavior of staff and where necessary, explaining the strategy to those reporting to them. Middle managers may therefore contribute substantially either to galvanizing commitment to strategy and the change process, or blocking it. Their involvement can help achieve a positive role of commitment. Lack of commitment can result in serious implementation blockages and downright resistance. The involvement of middle management in strategy development, the planning of and implementation of strategic change programs and feedback on strategic change is not only important but essential for top performance.

The internet and e-commerce have begun to revolutionize functional tactics in operation and marketing. How companies sell, where they produce and coordinate what they do, have new perspectives and ways of being addressed because of the technologically effect, (Pearce, Robinson, & Amital, 2007).

1.1.3 Banking Industry

Currently according to the Central bank of Kenya website, there are there are 43 licensed commercial banks and 1 mortgage finance company. Out of the 44 institutions, 31 are locally owned and 13 are foreign owned. The locally owned financial institutions comprise 3 banks with significant shareholding by the Government and State Corporations, 27 commercial banks and 1 mortgage finance institution.

The banking sector in Kenya is governed by the Company Act, Banking Act and the Central bank Act. The Central Bank is responsible for formulating and implementing monetary policy for the purpose of achieving a stable market based on financial system while supporting the economic policy of the government.

The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector’s interest .The KBA serves a forum to address issues affecting members. Over the last few years, the Banking sector in Kenya has continued to growth in assets, deposits, profitability and products offering. The growth has been mainly underpinned by an industry wide branch network expansion strategy both in Kenya and in the East African community region and automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional ‘off-the-shelf’ banking products. Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market.

1.1.4 Barclays Bank of Kenya

Barclays Bank of Kenya Limited, a subsidiary of Barclays Plc, is one of the top commercial banks in Kenya. It is the forty four banks licensed by the Central bank of Kenya, the national banking regulator in 1953 (www. Central Bank of Kenya). The Chairman of the ten (10) members Board of Directors of Barclays Bank (Kenya) is Francis Okomo-Okello, one of the non-Executive Directors. Jeremy Awuori serves as the Managing Director of the bank. Its business units fall under Retail, Corporate, Treasury, Operation and Card Services with cross functional relationships to support the segments of local business and small to mid-sized enterprises (SME).

Barclays financial strength coupled with extensive local and international resources have positioned it as the top provider of financial services in the market for the past several years. Moreover, bank consistent and stable financial performance has resulted in increased confidence in its leadership and management and among the Bank’s shareholders, as well as the industry overall. It has operated in Kenya for 95 years, and currently has an extensive network of 117 branches and over 230 ATM's countrywide. Its network is supported by Internet and mobile banking channels plus a Customer Service Centre that operates 24 hours a day, 7 days a week.

According to its website, the bank is guided in its operations by five principles which are: Winning together, which has to do with achieving collective and individual success, Best people deals with developing talented colleagues to reach their full potential, to ensure Barclays retains a leading position in the global financial services industry, Customer and client focus is about understanding customers, serving them brilliantly and treating them fairly, Pioneering is about driving new ideas, adding diverse skills and improving operational excellence and lastly, Trusted which guides it to act with the highest integrity to retain the trust of customers, external stakeholders and colleagues.

Over the years, Barclays has contributed to the development of the banking industry, financial services sector, as well as the overall economy. It has received Industry recognition for leadership for example, Best Bank in Kenya – Global Finance (2008, 2009 & 2010); Company of the Year Award for Human Resource Management Practices - Kenya Institute of Management (2008); Best Retail Bank – 2009 Banking Awards; and Company that best complies with the International Financial Reporting Standards - FiRe Awards (2009)

The goals of the bank are to remain the leading retail and corporate bank in Kenya, be recognized as a trusted, innovative, customer-focused company that delivers products and services of superior quality to all customers, be the best place where the best people want to work, be associated by all stakeholders as a corporate partner who contributes towards the welfare of the communities in which it operates as it delivers value to its shareholders through positive growth.

1.1.5 Operations Center as a Functional Entity

The Bank operations center consist of the following departments: Know your customer, Operations processing Department, Credit Operations, Barclay Card Operations, Voucher Processing Center, Payments and International Services. These are headed by Head of Consumer banking and Head of Credit operations. These Departments support the branch network in various activities ranging from payment processing, account Opening and maintenance, Card services, Loan and Cheques processing and clearing among others.

1.2 Research Problem

On formulation of company strategies, top management expects strategies to be fully implemented, yet sometimes they are not. The reality is that some companies struggle to see their strategy implementation see the light of the day. Barclays as any other business, keeps aligning its strategy to the changing business environment to enable it stay competitiveness not only it Kenya but also in the international market. For its strategy to succeed support is required from the entire organization. The management and staff are expected to play a vital role in this regard.

Although studies have been done on strategy implementation at Barclays Bank of Kenya, none has concentrated on strategy implementation at a functional level. For example Githui, (2006) investigated challenges for strategy implementation at Barclays bank. He looked at the entire business. On the other hand Kering (2009) studied the resource aspect at Barclaycard. These studies do not relate to factors influencing implementation of functional strategy at Barclays bank of Kenya hence the need to undertake a study as captured by the title. This then leads to the question: What factors actually influence implementation of functional strategy at BBK? The focus here will be departments that concentrate on back office operations. These are the ones which support the branch network of the bank.

1.3 Research objective

The objective of this study was to determine the factors that influence the implementation of functional strategy at Barclays bank of Kenya.

1.4 Value of the study

The findings of this study are intended to contribute towards filling the existing information gap on strategy implementation at BBK operations center. More specifically it is hoped that the study will play three roles. First it will fill the knowledge gap on functional strategy implementation within BBK and make necessary recommendations for further research.

Secondly, it will also highlight obstacles that hinder successful strategy implementation at the functional level. This will inform senior management on how to ensure the bank achieves its objectives through successful implementation of its strategy at the functional level.

Finally, the study is planned to provide information to the entire banking industry on how best to implement functional strategy at the operational level. In this way the study is also expected to surface some of the best practices cases not only for the banking industry but the corporate world as well.

CHAPTER TWO

LITERATURE REVIEW

2.1 Concept of Strategy

According to Johnson, Scholes & Whittington, (2008), Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectation. They further argue that strategic decisions are likely to be complex in nature, made in situations of uncertainty, are likely to affect operational decisions, demand an integrated approach to managing the organization and usually involve change in the organization.

Peter F Drucker, 1945 on the other hand refers to strategy as all decisions related to business objectives and the courses of actions to achieve them.

Strategy consists of corporate decisions planning which clarify and determine vision, mission, and objectives, defining policies and basic plans for achieving goals, defining scope of company's activities and specifying the kinds of economic and human type of the organization. (Kenneth R. Andrews)

A company's strategy is management's action plan for running the business and conducting operations (Thompson and Strickland, 2007). It consists of the competitive moves and business approaches that managers are employing to grow the business, attract and please customers, compete successfully, conduct operations and achieve the targeted levels of organizational performance. They further argue that the strategy is all about how – how management intends to grow the business, how it will build a loyal clientele and outcompete rivals, how each functional piece of the business will be operated, how performance will be boosted

Strategy is dynamic due to constant change experienced in the business environment Realized strategy might not be the one intended, as the speed of change and the level of uncertainty in the competitive environment increased, hence it is not possible to determine a strategic direction of an organization on a systematic basis. Organizations must constantly adapt too fast changing circumstances and hence move towards dynamic strategy development.

According to Ansoff (1992), the classical understanding of strategic planning should be replaced by a more dynamic understanding that focus on strategic issues and calls for a simplification of the strategic process. This means that strategic formulation can no longer be separated from strategy implementation because of the speed which is necessary to exploit opportunities in the competitive environment.

Thompson, Strickland & Gamble (2007) advises that it is unlikely that the strategy, as originally conceived, will prove entirely suitable over time. Changing circumstances and ongoing management efforts to improve the strategy cause a company strategy to evolve over time – a condition that makes the task of crafting a strategy a work in progress, not a one- time event. Thus a company's strategy at any given point is fluid, representing the temporary outcome of an ongoing process that, on one hand, involves reasoned and creative management efforts to craft an effective strategy and on the other hand involves ongoing response to market change and constant experimentation and tinkering.

In choosing from among strategic alternatives, company managers are well advised to embrace actions that are aboveboard and can pass the test of moral scrutiny. A strategy cannot be considered ethical just because it involves actions that are legal. To meet the standard of being ethical according to Thompson, Strickland & Gamble (2007), a strategy must entail actions that can pass moral scrutiny and that are above board in the sense of not being shady, unconscionable, injurious to others, or unnecessarily harmful to the environment.

2.2 Strategic Management Process

According to Johnson, Scholes & Whittington (2008) the scope of strategic management is greater than that of any one area of operational management. Strategic management is concerned with complexity arising out of ambiguous and non- routine situations with organization-wide rather than operation- specific implications. According to them, strategic management includes understanding the strategic position of an organization, strategic choices for the future and turning strategy into action.

According to Igor Ansoff (1984), Strategic Management is a systematic approach to the major and increasingly important responsibility of general management to position and relate the firm to its environment in a way which will assure its continued success and make it secure from surprises.

Strategic Management Process is the full set of commitments, decisions, and actions required for a firm to create value and earn above-average returns. (Hitt, Hoskinson, & Ireland, 2004). Strategic management is a series of managerial decision and activities which assign long term performance of an organization. It consists of inspecting environment (internal and external), formulating strategy (long-term or strategic planning), implementing, evaluating and controlling. According to Hunger & Wilson (2008), strategic management focuses on monitoring and assessing external opportunities and threats, along with considering strengths and weaknesses.

These definitions imply that strategic management is a process and not an event. Johnson et al. (2008), Ansoff (1984), Hitt et al. (2004), and Hunger & Wilson (2008) agree that the process of strategic management involve the determination of the vision and mission of the firm, situation analysis (internal and external), setting strategic objectives, strategic analysis and choice, strategy implementation, and last but not least strategy evaluation and control. The authors further concur that the term 'Strategic Management' explains the process of decision-making and executing strategic initiatives. It covers all decisions and activities that lead to develop one or more effective strategy for achieving goals.

2.3 Levels of strategy

Strategies exist at three levels in any organization - ranging from the overall business (or group of businesses) through to individuals working in it (Johnson, Scholes & Whittington, 2008). Corporate level Strategy is concerned with the overall purpose and scope of the business to meet stakeholder expectations. In addition it is also concerned with how value will be added to the different parts of the organization. This could include issues of geographical coverage, diversity of products/ services and how recourses are to be allocated between the different parts of the organization. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision-making throughout the business. Corporate strategy is often stated explicitly in a "mission statement".

According to Johnson et al. (2008), business level Strategy is concerned more with how a business competes successfully in a particular market. It concerns strategic decisions about choice of products, meeting needs of customers, gaining advantage over competitors, exploiting or creating new opportunities among others. Business strategic decisions need to be related to a strategic business unit (SBU).

The third level of strategy is at the operating end of an organization otherwise known as functional/operating level strategy. Here there are operational strategies which are concerned with how component parts of an organization deliver effectively the corporate and business level strategies in terms of resources, processes and people. Successful business strategies depend to a large extent on decisions that are taken or activities that occur, at the operational level. These strategies are directed at improving the effectiveness of basis operations within a company, such as production, marketing, materials management, research and development, and human resources. Even though these strategies may be focused on a given function, as often as not they embrace two or more functions and require close cooperation among function to attain companywide efficiency, quality, innovations and customer responsive goals (Hill & Gareth, 2001).

2.4 Strategy implementation

It is one thing to formulate strategy, yet another thing to ensure successful implementation of the same. Strategy implementation considers factors such as adjustments to structure, how resources are to be reallocated, competency development, and how all of this can be fitted in while maintaining current operation. Noble and Mokwa (1999) define strategy implementation as the communication, interpretation, adoption and enactment of a strategy. According to Hill & Gareth (2001), strategy implementation is the way in which a company creates the organizational arrangements that allow it to pursue its strategy most effectively.

When a strategy has been analyzed and selected, the task is then to translate it into organizational action. Strategy implementation is important but difficult because implementation activities take a longer time frame than formulation, involves more people and greater task complexity, and has a need for sequential and simultaneous thinking on part of implementation managers (Hrebiniak and Joyce 2001).

In a single word, strategy implementation means ‘change’ (David 1997). Real work begins after strategies are formulated. Successful strategy formulation does not guarantee successful implementation. It is always more difficult to do something (implementation) than to say you are going to do it (formulation). Great strategies are worth nothing if they cannot be implemented (Okumus and Roper 1999). It can be extended to say that better to implement effectively a second grade strategy than to ruin a first class strategy by ineffective implementation. Less than 50% of formulated strategies get implemented (Mint berg 1994; Miller 2002; Ham brick and Canella 1989). According to Walker and Ruekert (1987), implementation of a strategy is a key factor in determining business performance. Managing the implementation and execution of strategy according to Thompson, Strickland & Gamble (2007) in an operations- oriented, make – things happen activity aimed at performing core business activities in a strategy – supportive manner. It is the most demanding and time consuming part of the strategy management process.

2.5 Factors affecting strategy implementation

A Fortune Magazine study suggested that 70% of 10 CEOs who fail do so not because of bad strategy, but because of bad execution (Why CEOs Fail - R Charan & G Colvin, Fortune Magazine, 21 Jun 1999). Strategy implementation is as important as the formulation.

The literature that this study revealed identified some of these factors as Employee participation; Internal Communication; Strategy formulation; Organizational structure/culture and the role of functional heads. These factors are explored further in the section that follows.

2.5.1 Employee Participation

Businesses today face a torrent of changes that redefine what is required of employees (Quirke 2008**)**. Quirke further notes that organizations are quickly discovering that they need more than simple compliance from their staff: they need – now more than ever- to engage their minds, creativity, energy and commitment. A business can only achieve its best when everyone's energies point in the same direction. The author concludes that strategy implementation poses a threat to many managers and employees in an organization and so that involvement is necessary.

According to Kouzes & Pozner (2003), leaders must be clear about placing a value on others. Appreciating and paying attention are signals that leaders send about how important their constituents are to them and that constituent' inputs and ideas are important. They further assert that, people will follow leader's advice and recommendation only when they trust their competence and believe that they have their best interest at heart. People are interested in the strategy of the company, they want to be part of it and help in its realization (Quirke, 2008)

2.5.2 Role of internal Communication

Quirke (2008) recognizes that traditionally, internal communication has focused on the announcement of management conclusions and the packaging of management thinking into messages for distribution to the 'troops'. He further argues that the way in which organizations have traditionally approached communication has been based on applying outdated rules- with disappointing and frustrating results. By companies falling to make a strong enough connection between business strategy and internal communication, they fail to plan and monitor progress appropriately. Providing a quality service or product to the customer and good communication are inextricably linked. Good internal communication fosters increased employee satisfaction. Better satisfaction reduces staff turnover, and higher retention is linked with higher customer satisfaction.

Quirke (2008) further asserts that communication is vital to creating value. Its importance lies in turning strategy into action. For strategies to succeed according to him, people need to understand what the strategy is, the context to the strategy and the rationale behind it. They need to know their own role and the specific actions they should take. Unfortunately, organizations often do not treat communication as a value- adding business but as a branch of welfare, and when necessary, a means of management propaganda. To succeed, companies need employees who are clear about the overall direction and the part they need to play. They also need their employees to be willing to follow the lead and play their part. Communications is not the responsibility single charismatic leader, but of all managers. Effective communication with and involvement of relevant stakeholders is vital prior to and during strategy implementation.

According to Kouzes & Pozner (2003), sharing information is a critical determinant in developing people's capacity. As a result of good and open communication, everyone knows what to do and why. Plus, having been involved in developing the plan, people are committed to it; their ownership is increased. The idea is that the best way to run a company is to make certain that everyone knows the rules of the game: that is how the company makes money and generates cash. Leaders must understand that unless they communicate and share information with their constituents, few will take much interest in what is going on. Unless people see and experience the effects of what they do, they won't care. When leaders share information rather than guard it, people feel included and respected.

2.5.3 Formulation of strategy

Whether or not Strategy Implementation succeeds depends a lot on how it was formulated. Hrebiniak (2006) explains that execution cannot overcome the shortcomings of a bad strategy or a poor strategic planning effort. According to Hrebianak, organizations need to develop excellent strategies which can then proceed to be excellently executed.

In a similar manner, Kim and Mauborgne, (1991, 1993) argue that how a strategy is developed will influence the effect of implementation. On the other hand, 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.

2.5.4 Organizational Structure

New strategies cannot always be achieved using existing organizational structures. A change in strategy often requires changes in the way the organization is structured. According to David (1997), this is because structure largely dictates how objectives and policies will be established and secondly that structure dictates how resources will be allocated. Structure should be designed to facilitate the strategic pursuit of a firm and therefore follows strategy.

David (1997) furthers asserts that on the other hand structure can shape the choice of strategies and therefore if a certain new strategy would require massive structural changes, it might not be an attractive choice. According to Rue & Byars (2009), an appropriate structure will not guarantee success, but it will enhance the organization's chances for success. Organizations usually require structural change to reorganize resources and competencies into configurations that can deliver the required competitive advantage. A new structure can evolve out of a new cross-organizational arrangement of resources or the addition of new resources from outside the organization.

2.5.5 Organizational culture

According to Pearce, Robinson, & Amital (2007), Organization culture is the set of important assumptions (often unstated) that members of an organization share in common. Every organization has its own culture. An organization's culture is similar to an individual's personality- an intangible yet ever present theme that provide meaning, direction, and the basis for action.

According to David (1997), strategist should strive to preserve, emphasize and build upon aspects of existing culture that support proposed new strategies. Aspects of existing culture that are antagonistic to a proposed strategy should be identified and changed. Cultural characteristics that may support the implementation of the strategy include customer-focused behaviors, high levels of skills, flexible working relationships, high levels of cohesion, strong alignment with ethics and values of the organization, high levels of autonomy among others. Organizational culture is the crucial factor which determines how quickly or how readily the people can adapt to the new demands that deployment of strategy may make on them.

2.5.4 Role of functional heads

To be able to willing follow a leader, followers are looking for leaders who are of integrity, forward looking, competent, and those that are able to inspire, decisive and able to provide direction (Kouzes & Pozner 2003).

Strategy implementation is soon defeated if the attitudes and habits of managers and employees are hostile, and if the customary ways of doing things block strategy implementation instead of facilitating it. Successful implementation involves commitment, supportive culture, supportive systems and good leadership. The transition from strategy implementation requires a shift in responsibilities from strategist to divisional and functional managers (David, 1997)

Many companies repeatedly fail to truly motivate their people to work with enthusiasm, all together, towards the corporate aims. Leadership is the common thread which runs through the entire process of translating strategy into results and is the key to engaging the hearts and minds of your people.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methods that were used for the study. It adopted the following structure; research design, population, sample design, data collection and data analysis.

3.2 Research design

A research design is defined as an overall plan for research undertaking (Saunders, Lewis & Thornhill, 2009). This study adopted a case study research design. A case study involves a careful and complete observation of social units. It's an in depth study that places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Data collected from such a study is more reliable and up to date (Kothari, 1990)

In this study information was collected from respondents within the operation centers with a view of determining factors that influence functional strategy implementation at Barclays bank of Kenya.

3.3 Population

The study concerned itself with operations SBU of Barclays Bank of Kenya, which consists of eight processing centers. The target respondents were middle and senior level managers within these eight centers. This comprised twenty four middle level managers and eight senior managers, so as give a total target population of thirty two.

3.4 Data collection

Interviews are a systematic way of talking and listening to people and are another way to collect data from individuals through conversations. According to Gray (2004), interviews are used because, there is a need to attain highly personalized data, there are opportunities for probing and that a good return rate is expected.

This study used primary data that was collected using an interview guide. The researcher interviewed managers in operations center to find out factors that influence functional strategy implementation.

3.5 Data Analysis

Content analysis was used to analyze the data collected from respondents since it will be qualitative in nature. According to Kothari (2004), content analysis is the analysis of the content of documentary and verbal materials, and describes it as a qualitative analysis concerning the general import of message of the existing documents and measure pervasiveness. Discussion

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter explains the data that was collected in this study. It endeavors to present the collected data using charts and, tables. It further provides detailed information by answering the specific research objectives that had been the basis of this research. The chapter presents analysis, results and discussion of the data collected from the field. The data was gathered using interview guide as the research instrument. The interview guide was designed in line with the objective of the study. To enhance the quality of the data obtained, unstructured questions were used where interviewees indicated their views and opinions about factors that influence implementation of functional strategy at Barclays Bank of Kenya.

4.2 Presentation of findings

This section details the findings of the research based on the information collected from face to face interviews with the respondents using the Interview guide. The data generated in this research is highly qualitative in nature and necessitated analysis through qualitative content analysis. To accomplish this, similar responses were classified together and each cluster coded appropriately to facilitate its analysis. The results from the analysis are discussed next:

4.2.1 Data Demographics

Three demographic questions had been included in the research instrument with the aim of ascertaining personal issues among the respondents that might have a bearing on their responses to the research questions. These demographics were Length of Service, Position in the organization and Department they serve in.

From an initial sample of 10 managers, a total of six respondents were interviewed; four male and two female respondent in various management roles. 16.67% of the interviewed staff members have worked at Barclays for more than 21 years, 50% have worked for 16-20 years while the remainder have worked at Barclays for between six and fifteen years. Three of the six respondents interviewed are in junior management positions (team leaders), two out of six are in middle level management while one out of the six is in a senior management position. All the six respondents work in at least one of the various departments of Operations Strategic Business Unit of BBK. This information about the respondents is presented in Table 4.1, 4.2 and 4.3:

Table 4.1 Gender of the respondents

	Gender		
	Male	***Female***	***Total***
Count	4	2	6
Percentage	66.67%	33.33%	100%

Table 4.2 Length of Service of respondents

	Length of Service				
	6-10years	***11-15 years***	***16-20years***	***Over 21yrs***	***Total***
Count	1	1	3	1	6
Percentage	16.67%	16.67%	50%	16.67%	100%

Table 4.3 Position/job role of respondents

	Junior management	*Middle level management*	*Senior management*	*Total*
Count	3	2	1	6
Percentage	50%	37.5%	12.5%	100%

4.2.2 Perception of the Banks future

This question aimed at evaluating whether the respondents have faith in the strategies Barclays is presently pursing. The responses were categorized in highly optimistic, mixed feelings and pessimistic responses. 50.00% of those interviewed were very optimistic about the future of Barclays Bank. 33.33% are the opinion that the future is bright but a lot needs to be done to achieve success in the wake of competition and a harsh operating environment. The remaining 16.67% gave a pessimistic outlook, as they felt that the bank has had its better days in the past and the future is bleak.

4.2.3 Role of communication in Strategy implementation

This question sought to find out the value managers ascribe to communication and its influence on strategy implementation. The responses were categorized into critical, important and unimportant. All the respondents agreed that communication is important. Five of the six respondents (83.33%) felt that communication is critical in strategy implementation. The remaining 16.67% were of the opinion that Communication is important but not a critical factor in strategy implementation. The reasons cited by a majority of the respondents are that communication serves to provide direction and ensure the entire team pulls together to create synergy with its obvious benefits to the strategy implementation process.

4.2.4 Role of operations in the Barclays system

This question sought to articulate the place of functional strategy in the overall corporate strategy of the bank. The question was posed as, 'What is the role of the operation centre within your banking system?' The responses dwelt on support for branches/front office functions, and proving a centralized way of executing customer request in order to allow for uniformity in how Barclays operates. All the six respondents (100.00%) pointed out the role of Operations as being supportive to the retail business, while a further 16.67% felt that besides this principal role, the operation centre also helps to create uniformity in the Barclays processes.

4.2.5 Process of implementing strategy

The question was posed as, ‘What process do you apply in implementing your unit strategy?’ The responses have been tabulated as follows:

Table 4.4 Approaches to strategy implementation

Strategy implementation approaches	Responses	Total respondents	Percentage
Use of the PD tool/process	2	6	33.33%
Proper communication/Feedback	2	6	33.33%
Persuasion	1	6	16.67%
Coercion	1	6	16.67%
Delegation/Staff involvement	3	6	50.00%

50% of the managers questioned use staff involvement and delegation as the approach/technique of choice in implementing functional strategy.

4.2.6 Factors influencing implementation of functional strategy

This question was posed to the respondents as, ‘what factors would you say influence implementation of functional strategy within your unit?’ The responses are as presented in Table 4.5. The analysis reveals that Effective Communication is the single most important factor that influences successful implementation of functional strategy. This is followed by Performance Development (PD) too and process, as well as Staff participation in the implementation process. Other less significant factors include availability of resources and other planning for the purposes of the implementation.

Table 4.5 Factors influencing implementation of functional strategy at Bbk

Factors	Responses	Total respondents	Percentage
PD tool and process	2	6	33.33%
Communication	4	6	66.67%
Proper planning	1	6	16.67%
Availability of resources	1	6	16.67%
Staff participation	2	6	33.33%
Support from senior mgt	2	6	33.33%

4.2.7 Challenges in implementing functional strategy

The respondents were what factors they thought act as barriers to functional strategy implementation within their units. Various responses given were then evaluated into five broad challenges which are: Unsupportive leadership, Lack of communication, Ineffective planning, Lack of staff involvement and an Unsupportive organizational structure. The responses are presented in Table 4.6:

Table 4.6 challenges facing implementation of functional strategy at Bbk

Challenge	Responses	Total respondents	Percentage
Unsupportive leadership	1	6	16.67%
Lack of communication	5	6	83.33%
Ineffective planning	1	6	16.67
Lack of staff involvement	3	6	50.00%
Unsupportive organizational structure	1	6	16.67%

From the analysis, 83.33 percent of respondents cited Lack of communication as the greatest challenge facing implementation of functional strategy. This is closely followed by 50% who felt that Lack of involvement of staff posed a great challenge in implementing strategy. Insufficient planning, lack of support from the leadership as well as an unsupportive organization structure were cited as only posing minimum challenges on the implementation process as compared to the first two.

4.2.8 Impact of organization structure on strategy implementation

When asked about their opinion on whether their current organizational structure supports or hinders full implementation of functional strategy, the respondents had mixed feeling with some saying it was supportive while others said the structure was not supportive, citing bureaucratic tendencies. One respondent out of six felt the structure is supportive. Two out of six felt it was supportive though it requires to be improved to limit the lengthy chains of command and enhance faster decision making. The majority of respondents, three out of six (50%), felt the structure was too rigid and served as a hindrance to implementation of functional strategy. Overall, the senior management had a more positive outlook on the organization structure than did the junior management.

4.3 Discussion

This study set out to establish challenges facing implementation of functional level strategy at Barclays bank of Kenya. It was founded on the theoretical basis of earlier works that had pinpointed factors like employee participation, Communication, Organization culture and organizational structure as elucidated in the literature review in chapter two of this paper. In this section, the results are discussed and a comparison is made with regard to theoretical aspects that underpin it as well as similar studies in strategic management.

The study has established that implementation of functional strategy at Barclays bank of Kenya is affected by a number of factors, chief of which is the way strategy is communicated. It is interesting to note that not only is Effective communication cited as the single most important factor that affects strategy implementation at functional level, but lack of it is also cited as the single most important challenge that is facing strategy implementation at this level. While organizational structure and culture as well as staff participation appear to be less significant as revealed in this study, the way respondents expressed themselves during the interviews points at a situation where these very significant factors are absorbed into a more significant factor: communication. The understanding is that effective communication is capable of creating a culture that is supportive and one that embraces staff participation by optimally tapping into their potential.

Communication is also seen as a key aspect of good leadership and supportive leadership will consequently comprise of able communicators who are able to articulate the strategic initiatives and get staff buy in as to ensure their effective participation. When this happens, the situation envisaged by Quirke (2008) becomes a reality – the firm gets to a point where everyone’s energies point to the same direction. The findings of this research are in agreement with this concept seeing the level of importance majority of respondents ascribes to communication.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides the summary of the findings from chapter four and also gives the conclusion and recommendation of the study based on the objective of the study. The objective of the study was to determine the factors that influence the implementation of functional strategy at Barclays Bank of Kenya.

5.2 Summary

The study established that majority of those interviewed believed that the bank is headed in the right direction in regard to strategy implementation. The study further found out that communication plays a key role in functional strategy implementation. This is because it provides direction to the staff on where the business is going. Clear communication makes everyone understand what the business objectives are.

The study also found out that Operation center plays a key role in ensuring the bank achieves its overall strategy. This comes about by the fact the operations as a function supports the branch network to fulfill its obligation.

Further, the study found out that managers use various tools to implement strategy at their departments. These range from Performance Development (PD), Coercion, persuasion, staff involvement and proper communication. Staff involvement was the most used tool with at least half of those interviewed using it.

On the factors that influence functional strategy, majority of managers interviewed believe that communications plays a very key role in implementing function strategy. Other factors are performance development tool, proper planning, and availability of resources, staff participation and support from senior management.

More than half of those interviewed believe that lack of proper communication and no staff involvement can hamper implementation of strategy at a functional level. Other factors that can come in the way of functional strategy implementation are unsupportive leadership, Ineffective planning and unsupportive organizational structure.

On the question whether Barclays structure hinder of facilitates functional strategy implementation, responses were varied with some saying it supports while others saying it needs to be improved. The issue of structure is attributed to the fact the Barclays is an international organization with the group head office based in London

5.3 Conclusion

The conclusions of this research draw from its objective as stated in chapter one and the findings of the study as discussed in chapter four. In establishing the factors that affect implementation of functional strategy at Barclays bank of Kenya, the study concludes that a number of finite factors are responsible but key amongst them is the way strategy is communicated to those who ultimately do the implementation. From the study the researcher concludes that for functional strategy to be fully implemented, clear and proper communication must be made to the entire business. This will make employees aware on what is happening and remove uncertainties if any.

In addition, staff should be involved so that they are part of the process. This way resistance will be minimized if not completely removed. The study also concludes that Barclays Kenya has a good performance tool which enables it to achieve its objectives.

5.4 Recommendation

The researcher wishes to suggest the following recommendations which should inform future research in this area. To begin with, although this particular study has established that Barclays Kenya has put in mechanisms that ensures implementation of its strategy at the functional, it is important that a wider study be done to encompass other commercial banks operating in Kenya, so as to find out whether the results generated in this study uniquely apply to Barclays or whether they are generalizable across the banking industry.

Moreover, the researcher recommends that a future researcher wishing to carry out a similar study on Barclays should adopt another methodology, say, instead of interviewing management staff; a methodology may be adopted that seeks to find the views of the rank and file who are the ultimate implementers of such strategies. It will be interesting to find how the results from such a study would compare with the findings of this study.

5.5 Limitation of Study

The main limitation of this study is related to the confidentiality of the information sought. Banking being a sensitive industry, information that was confidential was not readily available as Barclays Kenya felt that if it divulges it would have an impact on its brand.

5.6 Suggestion for further study

It is recommended that a study be done to cover the entire banking industry which will allow for generalization of factors that influence implementation of functional strategy in the industry.

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Appendix 1: INTEVIEW GUIDE

INTERVIEW GUIDE FOR MBA RESEARCH ON FACTORS INFLUENCING IMPLEMENTATION OF FUNCTIONAL STRATEGY WITHIN OPERATION CENTER OF BARCLAYS BANK OF KENYA

Date ……………………….

Interviewee name: …………………………………………… (Optional)

Job title: ……………………………………………………….

This interview guide has been prepared in relation to the objectives of this study. It seeks to establish factors influencing implementation of functional strategy within operation center of Barclays bank of Kenya. The information provided in this interview guide will be exclusively used for academic purposes and will be treated with utmost confidentiality.

1. When did you join the organization?
2. What is your position in the organization?
3. In which department does your unit fall?
4. What is your perception about the bank's future?
5. What do you think is the role of communication in functional strategy implementation?
6. What is the role of the operation center within your banking system?
7. What process do you apply in implementing your unit strategy?

8. What factors would you say influence the implementation of functional strategy within your unit?

9. What factors do you think can act as barriers to functional strategy implementation within your unit?

10. In your opinion, do you think your organization structure hinder or facilitate full functional strategy implementation?