

RELATIONSHIP BETWEEN STRATEGY IMPLEMENTATION AND  
PERFORMANCE IN COMMERCIAL BANKS IN KENYA

BY

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## **DECLARATION**

This project is my original work and has not been presented for the award of a degree in this University or any other Institution of higher learning for examination.

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This project has been submitted for examination with my approval as the University Supervisor.

Signature .....

Date .....

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## **DEDICATION**

This project is dedicated to my lovely wife Ann, my sons; Dan and Isaac and my daughter Joy for their love, care, support and encouragement.

## **ACKNOWLEDGEMENT**

I am humbled to God for His abundance grace and for good health throughout my studies and for bringing me this far.

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Although it has not been possible to mention by name all those people that helped me in one way or another to make my work a success, to you all I say thank you and God Bless you abundantly.

## ABSTRACT

Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. Organisational's performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. The objective of this study was to assess the relationship between strategy implementation and performance in commercial banks in Kenya. The study was a cross-sectional survey as it sought to describe data and characteristics about the population or phenomenon being studied. The target population for this study involved all the commercial banks operating in Kenya. Both primary and secondary data was collected for the purpose of this study and analysed using descriptive statistics. From the study findings it was clear that strategy implementation influences organisation performance where organization use various measures such as organization use projected performance of competitors, organization goals, Past performance of the business and projected performance of organisation in other industries to assess their performance. On financial performance the study established that implementation influence organization financial performance positively. The study concluded that implementation influence organization financial performance positively to a great extent resulting to increased organization profitability, business turnover and volumes of sale. On organization growth the study established that strategy implementation influence organisation growth at great extent. The researcher used questionnaires with both closed and open ended questions to collect data. Closed ended questions have the disadvantage of limiting the responses whereby the respondent is compelled to answer questions according to the researcher's choice. However to mitigate this limitation the researcher ensure that the questions were well thought out and comprehensive enough to cover all important aspects of the study objectives. The study recommended that for the organization to perform effectively on its financial performance clear strategies that guides its operation should be formulated and guideline be provided to all concerned department in order to eradicate occurrence of compromise. On financial performance, the study recommended that in order for organization to achieve their goal such as profitability, large market share and customer retention, there should be effective strategies that cater for the customer need organization goal and environmental changes. The study also suggested further research to be done on impact of strategy implementation on organization performance in other institutions in order to depict reliable information that illustrates real situation in across all sectors.

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## **LIST OF ABBREVIATIONS/ ACRONYMS**

|             |  |
|-------------|--|
| <b>CBK</b>  | Central Bank of Kenya                  |
| <b>FLEs</b> | Frontline Employees                    |
| <b>KBA</b>  | Kenya Bankers Association              |
| <b>KCB</b>  | Kenya Commercial Bank                  |
| <b>SME</b>  | Small and Medium Enterprises           |
| <b>SPSS</b> | Statistical Package for Social Science |

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

The challenges of the modern business environment and fast changing global economy demands high productivity speed and flexibility for organizations that seeks to thrive. In order to achieve the required efficiency and effectiveness, organizations must change their structure strategically .These can be achieved by retaining the best of their traditional structures while embracing radically new structures that leverage the human capital and adds value to the customers(Pearse and Robinson, 2011)

Organization design can be considered to be a strategic tool for executing business strategy. The management should consider it pertinent in designing structures that enables implementation of strategic goals in order to suit the demand of its market place, customers and business model. With increased competition, rapid technological advancement, shifting economic regulations and increased demand on non price competitive advantage most companies have been compelled to review their business strategies. The magnitude speed and impact of change are greater than ever before, new production processes and services have emerged (Burnes, 2004).

#### **1.1.1 Concept of Strategy**

Strategy can be defined as the balance of actions and choices between internal capabilities and external environment of an organization. Accordingly, strategy can be seen as a plan, play, pattern, position and perspective (Mintzberg et al, 2009). According to Bateman and Zeithman (1993), a strategy is a pattern of actions and resource

allocations designed to achieve the goals of the organization. The strategy an organization implements should be directed toward building strengths in areas that satisfy the wants and needs of consumers and other key actors in the organizations' external environment. It therefore forms a comprehensive modern plan that states how the organization will achieve its mission and objectives, maximizes competitive advantage and minimizes competitive disadvantage.

There are different forms of strategy (Johnson et al., 2008). Corporate level strategy is concerned with the overall scope of an organization and how value will be added to the different parts (business units) of the organization. This could include issues of geographical coverage, diversity of products/services of business units, and how resources are to be allocated between different parts of the organizations. The second level is the business level strategy, which is about how to compete successfully in particular markets or how to provide best value services in the public services. This concerns which products or services should be developed in which markets and how advantage over competitors can be achieved in order to realize the objectives of the organization. The third level of strategy is at the operating end of the organization. These strategies are called operational strategies, which are concerned with how the component parts of an organization deliver effectively the corporate and business level strategies in terms of resources, processes and people. Finally, the political strategy is designed to accommodate new balance of power among the external forces and limit pressure for organizational change.

### **1.1.2 Strategy Implementation**

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

Ansoff (1999) views strategy in terms of market and product choices. According to his view, strategy is the "common thread" among an organization's activities and the market. Johnson and Scholes (1998) define strategy as the direction and scope of an organization that ideally matches the results of its changing environment and in particular its markets and customers so as to meet stakeholder expectation. According to Jauch and Glueck (1984), strategy is a unified and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization.

Mintzberg and Quinn (1979) also had a hand in strategy definition whereby he perceives strategy as a pattern or a plan that integrates organization's major goals, policies and

action into a cohesive whole. Porter (1996) has defined strategy as a creation of a unique and vulnerable position of tradeoffs in competing, involving a set of activities that neatly fit together, that are simply consistent, reinforce each other and ensure optimization of effort.

Johnson and Scholes (2002), view strategy as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, and fulfill stakeholders expectations. Strategic management is, hence, both a skill and an art. Good strategic management requires both clear thought and sound judgment. Strategic management is the formal and structured process by which an organization establishes a position of strategic leadership. Strategy development is a multidimensional process that must involve rational analysis and intuition, experience, and emotion. But, whether strategy formulation is formal or informal, whether strategies are deliberate or emergent, there can be little doubt as to the importance of systematic analysis as a vital input into the strategy process. Without analysis, the process of strategy formulation, particularly at the senior management level, is likely to be chaotic with no basis for comparing and evaluating alternatives. Moreover, critical decisions become susceptible to the whims and preferences of individual managers, to contemporary fads, and to wishful thinking (Hill and Jones, 2001)

Strategy, where it comes from and how it operates, are contentious issues in management theory, as witnessed by the volumes of writing on the subject. Mintzberg and Lampel (1999) identified ten schools of strategy formulation, but his is only one

among many attempts to categorise the vast literature and subtly varying approaches on offer. Here, those aspects of this area of study, which appear relevant to the use of the term “strategy” in local government, needs to be set out.

Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. The environmental conditions facing many firms have changed rapidly. Today's global competitive environment is complex, dynamic, and largely unpredictable. To deal with this unprecedented level of change, a lot of thinking has gone into the issue of how strategies are best formulated. Strategic management is about managing the future, and effective strategy formulation is crucial, as it directs the attention and actions of an organisation, even if in some cases actual implemented strategy can be very different from what was initially intended, planned or thought. The assessment of strategy formulation processes becomes crucial for practitioners and researchers alike in order to conduct and evaluate different formulation processes (Olson et al. 2005).

### **1.1.3 Commercial Banks in Kenya**

A commercial Bank is a type of financial institution that lends money and provides transactional, saving and money market accounts and that accepts time deposits (Shekhar, 1984).

The Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK), governs the Banking industry in Kenya. The banking sector was liberalised in 1995 and exchange controls

lifted. The CBK, which falls under the Minister for Finance's docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The CBK publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publications and guidelines. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and addresses issues affecting its members (Kenya Bankers Association annual Report, 2008).

There are forty-three (43) bank and non-bank financial institutions, fifteen micro finance institutions and forty-eight foreign exchange bureaus in Kenya. Thirty-five (35) of the banks, most of which are small to medium sized, are locally owned. The industry is dominated by a few large banks most of which are foreign-owned, though some are partially locally owned.

Over the last few years the banking sector has continued to grow in assets, deposits, profitability and product offered. This growth has mainly been characterised by wide branch network expansion strategy. The key areas identified in the strategy revolve around the banking infrastructure, quality of customer service, innovative products to capture the targeted market, and the acquisition of the right skills and creating new organisational structure. Banking sector has also developed other microfinance products among them business loans top Micro and SME sector. The products have fitted well with its focus strategy.

## **1.2 Research Problem**

Strategy implementation is an enigma in many companies. The problem is illustrated by the unsatisfying low performance (only 10 to 30 percent) of intended strategies (Raps and Kauffman, 2005). 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 and 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 formulation and implementation need to be successful.

The key areas identified in the strategy revolve around banking infrastructure, quality of customer service, innovative products to capture the targeted market, and the acquisition of the right skills and creating new organisational structure. Several studies have been done on the strategies that the banks have employed over time (Aaltonen and Ikåvalko, 2002, Bourgeois and Brodwin, 1984). However, no study has been done to examine the relationship between strategy implementation and performance in commercial banks in Kenya. Kiptugen (2003) in a study to determine the strategic responses of Kenya Commercial Bank to a changing competitive environment. Since he focused mainly on strategies that can be adopted in a competitive environment; the study failed to cover the processes involved in strategy implementation and performance. Muturi (2005) on the other hand did a study to determine the strategic responses of Christian churches in Kenya to changes in the external environment. He based his survey on evangelical

churches in Nairobi. This study focused on a different context and concept from what the current study seeks to cover. Kamanda (2006) also did a study on Kenya Commercial Bank (KCB) with the objective of determining the factors that influence its regional growth strategy. Major findings show the strategy being pursued by the bank is market development and the preferred mode of entry is registration of fully owned subsidiaries and mergers and acquisitions. The reasons for KCB's regional growth strategies are attractive regional market, desire to follow competition and customers, grow market size, inducement by host Governments, reduction of operational costs, desire to boost corporate image, answer needs, namely reconstruction of formerly devastated infrastructure and meet the demand for banking services, take advantage of harmonized tax regime, tap new opportunities, leverage on the regional integration and free trade frontiers, to stay ahead of competition, and grow shareholder value. Situma (2006) also covered KCB but focused on its turnaround strategy. He found that various strategies are available to the firm depending on the circumstances in the environment the firm operates implying that a company should make a choice of strategy that will maximise the opportunities available in its environment as well as minimize the threat posed by it by building on its strength and addressing areas of its weakness. Muguiyi (2007) studied the role of executive development in strategy implementation doing a comparative study of KCB and National Bank of Kenya. The study found that KCB has a better developed executive training programme and has been successful in strategy implementation. NBK has not developed theirs and there is little evidence of successful strategy implementation. The researcher found that there is a correlation between the improved quality of its staff after executive development and success in strategy

implementation in the two banks studied. Executive education programs should be a standard component of corporate training in the banks and other organizations to ensure innovative and informed leadership that will successfully overcome the challenges of strategy implementation.

However, there exists a knowledge gap existing in emergent economies for instance Kenya, where there is limited both theoretical and empirical review about strategic planning in the banking industry in relation to performance. This study therefore study sought to explore relationship between strategy implementation and performance in commercial banks in Kenya by answering the following research question; what is the relationship between strategy implementation and performance in commercial banks in Kenya?

### **1.3 Research Objective**

The objective of this study was to assess the relationship between strategy implementation and performance in commercial banks in Kenya

### **1.4 Value of the Study**

Strategy which is a fundamental management tool in any organisation is a multi dimensional concept that various authors have defined in different ways. It is the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish. Organizations seem to have difficulties in implementing their strategies. The study is therefore is important to

all the managers in banking sector. It will help them understand how strategy implementation affect the business in terms of performance. This will help different firms achieve success better than others.

The policy makers will obtain knowledge of the financial sector dynamics and the process of strategy implementation and performance there of. They will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector participation

The study will provide information to potential and current scholars on strategic management among commercial banks in Kenya. This will expand their knowledge on strategy implementation in financial institutions and also identify areas of further study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter gives a review of documented scholarly work relevant to strategy implementation and organisation performance. The literature includes related studies conducted elsewhere and their findings, and arguments advanced by other scholars on the issue under study in this research.

#### **2.2 Theoretical foundation**

The study was guided by the following theory;

##### **2.2.1 The Agency Theory**

Agency theory is a management approach where one individual (the agent) acts on behalf of another (the principal) and is supposed to advance the principal's goals (Judge et al 1995). The agent therefore advances both the principals' interests and his own interests in the organization. A balance of these interests should be merged in order to arrive at the corporate objectives of the organization through the agent because he/she is in charge of the vast resources of the organization. Laffort & Martimost (2002) contends that the agency theory of strategic Management is so crucial since the action chosen by a particular individual (the agent) affects not only one, but several other parties (the principals). Hence, the agents' role in strategic formulation and the overall strategic management process cannot be underestimated. They say that the firm is often characterized as a nexus of both explicit and implicit contracts linking the management

and its different stakeholders, including claimholders, workers, unions, customers, suppliers and the state among others. The Agency Theory holds the view that there should be proper synergy between the management and its stakeholders in order to work towards a common goal. The Agency Theory has also been described as the central approach to managerial behavior. Rugman, and Verbeke (2008) says that the Agency Theory is used in the managerial literature as a theoretical framework for structure and managing contract, which is among the emerging issues in strategic management. It therefore explains the behavior of principals and agents relationships in performance contracting in management.

The agency theory tends to take precedence against other strategic management theories. Krueger (2004) in his paper in strategic management and management by objectives says that the plethora of strategy implementation is the agency theory in practice at all levels of the strategic management process. He contends that starting from the corporate strategy to operational strategy the objectives designed at all these levels must be supervised by the agents or managers for the organization to achieve its objectives management by objectives which observes that organization must formulate objectives at all strategic hierarchy levels cited by Henry et al (2006) stresses that for these objectives to be achieved there has to be collaborative efforts between the managers as agents and subordinates.

In conclusion therefore that the Agency theory of strategic management proves to be superior to any other theory of strategic management when it comes to strategy

implementation hierarchy. This is in the light that at each level of the strategic formulation hierarchy, there has to be an agent charged with the responsibility of representing other stakeholders at other levels. It is therefore prudent to note that there should be synergy using the Agency theory and proper understanding between the principal and the Agent for the organization to achieve its objectives efficiently and effectively. Thus in conclusion the agency theory should be embraced particularly at the strategy formulation level of strategic management and generally to the overall process of strategic Management to enhance the organizational competitive performance.

### **2.3 Organisational Performance**

Organisational's performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organisation's operations and strategies (Aaltonen and Ikåvalko, 2002). It is also the extent to which an individual meets the expectations regarding how he should function or behave in a particular context, situation, job or circumstance.

Longer term performance has been chosen for two reasons: firstly because that is what the customers of "retail" products such as unit trusts might be expected to be looking at, particularly in view of the charging arrangements which make shorter term investment

unwise. Secondly, one of the attractions of looking at “real” products rather than theoretical studies is the question of how administrative costs contribute to the results. As with any method of analysis designed to measure business performance, there are limitations and imperfections associated with the use of financial ratios, particularly the use of very few ratios in isolation (Denton and White, 2000).

## **2.4 7s Model, Strategy Implementation and Performance**

McKinsey’s (1982) model describes the seven factors critical for effective strategy execution. The 7-S model identifies the seven factors as strategy, structure, systems, staff, skills, style/culture, and shared values. Strategy is the plan of action an organization prepares in response to, or anticipation of, changes in its external environment. Strategy is differentiated by tactics or operational actions by its nature of being premeditated, well thought through and often practically rehearsed. It deals with essentially three questions, (1) where the organization is at this moment in time, (2) where the organization wants to be in a particular length of time and (3) how to get there. Thus, strategy is designed to transform the firm from the present position to the new position described by objectives, subject to constraints of the capabilities or the potential (Kaplan, 2005).

Structure refers to the way in which tasks and people are specialized and divided, and authority is distributed; how activities and reporting relationships are grouped; the mechanisms by which activities in the organization are coordinated (Kaplan, 2005). Structures in organisations need to be organised to result to improved organisational performance. Organisations are structured in a variety of ways, dependent on their

objectives and culture. The structure of the company often dictates the way it operates and performs (Waterman *et al.*, 1980).

Systems are formal and informal procedures used to manage the organization, including management control systems, performance measurement and reward systems, planning, budgeting and resource allocation systems, and management information systems (Kaplan, 2005). Every organization has some systems or internal processes to support and implement the strategy and run day-to-day affairs. The effectiveness of these systems dictates the performance of the organisation. These processes are normally strictly followed and are designed to achieve maximum performance. Traditionally organisations have been following a bureaucratic-style process model where most decisions are taken at the higher management level. Increasingly, organisations are simplifying and modernizing their process by innovation and use of new technology to make the decision-making process quicker to enhance and expedite decision making process for better organisational performance. Special emphasis is on the customers with the intention to make the processes that involve customers as user friendly as possible (Lynch, 2005).

Staff refers to the people, their backgrounds and competencies; how the organization recruits, selects, trains, socializes, manages the careers, and promotes employees. (Kaplan, 2005). Organisation throughout the world strive to develop and retain high calibre staff who drives organisations performance to greater heights. The importance of human resources has thus got the central position in the strategy of the organization, away from the traditional model of capital and land. All leading organisations such as

IBM, Microsoft, Cisco, etc put extraordinary emphasis on hiring the best staff, providing them with rigorous training and mentoring support, and pushing their staff to limits in achieving professional excellence, and this forms the basis of these organizations strategy and competitive advantage over their competitors. It is also important for the organization to instill confidence among the employees about their future in the organization and future career growth as an incentive for hard work (Purcell and Boxal, 2003).

Shared values which are the core or fundamental set of values that are widely shared in the organization and serve as guiding principles of what is important; vision, mission, and values statements that provide a broad sense of purpose for all employees (Kaplan, 2005). All members of the organization share some common fundamental ideas or guiding concepts around which the business is built. This may be to improve performance of their organisation or to achieve excellence in a particular field. These values and common goals keep the employees working towards a common destination as a coherent team and are important to keep the team spirit alive. The organisations with weak values and common goals often find their employees following their own personal goals that may be different or even in conflict with those of the organization or their fellow colleagues (Martins and Terblanche, 2003).

The 7-S model posits that organizations are successful when they achieve an integrated harmony among three “hard” “S's” of strategy, structure, and systems, and four “soft” “S's” of skills, staff, style, and super-ordinate goals (now referred to as shared values) (Kaplan, 2005). The hard components are the strategy, structure and systems which are

normally feasible and easy to identify in an organization as they are normally well documented and seen in the form of tangible objects or reports such as strategy statements, corporate plans, organisational charts and other documents. The four Ss, however, are more difficult to comprehend. The capabilities, values and elements of corporate culture, for example, are continuously developing and are altered by the people at work in the organization. It is therefore only possible to understand these aspects by studying the organization very closely, normally through observations and/or through conducting interviews.

## **2.5 Strategy Implementation and Performance**

According to Pride and Ferrell, (2003) implementation is an important component of the strategic planning process. It has been defined as “the process that turns strategies and plans into actions to accomplish organisational objectives”. It addresses the who, where, when, and how to carry out organisational activities successfully to achieve better results (Kotler *et al.* 2001).

Implementing strategic change is a double-edged sword because it simultaneously generates expected performance gain and unexpected performance loss (Brown 2005; Kennedy, Goolsby, and Arnould 2003). When unexpected performance loss dominates or drains away expected performance gain, change becomes ineffective. Moreover, the coexistence of performance gain and loss is likely to yield confounded evidence for strategic change outcomes. Organizations may fail to maximize the performance benefits of strategic change because they either do not detect the presence of performance loss or fail to diagnose and mitigate the loss. It is not surprising that extant research provides

evidence of equivocal effects of change that are either positive (Siguaw, Brown, and Widing 1994) or negative (e.g., Harris and Ogbonna 2000).

A recent meta-analysis indicates that the positive relationship between a market orientation and performance outcomes is weaker in service organizations than in manufacturing firms (Kirca, Jayachandran, and Bearden 2005). A reason for this weak relationship is the challenge of executing change at customer interfaces (Brown 2005). These interfaces involve frontline employees (FLEs) as the last link to the customer in the chain of top-down change implementation (Harris and Ogbonna 2000). Previous studies have suggested that even well-intentioned change strategies can be subverted by the detachment and defiance of FLEs (Kennedy, etal 2003).

According to David (2003), both managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Elements that require consideration during the implementation process include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture (David 2003). Dooley, Fryxell and Judge (2000) indicated that strategic implementation has a distinct relationship with various organizational elements like performance. Dooley, Fryxell and Judge (2000) further endorsed that there is a positive association between strategic consensus and firm performance.

In developing policies during the implementation process, methods, procedures, rules, forms, and administrative practices are established to achieve the desired objectives. According to David (2003), strategies which are implemented within an organization

should support the culture associated with the firm, if there is going to be successful in ensuring enhanced performance in an organisation. The proposed strategy should preserve, emphasise, and enhance the culture, in accordance with the culture supporting the proposed strategy (David 2003). Therefore, strategies to be implemented must be consistent with organisational culture to realise the desired organisational performance results.

Further, conflict management also plays an integral role within the implementation process. According to David (2003) the human element of strategic implementation plays a key role in successful implementation and involves both managers and employees of the organization. Both parties should directly participate in implementation decisions and communication that play a key role in ensuring that this occurs. Business performance is influenced by this human element of strategic implementation. Through providing performance incentives to employees during the implementation phase, it is suggested by David (2003) that business performance will be positively influenced.

Strategic decisions determine the organizational relations to its external environment, encompass the entire organization, depend on input from all of functional areas in the organization, have a direct influence on the administrative and operational activities, and are vitally important to long-term health of an organization (Shirley, 1982). According to Schermerhorn (1989), strategies must be well formulated and implemented in order to attain organizational objectives. Therefore, the ability of

strategy to lead a firm to success in performance starts way before implementation; during formulation.

## **2.6 Challenges in Strategy Implementation**

All organisations face a common challenge when implementing a new strategic initiative: how to successfully manage the changes that will occur as the new initiative is deployed. Some researchers note that organisations fail to implement up to 70 per cent of their strategic initiatives (Beer and Nohria, 2000; Miller, 2002).

Robbins and Coulter (1996) have taken into consideration that no matter how effectively a company has planned its strategies, it could not succeed if the strategies were not implemented properly. Harrison (1996) also clarified that the more ineffective the top management decisions, the more ineffective are the choices made at lower levels of management. Similarly, if top management's strategic choices tend to be successful, it reflects favorably on choices made in other parts of the organization.

Beer et al. (1990), and Woolridge and Floyd (1990) emphasized that the strategy implementation could be more difficult than thinking up a good strategy. Harrison and Pelletier (1998) explained that the real value of a decision surfaced only after the implementation of a decision. In other words, it will not be enough to select a good decision and effective results will not be attained unless the decision is adequately implemented.

Wessel (1993) stated that there were mostly individual barriers to strategy implementation such as too many and conflicting priorities, insufficient top team

functions, a top down management style, inter-functional conflicts, poor vertical communication, and inadequate management development. Eisenstat (1993) pointed out that most companies trying to develop new organization capacities failed to get over these organizational hurdles: competence, co-ordination, and commitment. Sandelands (1994) indicated that there were difficulties to conjecture the commitment, time, emotion, and energy needed to translate plans into action. McGrath et al. (1994) explained that the political turbulence might be the most important issue facing any implementation process. Lingle and Schieman (1994) stated that market, people, finance, operation, adaptability, and environmental factors play a vital role to long-term successful strategy implementation. Peng and Litteljohn (2001) noted two dimensions of strategy implementation: structural arrangements, and the selection and development of key roles. Effective strategy implementation is affected by the quality of people involved in the process. Peng and Litteljohn (2001) claimed the quality of people as skills, attitudes, capabilities, experiences and other characteristics required by a specific task or position.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter focuses on data collection, processing and analysis methods. Data collection instruments and procedures are also discussed as well as the target population and study sample.

#### **3.2 Research Design**

The study was a cross-sectional survey as it sought to describe data and characteristics about the population or phenomenon being studied. According to Kothari (2008) a research design is the “arrangement of conditions for collection of analysis of data in a matter that aims to combine relevance to the research purpose with economy in procedure”.

This design is preferred because very large samples are feasible, making the results statistically significant even when analyzing multiple variables. Surveys are useful in describing the characteristics of a large population. Additionally, high reliability is easy to obtain by presenting all subjects with a standardized stimulus which ensures that observer subjectivity is greatly eliminated (Mugenda and Mugenda, 1999)..

### **3.3 Population of the Study**

The target population for this study was all the 43 commercial banks operating in Kenya. Lavrakas (2008) defines a population as any finite or infinite collection of individual elements.

The respondents of this study were managers in the strategy departments of all banks. This is because these managers are in a good position to provide the required information on the strategic position of the bank.

### **3.4 Sampling**

The study used stratified random sampling procedure to select a sample that represents the entire population. According to Kothari, (2004), a stratified random sample is used when the population is not homogeneous, making it the appropriate sampling technique.

Sampling stratum was based on the various levels of management in commercial banks which include: Top level managers, middle level managers and low level managers. The researcher proportionately selected 10% of staff in each stratum. Mugenda & Mugenda (1999) suggest that a good sample is about 10% -30% of the accessible population. In order to ensure an equal distribution of respondents, the study utilized 12.5% of the population to obtain 86 respondents which mean that two managers were sampled from each bank

The population and sampling procedure is as summarized in table 3.1 on page 24.

**Table 3.1:** Sampling frame

|                       | <b>Population</b> | <b>Sampling Ratio</b> | <b>Sample size</b> |
|-----------------------|-------------------|-----------------------|--------------------|
| Top Level managers    | 97                | 12.5%                 | 12                 |
| Middle level managers | 172               | 12.5%                 | 22                 |
| Low level managers    | 413               | 12.5%                 | 52                 |
| <b>Total</b>          | <b>682</b>        | <b>12.5%</b>          | <b>86</b>          |

**Source: CBK, 2012**

### **3.5 Data Collection**

Both primary and secondary data was collected for the purpose of this study. Primary data will be collected using a questionnaire. The questionnaire will be semi-structured, having both open-ended and closed-ended questions. The questionnaire will be divided into two parts. The objective of the first part aimed at accessing demographic information of the staff members.

The second part of the questionnaire examined the relationship between strategy implementation and performance of commercial banks. Secondary data was collected from the websites of the various companies, journals and relevant texts. The researcher obtained an introductory letter from the University to collect data and personally deliver

the questionnaires to the respondents and have them filled in and then collect later: the drop and pick later method.

### **3.6 Data Analysis**

The researcher edited completed questionnaires for completeness and consistency. Data clean-up followed this process involved editing, coding and tabulation in order to detect anomalies in the responses and assign specific numerical values to the responses for further analysis.

The data was then be analysed using descriptive statistics. The descriptive statistical tool was used to help the researcher to describe the data with interpretation in percentages, frequencies mean score and standard deviation. The findings were presented using tables and graphs for further analysis and to facilitate comparison. This generated quantitative reports through tabulations, percentages, and measure of central tendency.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter discusses the interpretation and presentation of the findings. The purpose of the study was to investigate relationship between strategy implementation and performance in commercial banks in Kenya. The researcher made use of frequency tables and figures to present data. This study targeted 86 respondents; questionnaires were distributed to all targeted respondents. However, out of 86 questionnaires distributed only 68 respondents fully filled and returned to the questionnaires. This contributed to 79%. The researcher made use of frequency tables and figures to present data. The finding intended on answering the study's research questions. Data composed was collated and reports were produced in form of tables and figures and qualitative analysis done in prose.

#### **4.2 Demographic Characterization of the Respondents**

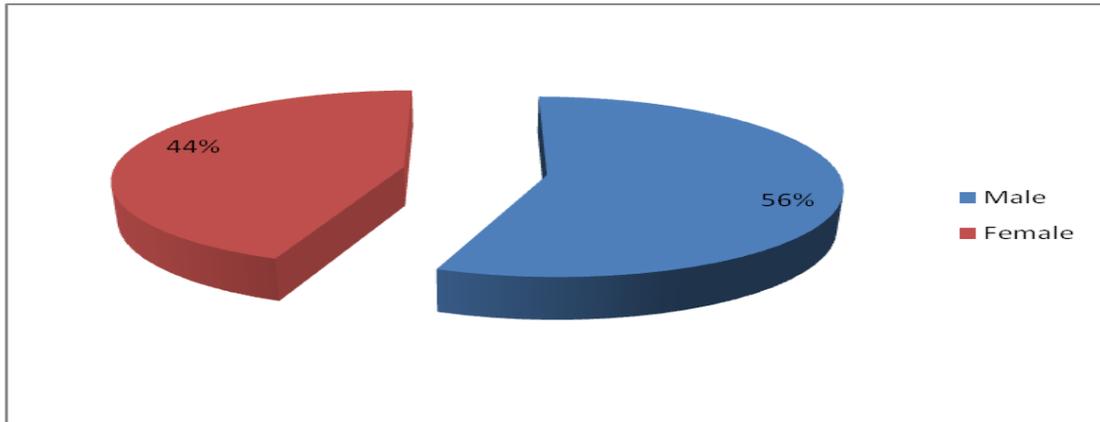
The study found it crucial to ascertain demographic information about the respondents since it configured the charitable trust under which the study can fairly entrance the applicable information. The analysis relied on this information of the respondents so as to categorize the different results according to their acquaintance and responses.

##### **4.2.1 Gender of the Respondent**

The study aimed to investigate the gender of the respondents. According to the findings, majority (56%) of the respondents were male while the rest (44%) were female. This

implies that though there is gender distribution in occupation of job in commercial banks in Kenya though most of the opportunities in are occupied by the male.

**Figure 4.1 Gender of the Respondent**



**Source: Field Data 2013**

#### **4.2.2 Age**

Table 4.1 summarizes the study finding on the age bracket of the respondents'. From the findings, most (40%) of the respondents' were within the age bracket of 35-39 years, 22% were aged between 40-44, 16% were between 30-34years, 13% were over 45% while the rest (9%) aged between 25-29years. This implies that most of the employees in in commercial banks in Kenya were energetic such that they can adjust to the strategies adopted within the organization with the aim of improving organization performance.

**Table 4.2 Age Bracket of the Respondents'**

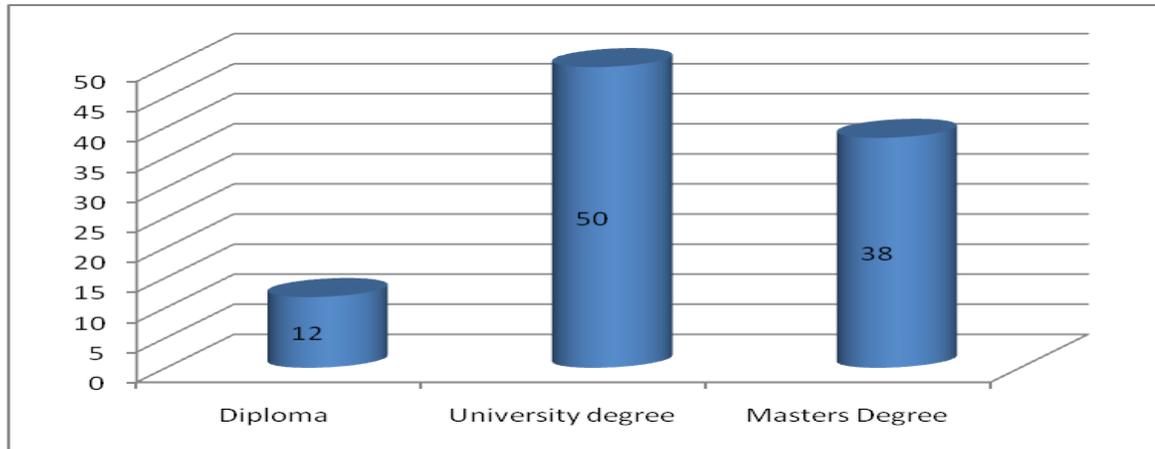
|               | <b>Frequency</b> | <b>Percentage</b> |
|---------------|------------------|-------------------|
| 25-29 years   | 6                | 9                 |
| 30-34 years   | 11               | 16                |
| 35-39 years   | 27               | 40                |
| 40-44 years   | 15               | 22                |
| Over 45 years | 9                | 13                |
| <b>Total</b>  | <b>68</b>        | <b>100</b>        |

**Source: Field Data 2013**

### **4.2.3 Highest level of education**

The researcher requested the respondent to indicate their highest level of academic qualification they held. Figure 4.2 shows the findings of the result, majority (50%) of the respondents were had acquired university degree as their highest academic qualification, 38% had master degree as their highest level of education while 12% had diploma. This depicts that most of the employees working at commercial banks in Kenya are literate hence they are capable to adopt any strategic issues that the organization formulate with aim of improving business performance to survive in competitive environment it operate on.

**Figure 4.2 Education Level of the Respondents**



Source: Field Data 2013

### **4.3 Strategy Implementation**

#### **4.3.1 Extent that Strategy Implementation Influences Organisation Performance**

The researcher further aimed to investigate the extent to which strategy implementation influences organisation performance. Most (49%) of the respondents alleged that strategy implementation influences organisation performance to a great extent, 35% to a very great extent, 12% to a moderate extent while 4% to a low extent. This implies that for organization to be competitive has to formulate amicable strategies that overcome competition pressure of other competitors.

**Table 4.3 Strategy Implementation and Organisation Performance**

|                      | <b>Frequency</b> | <b>Percentage</b> |
|----------------------|------------------|-------------------|
| To very great extent | 24               | 35                |
| To great extent      | 33               | 49                |
| To moderate extent   | 8                | 12                |
| To little extent     | 3                | 4                 |
| <b>Total</b>         | <b>68</b>        | <b>100</b>        |

**Source: Field Data 2013**

### **4.3.2 Measures of Future Organization Performance**

Table 4.3 illustrates the finding of the study on measures applied by the organizations to access future performance. From the findings, most of the indicated that their organization use projected performance of competitors as indicated by a mean of 4.01, respondents also pointed that they mostly use goals of the organisation to measure their performance as depicted by mean of 3.77, Past performance of the business was also mostly used by the banks in measuring their performance as illustrated by mean of 3.71, respondents also agreed that that they also used projected performance of organisation in other industries as shown by mean score of 3.64, lastly respondents agreed that their organization employ Key benchmarks as depicted by mean score of 3.52. However, respondent also indicated that they employ key performance indicators such as balance scorecard, staffs commitment, application of technology and management support.

**Table 4.4 Measures of Future Organization Performance**

|   | <b>Mean</b> | <b>STDev</b> |
|---|-------------|--------------|
| Key benchmarks  | 3.52        | 0.168        |
| Goals of the organisation                                 | 3.77        | 0.297        |
| Past performance of the business                          | 3.71        | 0.198        |
| Projected performance of competitors                      | 4.01        | 0.196        |
| Projected performance of organisation in other industries | 3.64        | 0.284        |

**Source: Field Data 2013**

### **4.3.3 Aspects of Organization Performance and Strategy Implementation**

The researcher requested respondent to indicate the extent to strategy implementation influence some aspect of organization performance. From the findings most of the respondents indicated that strategy implementation improve corporate image to a great extent as shown by mean score of 4.15, respondents also indicated that implementation of strategy influence business excellence and operations management to a great extent depicted by mean score of 3.74 and 3.73 respectively. Likewise, respondents were of the opinion that strategy implementation influence quality management to a great extent as illustrated by mean score of 3.57. Finally, respondent opined that strategy implementation influence performance management to a great extent as shown by mean score of 3.44.

**Table 4.5 Aspects of Organization Performance and Strategy Implementation**

|                         | <b>Mean</b> | <b>STDev</b> |
|-------------------------|-------------|--------------|
| Business excellence     | 3.74        | 1.041        |
| Performance management  | 3.51        | 0.943        |
| Quality management      | 3.57        | 0.899        |
| Improve corporate image | 4.15        | 1.009        |
| Operations management   | 3.73        | 0.87         |

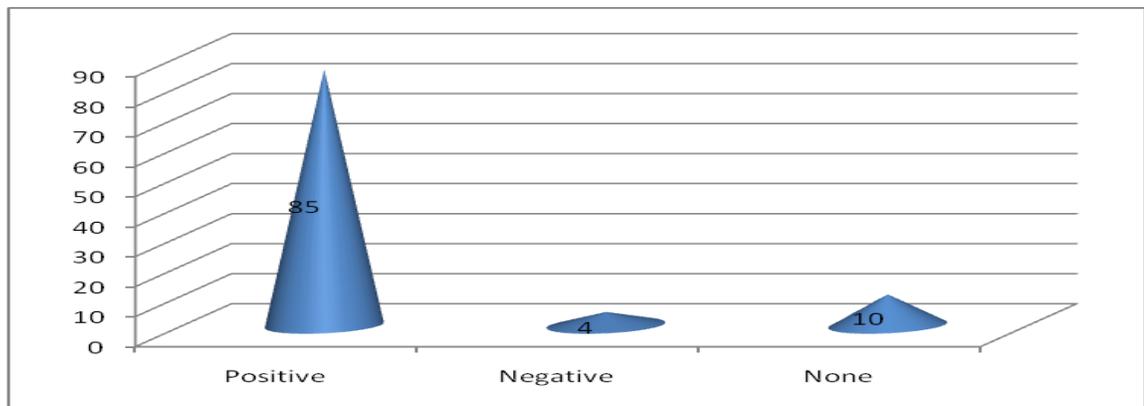
**Source: Field Data 2013**

## **4.4 Financial Performance**

### **4.4.1 Influence of Strategic Implementation on Organisation Financial performance**

Figure 4.3 shows the summary of the study findings on the impact of strategic implementation on organisation financial performance. Majority (85%) of the respondents indicated that strategic implementation influence organization financial performance positively, 10% were of the opinion that strategic implementation has no influence on organization financial performance while only 4% opined that strategic implementation has negative influence on organization financial performance.

**Figure 4.3 Influence of Strategic Implementation on Organisation Financial performance**



**Source: Field Data 2013**

#### **4.4.2 Influenc of Strategy Implementation on Organisation Financial Performance**

Table 4.5 shows results of the findings on the extent to strategy implementation influence organisation financial performance. From the findings, (56%) of the respondents were of the opinion that to strategy implementation influence organisation financial performance to a great extent, 37% purported strategy implementation influence organisation financial performance to a very great extent while 7% alleged that strategy implementation influence organisation financial performance to a moderate extent.

**Table 4.6 Influenc of Strategy Implementation on Organisation Financial Performance**

|                      | <b>Frequency</b> | <b>Percentage</b> |
|----------------------|------------------|-------------------|
| To very great extent | 25               | 37                |
| To great extent      | 38               | 56                |
| To moderate extent   | 5                | 7                 |
| <b>Total</b>         | <b>68</b>        | <b>100</b>        |

**Source: Field Data 2013**

#### **4.4.3 Indicator of Organization Financial Performance**

The researcher requested the respondents to indicate the extent to which strategic implementation had led to increase of indicators of financial performance. From the findings, respondents purported that strategic implementation has increased organization profitability to a great extent as illustrtaed by mean score of 3.84, also respondents indicated that strategic implementation has increased organization business turnover as depicted by mean score of 3.67. Finally respondents indicated that sales had increased due to strategic implementation to a great extent as shown by mean score of 3.63.

**Table 4.7 Indicator of Organization Financial Performance**

|                   | <b>Mean</b> | <b>STDev</b> |
|-------------------|-------------|--------------|
| Business turnover | 3.67        | 1.131        |
| Volumes of sale   | 3.63        | 0.808        |
| Profitability     | 3.84        | 0.746        |

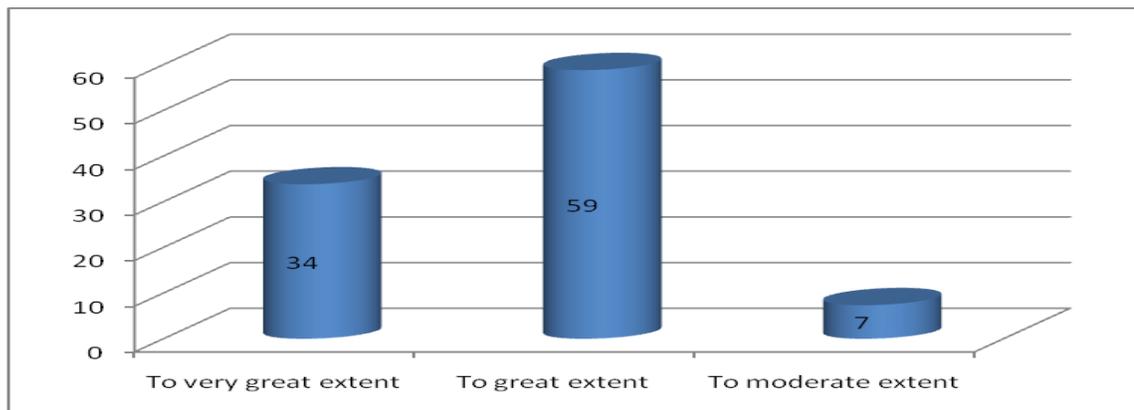
**Source: Field Data 2013**

## **4.5 Customer satisfaction**

### **4.5.1 Strategy Implementation and Customer Satisfaction**

Figure 4.4 shows that extent to which strategy implementation influences customer satisfaction in the organisation. Majority (59%) of the respondents were of the opinion that strategy implementation influences customer satisfaction to a great extent, 34% to a very great extent while only 7% to a moderate extent.

**Figure 4.4 Strategy Implementation and Customer Satisfaction**



**Source: Field Data 2013**

#### **4.5.2 Aspect of Customer Satisfaction and Strategic Implementation**

The study requested the respondents to indicate the extent to which Strategic Implementation results to aspects related to customer satisfaction. From the findings, respondents indicated that strategic implementation results to superior quality services and products to a great extent as shown by mean score of 3.66, also respondents were of the opinion that strategic implementation results to more customer oriented products to a great extent as depicted by mean score of 3.62. Further respondents were of the opinion that strategic implementation results to enhanced repeated purchase and positive feedback from customers to a great extent as shown by mean score of 3.56 and 3.54 respectively.

**Table 4.8 Aspect of Customer Satisfaction and Strategic Implementation**

|  | <b>Mean</b> | <b>STDev</b> |
|--|-------------|--------------|
| More customer oriented products        | 3.62        | 1.133        |
| Enhanced repeated purchase             | 3.56        | 0.913        |
| Superior quality services and products | 3.66        | 1.027        |
| Positive feedback from customers       | 3.54        | 1.121        |

**Source: Field Data 2013**

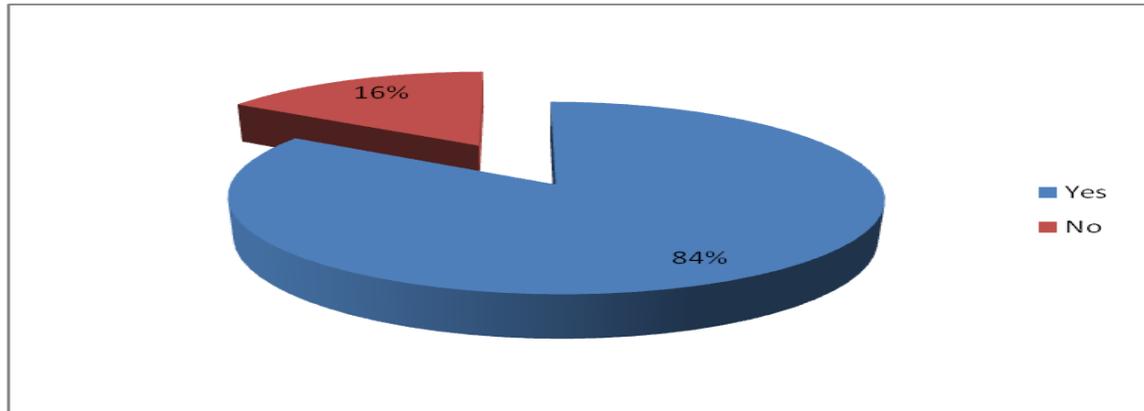
### **4.6 Employee performance**

#### **4.6.1 Enhanced Employee Performance**

The study requested the respondents to indicate whether strategy implementation enhance employee performance. From the findings 84% of the respondents pointed out

that strategy implementation enhance employee performance while the rest (16%) indicated that the strategy implementation does not enhance employee performance.

**Figure 4.5 Enhancement of Employee Performance**



**Source: Field Data 2013**

#### **4.6.2 Extent that Strategic Implementation Enhance Employee Performance**

The study further aimed to investigate the extent to which strategic implementation enhance employee performance. Most (58%) of the respondents alleged that strategic implementation enhance employee performance to a great extent, 33% to a very great extent while the rest (12%) affirmed that strategic implementation enhance employee performance to a moderate extent.

**Table 4.9 Extent that Strategic Implementation Enhance Employee Performance**

|                      | <b>Frequency</b> | <b>Percentage</b> |
|----------------------|------------------|-------------------|
| To very great extent | 17               | 30                |
| To great extent      | 33               | 58                |
| To moderate extent   | 7                | 12                |
| <b>Total</b>         | <b>57</b>        | <b>100</b>        |

**Source: Field Data 2013**

### **4.6.3 Strategic Implementation and Employee Performance**

Table 4.9 shows result of the findings on respondents level of agreement on the aspects relating to strategic implementation and employee performance. From the findings, most of the respondents agreed that strategic implementation has improved employees' pay as indicated by mean score of 4.47. Also respondents agreed that strategic implementation has lead to employee satisfaction and hence better performance as depicted by mean score of 4.25. further respondent agreed that with strategic implementation, employee can now meet their targets easily as illustreated by mean score of 4.11. Finally respondents agreed that strategic implementation has led to reduced employee turnover as depicted by mean score of 4.04.

**Table 4.10 Strategic Implementation and Employee Performance**

|   | <b>Mean</b> | <b>STDev</b> |
|---|-------------|--------------|
| Strategic implementation has led to reduced employee turnover                           | 4.04        | 1.066        |
| Strategic implementation has improved employees' pay                                    | 4.47        | 0.868        |
| With strategic implementation, employee can now meet their targets easily               | 4.11        | 0.32         |
| strategic implementation has lead to employee satisfaction and hence better performance | 4.25        | 0.897        |

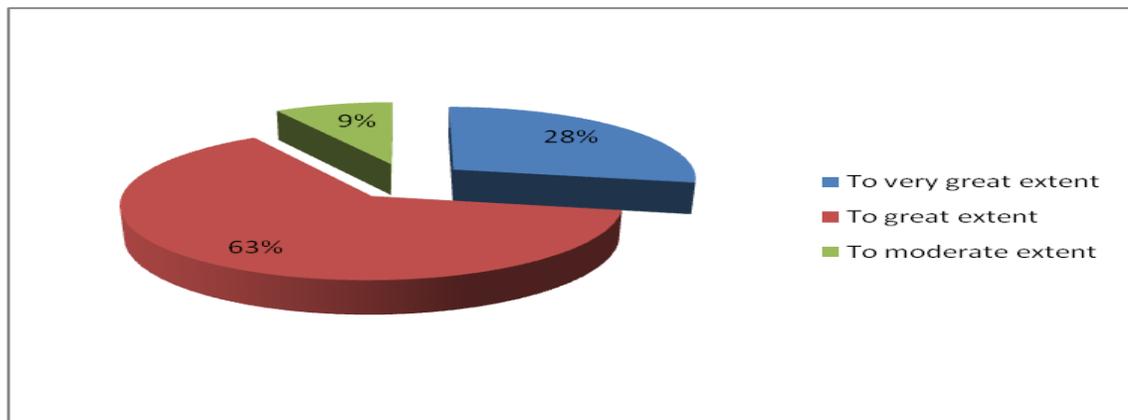
**Source: Field Data 2013**

## **4.7 Growth**

### **4.7.1 Strategy Implementation and Organisation Growth**

Figure 4.6 shows the result of the findings on the extent to which strategy implementation influence organisation growth. From the findings, majority (63%) alleged that strategy implementation influence organisation growth at great extent, 28% at a very great extent while 1.9% were of the opinion that strategy implementation influence organisation growth at moderate extent.

**Figure 4.6 Strategy Implementation and Organisation Growth**



**Source: Field Data 2013**

### **4.7.2 Strategic Implementation and Form of Organisation Growth**

Table 4.10 shows result of the findings on respondent level of agreement on the aspects relating to strategic implementation and its impact on aspects of organisation growth. From the findings, most of the respondents strongly agreed that strategic implementation results to growth on number of employees as depicted by mean score of 4.15, respondents also agreed that strategic implementation results to growth in customer base and unique products and services illustrated by mean score of 4.04 and 4.02 respectively. Additionally respondents agreed that strategic implementation results to growth in opening of new branches, new products and service development as shown by mean score of 3.71 and 3.63 respectively

**Table 4.11 Strategic Implementation and Form of Organisation Growth**

|                                       | <b>Mean</b> | <b>STDev</b> |
|---------------------------------------|-------------|--------------|
| Number of employees                   | 4.15        | 2.12         |
| Opening of new branches               | 3.71        | 2.65         |
| New products and services development | 3.63        | 3.04         |
| Growth in customer base               | 4.04        | 0.808        |
| Uniques products and services         | 4.02        | 0.843        |

**Source: Field Data 2013**

#### **4.8 Discussion**

The study sought to find out the relationship between strategy implementation and performance in commercial banks in Kenya. Based on the findings in relation to specific objective, the study concluded that strategy implementation influences organisation performance where organizations use various measures such as projected performance of competitors, organization goals, past performance of the business and projected performance of organisations in other industries to access their performance. Mintzberg et al (1998b) as quoted by Burns (2009:254) stated that it is important that everyone in the organization shares a common view of its purpose and direction which informs and guides decision -making and actions. On the same, the study concluded that strategy implementation improves corporate image, business excellence and operations management.

To financial performance the study concluded that implementation influence organization financial performance positively to a great extent resulting to increased organization profitability, business turnover and volumes of sale. This is in line with Frigo (2003) who stated that strategy implementation cannot succeed unless the strategy itself is designed to be executable, and the execution will not result in outstanding performance unless it is designed around the goal of maximizing financial value (Frigo, 2003).

On customer satisfaction, the study concluded that strategy implementation influences customer satisfaction to a great extent while it impacts to superior quality services and products, customer oriented products, enhanced repeated purchase and positive feedback from customers to a great extent. To the employees performance, the study concluded that strategy implementation enhance employee performance to a great extent. Likewise the study established that strategic implementation has improved employees' pay and has led to employee satisfaction hence better performance. On organization growth the study established that strategy implementation influence organisation growth to a great extent. Likewise, the study concluded that strategic implementation results to growth on employee numbers, customer base, unique products and services. These findings are concurrent with several researchers who state that, at the core of a successful approach to strategy implementation is the recognition that different types of capabilities, organizational processes, and systems need to be adjusted in order to implement the selected strategy (Homburg, Krohmer, & Workman, Jr., 2004). Strategy implementation may help leaders shape the future (Crittenden & Crittenden, 2008) by

enabling an organization to produce excellent performance by means of implementing an outstanding strategic plan. As an ally and not an adversary, the implementation process works side-by-side with the formulation process, and such collaboration leads to plans that are financially, socially, and ethically responsible strategies for a company. Successful implementation of a well-formulated and appropriate strategy will enable a company to become better and better over time, therefore achieving its longer-term vision of a good mission, good planning, and overall corporate success (Crittenden & Crittenden, 2008). Strategy implementation requires the involvement of managers at all levels of the organization. Furthermore, implementation is an action-oriented human behavioral activity that calls for senior-level leadership and key managerial skills (Schaap, Stedham, & Yamamura, 2008).

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of the data findings relationship between strategy implementation and performance in commercial banks in Kenya, the conclusions and recommendations are drawn there to. The chapter is therefore structured into summary of findings, conclusions and recommendations for further research.

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

The objectives of this study were to establish the practices of strategy implementation in commercial banks in Kenya and relationship between strategy implementation and performance in commercial banks in Kenya.

From the study findings it was clear that strategy implementation influences organisation performance where organizations use various measures such as projected performance of competitors, organization goals, Past performance of the business and projected performance of organisation in other industries to access their performance. Additionally, the study established that strategy implementation improves corporate image, business excellence and operations management.

On financial performance the study established that implementation influence organization financial performance positively. Likewise, the study found that strategy implementation influence organisation financial performance to a great extent while it results to increased organization profitability, business turnover and volumes of sale.

To customer satisfaction, the study found that strategy implementation influences customer satisfaction to a great extent. Inclusively, the study found that strategic implementation results to superior quality services and products, customer oriented products, enhanced repeated purchase and positive feedback from customers to a great extent.

On employee performance, the study found that strategy implementation enhance employee performance to a great extent. Likewise the study established that strategic implementation has improved employees' pay and has led to employee satisfaction hence better performance.

To the organization's growth, the study established that strategy implementation influence organisation growth at great extent. Likewise, the study established that strategic implementation results to growth on numbers of employees, customer base and unique products and services.

### **5.3 Conclusion**

The study sought to find out the relationship between strategy implementation and performance in commercial banks in Kenya. Based on the findings in relation to specific objective, the study concluded that strategy implementation influences organisation performance where organization use various measures such as projected performance of competitors, organization goals, Past performance of the business and projected performance of organisation in other industries to access their performance. On the same, the study concluded that strategy implementation improves corporate image, business excellence and operations management.

To financial performance the study concluded that implementation influence organization financial performance positively to a great extent resulting to increased organization profitability, business turnover and volumes of sale.

On customer satisfaction, the study concluded that strategy implementation influences customer satisfaction to a great extent while it impact to superior quality services and products, customer oriented products, enhanced repeated purchase and positive feedback from customers to a great extent.

To the employee performance, the study concluded that strategy implementation enhance employee performance to a great extent. Likewise the study established that strategic implementation has improved employees' pay and has led to employee satisfaction hence better performance.

On organization growth the study established that strategy implementation influence organisation growth to a great extent. Likewise, the study concluded that strategic implementation results to growth on number of employees, customer base, unique products and services.

#### **5.4 Recommendation**

The study recommended that for the organization to perform effectively on its financial performance clear strategies that guides its operation should be formulated and guidelines be provided to all the concerned departments in order to eradicate occurrence of compromise. On the same, the study recommended that employers be committed in

ensuring that indicators of performance are known by their employees so as to continuously access performance.

On financial performance, the study recommended that in order for organizations to achieve their goals, i.e profitability, large market share and customer retention, there should be effective strategies that cater for the customer needs, organization goals and environmental changes. By doing so the organization will achieve its main objectives.

On customer satisfaction, the study recommended that customers should be treated well since they are the key assets in organization's survival, hence strategies set should be fair to cliente and should not shift the priority of quality service or products to standard ones.

On employee performance, the study recommended that since employees are the key assets in organizations, strategies adopted by organization should be flexible to the employees working place so that operations may not be affected by them. Additionally, the study recommended that employees should be enlightened on the strategies that the organization aim to adopt so as to eradicate the possibility of opposition to its implementation and other challenges faced in the process of changes.

To organization's growth, the study suggested that since the key aim of the organization is its survival in the unpredictable and competitive environment, the organization should be very sensitive on the strategies implemented to ensure key objectives of the organization are given prior attention and priority.

## **5.5 Limitations of the Study**

The researcher used questionnaires with both closed and open ended questions to collect data. Closed ended questions have the disadvantage of limiting the responses whereby the respondent is compelled to answer questions according to the researcher's choice. However to mitigate this limitation the researcher ensure that the questions were well thought out and comprehensive enough to cover all important aspects of the study objectives.

The study focused on some of the very busy executive team members and scheduling appropriate timings was a challenge, in some instances we had to keep rescheduling the meeting. However, the study eventually managed to obtain information from the key decision makers of the banks.

## **5.6 Suggestions for further studies**

This study was a survey on relationship between strategy implementation and performance in commercial Banks in Kenya; where the use of questionnaires limited the respondents in expression. Thus, there is a need to conduct a similar study using an interview schedule and focusing on all the banks in order to carry out an indepth analysis.

The study suggests that further research to be done on the factors affecting strategy implementation in order to give both negative and positive sides that can be reliable. The study also suggests further research to be done on impact of strategy implimentation on organization perfomance by focusing on other sectors other than banking industry in order to depict reliable information that illustrates real situation in across all sectors.

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# APPENDICES

## Appendix i :Letter of Introduction



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE.....5/8/2013

**TO WHOM IT MAY CONCERN**

The bearer of this letter ....WINSIONE NJABU MUKHIRA.....

Registration No.....D61/63041/2011.....

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

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.

  
**PATRICK NYABUTO**  
**MBA ADMINISTRATOR**  
**SCHOOL OF BUSINESS**

  
UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
05 AUG 2013  
MBA OFFICE  
30197 - 00100, NAIROBI

## Appendix ii: QUESTIONNAIRE

### Part A: Demographic Data

1. Gender

Male

Female

2. Age

20-24 years  25-29 years

30-34 years  35-39 years

40-44 years  Over 45 years

3. Highest level of education\

Primary School  Secondary school

Diploma/ Certificate  University degree

Masters Degree

4. In your own opinion, to what extent do you think strategy implementation influences performance in your organisation.

To very great extent  To great extent

To moderate extent  To little extent

To no extent

5. What does your organisation use to project future performance? Future performance is compared in a systematic way with. (Tick appropriately)

|   | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Key benchmarks  |   |   |   |   |   |
| Goals of the organisation                                 |   |   |   |   |   |
| Past performance of the business                          |   |   |   |   |   |
| Projected performance of competitors                      |   |   |   |   |   |
| Projected performance of organisation in other industries |   |   |   |   |   |
| Others, Specify.....<br>.....<br>.....                    |   |   |   |   |   |

6. Please indicate the extent strategy implementation enhances the following in a your institution. Use a scale of 1 to 5, where; 1= no extent; 2 = little extent; 3 = moderate extent; 4 = great extent and 5 = very great extent.

|                         | 1 | 2 | 3 | 4 | 5 |
|-------------------------|---|---|---|---|---|
| Business excellence     |   |   |   |   |   |
| Performance management  |   |   |   |   |   |
| Quality management      |   |   |   |   |   |
| Improve corporate image |   |   |   |   |   |
| Operations management   |   |   |   |   |   |

**Financial Performance**

7. In your own opinion, what influence do you think that strategic implementation has on financial performance of an organisation?

Positive [ ] Negative [ ] None [ ] I don't know [ ]

8. In your own opinion, to what extent do you think strategy implementation influences financial performance in your organisation.

To very great extent [ ] To great extent [ ]

To moderate extent [ ] To little extent [ ]

To no extent [ ]

9. To what extent do you think that strategic implementation has led to increase of the following financial performance aspects. Use a scale of 1 to 5, where; 1= no extent; 2 = little extent; 3 = moderate extent; 4 = great extent and 5 = very great extent.

|                   | 1 | 2 | 3 | 4 | 5 |
|-------------------|---|---|---|---|---|
| Business turnover |   |   |   |   |   |
| Volumes of sale   |   |   |   |   |   |
| Profitability     |   |   |   |   |   |

**Customer satisfaction**

10. To what extent do you think strategy implementation influences customer satisfaction in your organisation.

To very great extent [ ] To great extent [ ]

To moderate extent [ ] To little extent [ ]

To no extent [ ]

11. To what extent do you think that strategic implementation has lead to the following.  
 Use a scale of 1 to 5, where; 1= no extent; 2 = little extent; 3 = moderate extent; 4 = great extent and 5 = very great extent.

|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| More customer oriented products        |   |   |   |   |   |
| Enhanced repeated purchase             |   |   |   |   |   |
| Superior quality services and products |   |   |   |   |   |
| Positive feedback from customers       |   |   |   |   |   |

**Employee performance**

12. Do you think strategic implementation has enhanced employee performance in your organisation

Yes                        No           

13. If yes in 11 above, to what extent?

To very great extent                        To great extent              
 To moderate extent                        To little extent              
 To no extent

14. What is your level of agreement with the following statement related to strategic implementation and employee performance. Use a scale of 1 to 5, where; 1= strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree.

|   | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Strategic implementation has led to reduced employee turnover                           |   |   |   |   |   |
| Strategic implementation has improved employees' pay                                    |   |   |   |   |   |
| With strategic implementation, employee can now meet their targets easily               |   |   |   |   |   |
| strategic implementation has lead to employee satisfaction and hence better performance |   |   |   |   |   |

**Growth**

15. In your opinion, to what extent do you think strategy implementation has contributed to growth in your organisation.

- To very great extent            [ ]      To great extent                    [ ]
- To moderate extent            [ ]      To little extent                    [ ]
- To no extent                      [ ]

16. To what extent do you think that strategic implementation has lead to the following form of growth in your organisation. Use a scale of 1 to 5, where; 1= no extent; 2 = little extent; 3 = moderate extent; 4 = great extent and 5 = very great extent.

|                                       | 1 | 2 | 3 | 4 | 5 |
|---------------------------------------|---|---|---|---|---|
| Number of employees                   |   |   |   |   |   |
| Opening of new branches               |   |   |   |   |   |
| New products and services development |   |   |   |   |   |
| Growth in customer base               |   |   |   |   |   |
| Uniques products and services         |   |   |   |   |   |

17. In your opinion, what other ways has strategic implementation influenced performance in your organisation?

.....

.....

.....

.....

.....

**Thankyou for your participation**

### Appendix iii: LIST OF BANKS

|     | NAME OF THE BANK                    |
|-----|-------------------------------------|
| 1.  | African Banking Corporation         |
| 2.  | Akiba Bank                          |
| 3.  | Bank of Baroda                      |
| 4.  | Bank of India                       |
| 5.  | Barclays Bank of Kenya              |
| 6.  | CFC Bank                            |
| 7.  | Chase Bank Ltd                      |
| 8.  | Citibank                            |
| 9.  | City Finance Bank                   |
| 10. | Commercial Bank of Africa           |
| 11. | Consolidated Bank of Kenya Ltd      |
| 12. | Co-operative Bank of Kenya          |
| 13. | Development Bank of Kenya           |
| 14. | Diamond Trust Bank                  |
| 15. | Dubai Bank Kenya Ltd                |
| 16. | Ecobank                             |
| 17. | Equatorial Commercial Bank Ltd      |
| 18. | Equity Bank of Kenya                |
| 19. | Fidelity Commercial Bank Ltd        |
| 20. | Fina Bank Ltd                       |
| 21. | First American Bank of Kenya        |
| 22. | Giro Commercial Bank Ltd            |
| 23. | Guardian Bank                       |
| 24. | Habib Bank A.G. Zurich              |
| 25. | Habib Bank Ltd                      |
| 26. | Housing Finance Co. Ltd             |
| 27. | Imperial Bank                       |
| 28. | Industrial Development Bank         |
| 29. | Investment and Mortgages Bank Ltd   |
| 30. | Kenya Commercial Bank               |
| 31. | K-Rep Bank Ltd                      |
| 32. | Middle East Bank                    |
| 33. | National Bank of Kenya              |
| 34. | National Industrial Credit Bank Ltd |
| 35. | Oriental Commercial Bank Ltd        |
| 36. | Paramount Universal Bank Ltd        |
| 37. | Prime Bank Ltd                      |

|     |                                   |
|-----|-----------------------------------|
| 38. | Prime Capital and Credit Ltd      |
| 39. | Southern Credit Banking Corp. Ltd |
| 40. | Stanbic Bank Kenya Ltd            |
| 41. | Standard Chartered Bank           |
| 42. | Trans-National Bank Ltd           |
| 43. | Victoria Commercial Bank Ltd      |

### Appendix iv: WORK plan

| Activity                          | June | July | Aug | Sept | Oct |
|-----------------------------------|------|------|-----|------|-----|
| Chapter one                       |      |      |     |      |     |
| Literature review and Methodology |      |      |     |      |     |
| Questionnaire formulation         |      |      |     |      |     |
| Field Data Collection             |      |      |     |      |     |
| Data Analysis                     |      |      |     |      |     |
| Report Writing                    |      |      |     |      |     |
| Submission                        |      |      |     |      |     |