STRATEGY IMPLEMENTATION PRACTICES AND ORGANIZATIONAL PERFORMANCE IN COMMERCIAL BANKS IN KENYA

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DECLARATION

This research project is my original work and has not been submitted to any other University for examination.

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

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DEDICATION

I dedicate this research project to my parents the late Simon and Theresia who taught me that anything is achievable through hard work and dedication. To my Son Leone, I pray that God grants you the desires of your heart to outwit your mum academically. To my siblings for their unwavering support and encouragement.
ABSTRACT

With the dynamic environment in which organizations are operating in today, strategy implementation is vital as it ensures optimal organizational performance. Strategy implementation ensures an organization remains competitive and without implementation even the most superior strategy is rendered useless. Banking environment in Kenya has undergone many regulatory and financial reforms which have resulted to innovation and changed the structure in the sector encouraging conversion of Micro finance Institutions to fully fledged Commercial Banks.

The aim of this research was to explore strategy implementation practices and organization performance in Commercial Banks in Kenya. The study sought to establish the different strategy practices adopted by Commercial Banks in Kenya to attain optimal performance. The researcher used a descriptive research design through structured questionnaires targeting all the 43 commercial banks in Kenya. The design was appropriate as it provided insights into the research problem by describing the practices and their influence on performance in detail. Primary data was collected through structured questionnaires to the executives, functional Managers and strategy champions. The data collected was summarized and analyzed using descriptive statistics.

The study established that commercial banks in Kenya formulated strategy and had a strategy document in place, and revealed that different Banks adopted different strategy implementation practices with the prevalent practice being performance target. Further, the study revealed that strategy implementation in Commercial banks was not effective and faced challenges such as lack of commitment from the senior managers, inadequate communication of the strategy to all the employees. From the study findings there was a positive correlation between strategy implementation and Organizational performance of Commercial Banks in Kenya, and that the structure played a key role in strategy implementation.

To thoroughly understand the industry, the researcher recommends a comparative study to be carried out between one of the successful banks and a least performing bank. This study gives limitations and suggestions for further research. One of the limitations identified by the researcher included lack of commitment by the respondents in answering the questions due to their busy work schedules and a research on another industry recommended to enable arrive at an objective conclusion as regards organization performance.
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<td>CBK</td>
<td>Central Bank of Kenya</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>KBA</td>
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CHAPTER ONE: INTRODUCTION

1.1. Background of the Study
Strategic ideas have no value unless they are implemented and strategy implementation is the most important element of the strategy management process. Thompson and Strickland (1989) observes that successful strategy implementation depends upon the skills of working through others, organizing, and motivating. Implementation practices play a major role in controlling and monitoring of strategy by gauging performance against plan, frequently reviewing strategy into action and building an organization culture which should be aligned to the strategy. It is also important to identify appropriate resources and competences to support strategy, in addition allocate resources appropriately and control performance (Johnson and Scholes, 1997). Therefore the organization needs trained and motivated managers, responsive systems and structure to ensure organization optimal performance (Macmillan & Tampoe, 2000).

Strategic management comprises various theories that support efficient and effective strategy implementation practices in the modern business today, which is confronted with unique challenges caused by rapidly changing environment and diversity (Haynes and Murkhjee, 2001). Profit maximizing and competition theory is the driver of any organization as it ensures competitive advantage but to ensure sustainable competitive advantage organizations should focus on human resources management which leads to resource based theory.

Banking sector in Kenya has undergone drastic change in the last ten years mainly due to the conversion of many Non – Banking financial institutions (MFI) into fully fledged banks, rapid technological changes such as invention of money transfer and utility bill payment through mobile phones. In addition, introduction of strict regulatory frameworks by the Central Bank of Kenya (CBK) as regards interest rates and the enlightened and exposed general public (Ernest & Young, 2012) have led to the introduction of new products and services in the market thereby resulting to cut throat competition amongst the Banks.
1.1.1 Concept of Strategy
Johnson and Scholes (1997) describes 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 to meet the need of markets and to fulfill stakeholder expectations. Thompson et al (2003) concurs and states that strategy is the game plan management has for positioning the company in its chosen market, competing successfully, pleasing customers and achieving good business performance. Further, Chandler (1962) states that strategy is the determination of the basic long-term goals of an enterprise, the adoption of courses of action and the allocation of resources necessary for carrying out these goals. Therefore Strategy generally involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions.

The concept of strategy has been adopted from the military and adapted for use in business and it bridges the gap between policy and tactics. An organization without strategy is like a ship without a rudder going round in circles, hence strategy helps distinguish winners from loosers. To most executives strategy is all about gaining an advantage over competition in terms of the best customer service at the lowest cost and best exploiting emerging possibilities and the aim is to provide organization with direction, whether carefully developed plan or a series of related opportunity which organization follows, hence strategy helps determine and prioritize the set options owing to the uncertainty about the future (Capon, 2008).

According to Porter (1996), strategy is the organization concept that differentiates an organization from the competitors and so with the different end outcome and added value to the organization is a long-term advantage. Therefore strategy can be understood as the organization’s unique positions in order to achieve organizational effectiveness and competitive advantages at the end of the day. Clarifying strategic intent ensures survival of the enterprise as it pursues a well-articulated vision.

Strategy typically involves two major processes which are formulation and implementation, whereby formulation involves analyzing the environment or situation, making the diagnosis, and developing the guiding policy and therefore includes such
activities as strategic planning and thinking. There are three logical elements of strategy formulation process which are strategic intent that gives the direction. Assessment, which provides relevant knowledge by scanning the environment and assessing internal capabilities of an organization and choice which leads to action. There are Generic and grand strategies. Generic strategies are based on a core idea about how the organization can best compete in the market place which are low-cost leadership, differentiation and focus while grand strategies which are often called master of business strategies, provide basic direction for strategic actions. They are concentrated growth, market development, product development, innovation, horizontal and vertical integration, concentric, conglomerate and turn around diversification, liquidation, bankruptcy, joint ventures, strategic alliances and consortia (Pearson and Robinson, 2010).

According to Capon (2008), there are three different levels of strategy formulation, which are Corporate, Business and Functional levels. Corporate-level strategy focuses on how organizations manage their operations across multiple business and markets and is composed of the Chief Executive Officer (CEO) and the board of directors and is involved in developing long term plans that are between 3-5 years.

He further states that middle decision making hierarchy in business level is composed of business and corporate managers. These managers determine how firms will compete in the selected product market arena to gain competitive advantage. At the bottom, is the functional level which comprises of product, geographic and functional managers and are tasked with developing and implementing annual objectives and short term strategies in various functional departments. e the firm’s strategic plans. Therefore strategy is concerned with an organization recognizing where it sits in the external environment and using its resources to benefit the organization and its stakeholders (Bumes, 2004).

1.1.2 Strategy Implementation
Strategy is a very powerful tool for an Organization in coping with the changing environment (Ansoff, 1990). However Aosa (1992) states that strategies are not valuable if they are developed and not implemented. In addition, Johnson and Scholes (2003) observes that understanding the strategic position of organizations and considering the strategic choices open to it is of little value unless the strategies can be turned to action.
Strategies are a critical element in organizational functioning and whereas many organizations have good strategies, successful strategy implementation remains a challenge. Therefore, to ensure success, strategy must be translated into carefully implemented actions (Pearce and Robinson, 1997).

Strategy implementation is a process by which strategies are put into action through development of programs, budgets and procedures. Leaders cannot afford to be desk-work oriented as implementation is more challenging and delicate. Implementation involves changes in the organization culture, structure and the management which is achieved through resource mobilization, technological, policy, process and leadership change (Thompson and Strickland, 2003). Strategy implementation is the process of allocating resources to support the chosen strategies. This process includes the various management activities that are necessary to put strategy in motion, institute strategic controls that monitor progress, and ultimately achieve organizational goals. Pearce and Robinson (2007) say that to effectively direct and control the use of the firm's resources, mechanisms such as organizational structure, information systems, leadership styles, assignment of key managers, budgeting, rewards, and control systems are essential strategy implementation ingredients.

The first stage of implementation is to ensure that the right people are on board in terms of the required competencies, skills and commitment, these should be followed by ensuring there are sufficient funds to support implementation. Structure of management and appropriate authority levels should be established, regular strategy meetings should be held to review the progress which should be guided by the level of activity and time frame of the plan, Good systems in terms of management capability and technology should be in place to help track the progress and the culture of the organization should be in line with the strategy to ensure faster adaptation to changes (Thompson and Strickland, 1989).

Short-term objectives and action plans guide implementation by converting long-term objectives into short-term actions and targets, therefore to successfully implement an organization’s strategy, it must be the focus of every person in that organization, hence it
is up to the leaders to create, monitor, and reward accordingly as they are expected to provide leadership required to implement strategies by clarifying, communicating and cascading the strategy throughout the organization. (Pearce and Robinson, 2007).

Good strategy implementation involves creating a strong fit between the way things are done internally and what it will take for the strategy to succeed. The stronger the methods of implementation fits the strategy’s requirements, the better the performance target will be achieved. The most important fits are between strategy and organization capabilities, strategy and reward structure, strategy and internal support systems, strategy and organization’s culture (Thompson and Strickland, 2003).

1.1.3 Strategy Implementation Practices

According to Scholes et al (2008). Strategy implementation practices are organization processes concentrating on controls of inputs and outputs. Inputs concern building the organizational capabilities required for successful strategy execution and establishing a strategy supportive budget through installation of administrative support systems by allocating resources to the strategy execution effort. These resources are both financial and human and effective reward and incentives systems are devised to help in human resource management while outputs concern satisfactory results.

Direct control practices require close supervision and monitoring of management who possess the technical knowledge and are committed to strategy implementation by maintaining a positive culture in their organizations and relies heavily on the physical presence of management, they are more effective for small organizations on a single site. Indirect controls are hands off but ensure implementers uphold the desired behaviors and effective systems are in place to ensure effective organization surveillance hence gaining commitment to strategy throughout the organization. Organizations however use a blend of these control processes based on the strategic challenges, capacities to cope with change and knowledge (Scholes et al, 2008).
### 1.1.4 Organization Performance

Organizations are a managed system which exists within the external environment and is designed and operated to achieve specific set of objectives. The key element of an organization is the people and their relationships with one another because an organization exists when people consciously interact with one another to accomplish certain goals that individual members cannot achieve by themselves. (Bateman and Zeithaml 1990).

In addition organizational performance comprises the actual output or results of an organization as measured against its budget which are goals and objectives. These are mainly three areas which are financial performance measured in profits and return on investments, product market performance measured by sales volume and market share and finally shareholder return measured as total shareholder return, and economic value added. These has however been enhanced in modern times and organization performance is measured using the balanced scorecard methodology, which comprises of financial performance, Customer service, social responsibility and employee motivation (Kaplan and Norton, 1992). Organizational structure is essentially developed to deliver its mission and objectives and for an organization to be economically effective there needs to be matching process between the organization strategy and its structure, organization structure is essentially developed to deliver its mission and objectives (Lynch, 2009).

### 1.1.5 Banking Industry in Kenya

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, and the Central Bank of Kenya Act (CBK). The banking industry was liberalized in 1995 and exchange controls lifted. (The Africa Government and Public Services Insight Journal 2014). Central Bank of Kenya is the regulatory authority while the regulated are Commercial banks and Mortgage finance institution, non-banking financial institutions and forexbureaus. The Central Bank of Kenya, which falls under the ministry of finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. As at December 2013, banking industry comprised of 43 commercial banks and one mortgage institution, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus.
Over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering mainly due to the wide branch network both in Kenya and in the East African community region. The automation of services and a move towards emphasis on the complex customer needs rather than traditional ‘off-the-shelf’ banking products. The Banking industry in Kenya however has had challenges emanating from new regulations and the financial and market conditions which have affected the banking industry in Kenya especially in regard to deposits mobilization and reduction in trade volume (CBK, Bank supervision annual report, 2012).

1.1.6 Commercial Banks in Kenya.
Commercial banks in Kenya are regulated by the Central Bank of Kenya (CBK) Act Cap 491 and the Banking Act Cap 488. These Acts are intended primarily to facilitate the development and maintenance of a sound monetary policy (Government of Kenya, 1989). Currently there are 43 licensed commercial banks and 1 mortgage finance company and 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 (Central Bank 2013). According to the Commercial Banks Directory (2007), Kenya has a well-developed financial sector but it is vulnerable to government influence and inadequate supervision. The peer grouping of this sector has been categorized into small, medium and large banks. The various banks compete for customers and as such competitive strategies are formulated and are geared towards attainment of superior financial performance, market share growth and customer retention. The future of the industry looks promising with financial and legal sector restructuring (CBK, 2013). The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector’s interests. The KBA serves a forum to address issues affecting members.

Commercial banks are of crucial importance in any economy which is not exceptional to Kenya, as they mobilize deposits through cash management and facilitate transfer of funds making it very convenient for the customers. In addition offer credit facilities through capital loans and Asset based loans hence facilitate growth in the economy. They
assist traders dealing in international trade through foreign exchange services and letters of credit. They offer advice to their customers on best investment options hence promote growth in the economy.

1.2. Research Problem
Strategy implementation which involves translating the strategies plans into action. Is about allocating sufficient resources, assigning responsibilities for specific tasks or processes to specific individuals or groups and establishing a chain of command is key as organization performance is dependent on how well a strategy is executed (Thompson and Strickland, 2003). To ensure success a strategy must be translated into carefully implemented action and yet strategy implementation process is considered the most difficult stage in strategic management process (Johnson and Scholes, 2003).

Commercial Banks in Kenya are currently operating in a more dynamic business environment caused by the new directives issued by the Central Bank of Kenya and customer awareness which have impacted on their goals and objectives. To counter these changes, Commercial Banks require proper strategy formulation and implementation to improve performance and ensure sustainability.

Several studies have been carried out on strategy implementation which reveals that there are few researches conducted on implementation compared to strategy formulation (Okumus and Roper, 2008). In addition Alexander (2001) notes that more focus is put on long range planning and strategy as opposed to actual strategy implementation and given that implementation is more complex than formulation then there are greater chances of failure in implementation. Aaltonen and Ikavalko (2002) notes that the main reason for these failures is the poor execution of strategic plans emanating from poor organization, lack of communication, lack of motivation and monitoring. In addition Corboy and O’corrbui (2009) concur and state that implementation fails due to lack of commitment and understanding of how strategy should be implemented and staff failing to appreciate the responsibility in change process.

Locally, many scholars have conducted studies in strategy implementation and organization performance in commercial banks in Kenya due to the rapid change in the
business environment which has not spared the commercial Banks. Among the key researchers in this area include Muchira (2013) who did a study on the Relationship between strategy implementation and performance in commercial banks in Kenya. Mburu (2011) did a study on strategy implementation and performance in Barclays bank of Kenya. Ndungu (2013) did a study on strategy implementation process in commercial banks in Kenya. Nyangweso (2009) did a study on the practice and challenges of strategy implementation at cooperative bank Kenya. There is no known study on strategy implementation practices and organization performance in all commercial banks in Kenya. Therefore, there is knowledge gap that need to be filled. This study attempted to bridge this gap by answering the following research questions;

(i) Does strategy implementation practices have effect on Organization performance.

(ii) What is the influence of strategy implementation practices on the performance of Commercial Banks in Kenya.

1.3 Research Objectives
This study was guided by the following objectives.
(i) To determine the strategy implementation practices of the Commercial Banks in Kenya
(ii) To establish the relationship between strategy implementation practices and performance of Commercial Banks in Kenya.

1.4 Value of the Study
The study findings contributed to the body of knowledge of strategy implementation process and organization performance and in particular Commercial Banks in Kenya. The academicians in the area of strategic Management will find this study useful as a source of reference in the future for discussion as well as further research on strategy implementation process to enhance optimal productivity.

In addition, the study was aimed to benefit the Directors and top management of Commercial Banks in Kenya in formulating refined strategies which match the challenge in the external environment and embrace the process of strategy implementation process
in order to remain competitive, it helps realign the banks in terms of structure and employees in line with the strategy to achieve efficiency and effectiveness.

The study was aimed to help the government in planning through proper budgetary allocation to the banking sector which not only enhances improved performance but contributes to the growth of the economy through job and credit creation.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
This chapter reviews previous studies related to strategy implementation practices and how these affect the organization performance. The areas covered are the theoretical foundation of strategy implementation, strategy implementation best practices, and strategy implementation and organization performance.

2.2 Theoretical Foundation
Strategy implementation practices can arguably be said to be based on profit maximizing and competition theory which is built on the notion that business organization main objective is to maximize long term profit and developing sustainable competitive advantage over competitive rivals in the external market place. However resource based theory ensures sustainable competitive advantage.

2.2.1 Profit Maximizing and Competition Based Theory
This theory is based on the notion that business organization main objective is to maximize long term profit and develop sustainable competitive advantage over competition which is achieved when a firm successfully formulates and implements a value creating strategy. Hitt et al (2013) observes that when a firm implements a strategy that other companies are unable to duplicate, the firm is said to have a sustained competitive advantage over competition.

Scholars agree that the primary purpose of strategy management is to guide the organization in achieving superior organization performance as it develops a sustainable competitive advantage in the environment in which it operates. Organizations will always try and ensure that its financial returns exceed its capital costs (Clegg, S et al. 2011). Every business possesses distinctive capabilities that support value proposition that is hard for competitors to match and these are product leadership, operational excellence and customer intimacy.

Porter (1996) argues that a competitive strategy must emerge from a refined understanding of rules of competition determining market attractiveness. The aim is to
cope with and change the rules in the firm’s behavior which depends on how much value a firm is able to create to customers as it helps determine profitability. He further states that a firm’s profitability is comprised of its position in the industry it operates in and the attractiveness of that industry. Low cost and differentiation determines an organization’s competitive advantage. He further states that profitability of an organization depends on its bargaining power when negotiating prices with suppliers and customers.

2.2.2 Resource Based Theory
According to Barney (1991), sustainable competitive advantage is attained when the firm has a human resource pool that cannot be imitated or substituted by its rivals. Investment in training and development is a means of attracting and retaining people and the returns expected are performance improvement, productivity, innovation that results to increased levels of knowledge and competence. David (2003) states that the human element of strategic implementation plays a key role in successful implementation and involves both managers and employees of the organization and these can be achieved through regular department meetings.

Schultz (1961) argues that both knowledge and skill are a form of capital whose concept implies investment in people through education and training which leads to increased productivity in a positive rate of return leading to growth in organization, increased profits, high remuneration and low staff exits. Shane (2003) concurs and reiterates that human resources is one of the key parameters in organization performance. Highly educated managers utilize their knowledge and when they combine this with their social contacts manage to acquire appropriate human resources required to create a highly performing firm.

2.3 Strategy Implementation Best Practices
According to Thompson and Strickland (1989) what makes the work of strategy implementation complicated is the multiplicity of tasks combined with the variety of ways to approach each task. Implementation has to be tailored to the Organization’s overall condition and setting and to the Manager’s own skills, and style of getting things done.
Structure is key to organization success however, formal and informal organization processes which are the controls on the organization operations, help or hinder putting strategy to action (Scholes et al, 2003).

2.3.1 Direct Supervision
This practice involves direct control of strategic decisions by one or a few individuals. Often the practice is found in family businesses and small medium Enterprises (Sme’s). and requires that the manager understands what the job they are supervising entails.

According to Ansoff et al, (1990) this approach requires involvement of all managers who will be responsible for implementation as well as of managers and other individuals who make key contributions to the decision making process. Before implementation, education and training are given to the participants in the relevant concepts, skills and techniques. This is achieved by ensuring there is strategy clarification whereby people understand the strategy in order to embrace it and help support its implementation. Communication is crucial as it ensures commitment and cascading strategy wraps it all in ensuring successful implementation of strategy (David, 2003).

The Company’s managers must put into account controls that provide strategic control and the ability to adjust strategies, commitments and objectives in response to the ever changing future conditions (Pearce and Robinson, 2007). Managers leading the strategy process through shaping values, cultures and keeping the organization responsive by initiating corrective actions to improve strategy execution. The stronger the strategy supportive fit are, the greater the chances of successful strategy implementation (Thompson & Strickland, 1989).

2.3.2 Planning Processes
Successful implementation of strategy is achieved through processes that plan and control allocation of resources and monitor their utilization. This is a scientific management approach and is particularly useful where the degree of change is low. In centralized regimes, planning is usually top down accompanied by standardization of work processes
and specifies how work should be undertaken. Output through product or service specifications has led to development of service level agreements between departments. In devolved regimes, planning is centered around bottom up, therefore it is important that all stakeholders are clear on their responsibilities for planning and implementation (Johnson and Scholes, 1997).

The practice emphasizes on implementing strategic performance management systems and integrating human resources system. Successful strategy implementation depends greatly on good internal Organization which ensures internal organization structures that are responsive to the needs of strategy, and competent personnel through building and nurturing skills and selecting people for key positions. Pearce and Robinson (2010) agrees on the importance of having competent personnel and states that they in addition need guidance on what to do through short term objectives which are measurable and outcome achievable in one year. In addition should develop smart goals examining areas of product performance, competitive performance, and quality improvement, performance of business processes, customer satisfaction, customer loyalty and retention.

Functions within the organizations must have the resources needed to carry out their part of the strategic plan. Resources are factors that a business needs to put in place to pursue its chosen strategy and can be divided into financial, human, physical and intangible resources. Financial resources concern the ability of the business to finance its chosen strategy while intangible Resources are concerned with goodwill and reputation (Johnson & Scholes, 2008).

Policies, procedures, information systems and controls. Policies are directives designed to guide the thinking decisions and actions of managers and subordinates in implementing organizations strategy (Pearce & Robinson, 2010). They in addition promote uniformity in handling similar activities which help reduce friction and, helps institutionalize basic aspects of organization behavior which assists establish consistent patterns of action.

Monitoring and control systems are important to assess how strategies are being implemented and how the environment itself is changing. Information and control is
necessary as it helps obtain information in time to take action. These helps monitor the implementation of strategy as planning can be achieved by standardization of work processes. In service organization, these can be achieved through IT systems leading to de-skilling of service delivery and significant reduction in cost.

2.3.3 Performance Targets Practice
Performance targets focus on the outputs of an organization such as product quality, revenues or profits. These targets are called key performance indicators (KPI’S). This practice is used as a response to high levels of change such as rapid growth or reorganization of business which is managed output measured through set targets based on performance indicators (P.I) and these are usually accompanied by incentives and rewards that relates to achievement of the set targets. This approach mainly applies to balanced scorecard which combines both qualitative and quantitative measures mainly financial, customer, internal and innovation. Kaplan and Norton (1992) introduced the balanced scorecard and uses strategic and financial measures to assess the outcome of a chosen strategy. The four strategy perspectives that need to appear on every scorecard, are financial perspective which translates mission into action and clarifies what is wanted. Customer perspective looks at customer oriented strategy which involves market share data, while customer perspective looks at the retention and satisfaction of customers and internal perspective measures internal performance in relation to productivity and innovation and learning perspective (Johnson & Scholes, 1997)

According to Haynes and Mukherjee (2001), devising effective reward and incentives system and linking it to performance outcomes all based on strategic performance targets is key. Defining jobs and assignments in terms of what is to be accomplished makes work environment result-oriented and performance is key supported by a corporate culture that promotes good strategy execution process. Ansoff (1990) concurs and states that rewards and incentives whether based on historical performance, growth and initiative are key.

2.3.4 Social Cultural Control
This practice is directed by an Organization’s culture. Performance of an organization is determined by social controls which work well in highly devolved structures as they
enhance coordination. This has led to organizations maintaining professional social networks through standardization which has further led to training and development as an organization way of investing in social controls (Johnson & Scholes, 1997).

2.3.5 Self-Control and Personal Motivation
According to Johnson and Scholes (2003) this is the best approach and integrates knowledge and coordination without supervision. Pearce II et al, (2011) concurs and states that identifying short term objectives guide implementation by converting long term objectives into short term actions and targets and in addition provides clarity in terms of time frame for completion and identification of who is responsible for each action in the plan, hence strategic objectives are for the whole organization.

The practice is important to the Organization as it entails working without supervision which is ideal given today’s dynamic environment. The management task is to ensure communication channels are available and are well regulated.

2.4 Strategy Implementation and Organization Performance
Organizational performance should be closely aligned to strategy and hence performance measures should be placed against strategic goals across the Organization and each division and employee. Functions that will impact on strategy should be embraced and should cut across the strategic goals, these functions are finance, customer service and product development. Organizations are adopting a comprehensive view of implementation and strategy must be supported by decisions regarding appropriate organization structure and culture. (Bateman & Zeithemal, 1990).

For too long, structure has been viewed as something separate from strategy hence the key purpose of structure is to help an organization realign itself for effective implementation of its strategy. There are a number of generic structures for organization to adopt which would best suit their specific business (Capon, 2008). Thompson and Strickland (2003) states that there are essentially five strategy related approaches to organizations, functional specialization, geographic organizations, decentralized business divisions, strategic business units and matrix structures, each form relates structure to
strategy in a different way which has its pros and cons. The size of an organization will influence which structure is suitable and the size and structure of the organization dictate the ways in which the people within it are able to operate, and the culture the organization adopts.

Organizational structure and the controls affects firm performance, as the structure specifies the firm’s formal reporting relationships, procedures, authority and decision making processes. Therefore it is important to match organizational structure to strategy by designing the internal organization structure around key success factors (Thompson & Strickland, 2003).

Wheelen and Hunger (2008) states that when a structure’s elements are properly aligned with one another, the structure facilitates effective use of the firm’s strategies. Any change in corporate strategy is likely to require some change in the way an organization is structured and in the kind of skills needed in particular positions. Organizational controls are an important aspect of structure as they guide the use of strategy and indicate how to compare actual results with expected results and suggest corrective actions to take when the difference is unacceptable. (Ireland et al, 2013).

Business performance is influenced by the human element of strategic implementation. Through providing incentives to employees during the implementation phase, it is suggested by David (2003) that business performance will be positively influenced, likewise performance incentives should be directly linked to performance against strategy.

Leadership styles play a major role in strategy implementation because a leader is responsible for the competitive development of the organization. Organizations today are challenged by many factors both internal and external and need to effectively address such, which is made possible by the organization effective leadership which embrace change and clarify strategic intent, doing what was done yester years or 5% better is no longer a formula for success as major changes are necessary to survive and compete
efficiently in the new environment. Therefore good leadership makes performance expectations clear. (Pearce II & Robinson, 2011).

According to Schein (1992), an organization’s culture can positively or negatively affect employee motivation, and hence productivity. Therefore cross-disciplinary knowledge of geo-economy, politics, business, market, volatile competition, wide range of customer, and other globalization factors must be taken into account to be able to compete with the dynamic challenges. For success to be realized, strategy and the firm must become one, must be reflected in the way the firm organizes its activities, key organization leaders and the culture of the organization (Pearce and Robinson, 2007).
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter outlines the methods that were employed in providing answers to the research objectives stated in chapter one. Describes research design, target population, data collection methods and data analysis to be adopted.

3.2 Research Design
This study adopted a cross-sectional descriptive survey research design. Research design is conceptual structure within research conducted, constitutes blue print for collection, measurement and analysis of data and the main purpose of descriptive is the description of the state of affairs as it exists at present (Kothari, 2004).

This research design was chosen because the data collected will determine and report the way things are done in implementing strategy in commercial Banks in Kenya in respect to how strategy should be implemented hence providing a comparative study.

3.3 Population of the Study
A population refers to all the terms under consideration in any field of inquiry, a complete enumeration of all the items in the population is known as a census inquiry which involves time, money and energy (Kothari, 2004) In addition Mugenda (2003) refers to a population as a group of individuals, events, or objects having a common observable characteristic. The target population of this study comprised all the 43 Commercial Banks in Kenya. (Central Bank of Kenya, 2013). The list is attached as appendix (I).

3.4 Data Collection
Primary data was collected for the purpose of this study. Semi Structured questionnaire were used to collect data from the respondents and formulated in a way that helps translate research objective into specific questions answered by the respondent. The Questionnaire was divided such that one part contained general information about commercial Banks and therrespondents, the other part contained the various strategy implementation practices employed by Commercial Banks in strategy implementation. The questionnaire was dropped in all the 43 Commercial Banks in Kenya with the help of
a trained research assistant, however, only 29 were filled and returned. The questionnaire was filled by the Chief Executive officers, functional Managers and strategy champions from the various commercial Banks.

3.5 Data Analysis
The data collected was first edited, coded and entered into a computer spreadsheet, which is the statistical package for the social sciences computer software for analysis. The researcher used descriptive statistics to arrive at measures of central tendency i.e. mean, frequency, charts and percentages. Correlation analysis of data was used to establish the relationship that exists between strategy implementation practices and performance of Commercial Banks in Kenya.

Correlation studies leads to interpretations about the degree to which certain things are related to each other, and helps measure the strength of the association between variables. According to Burns (2008), correlation is the degree of correspondence between variables either mutual or reciprocating. There must be at least two variables with a common basis to them and can be positively correlated when an increase in one variable coincides with an increase in another, while negative correlation exists when one variable increases as the other decreases. Zero correlation occurs when there is no real relationship between two variables.
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATION.

4.1 Introduction
This chapter presents data analysis and findings of the study as set out in the research objectives and methodology. The findings present the strategy implementation practices and Organization performance in Commercial Banks in Kenya. The data was gathered from primary data using a questionnaire as the research instrument which was designed in line with the objectives of the study.

4.2 Response Rate
The study targeted all the 43 commercial banks as respondents, from the study 29 out of 43 surveyed respondents filled in and returned the questionnaire representing 67.4% response rate which is good given the sensitivity of the industry. According to Mugenda (2003) a response rate of 60% and above is good. The findings are contained in Table 4.1

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>29</td>
<td>67.4</td>
</tr>
<tr>
<td>Non Response</td>
<td>14</td>
<td>32.6</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research data, 2014

4.3 General Information of the Organization.
This section presents the background information of the respondent Bank which includes the bank name, type of ownership, number of years in operation. The findings are presented here below:-.
4.3.1 Ownership
This study sought to find out the ownership of the organizations. The findings revealed that 55.2% were locally owned while 44.8% were foreign Banks. This is an indication that both foreign and local banks were adequately represented in the research.

4.3.2 Age of the Organization
This study sought to find out the number of years the respondent Bank have been in existence in the Kenyan market. Table 4.2 shows the findings.

Table 4.2: Years in Existence

<table>
<thead>
<tr>
<th>Number of years</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>1</td>
<td>3.5</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>28</td>
<td>96.5</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research Data, 2014

From Table 4.2, 96.5% of the respondent banks have been in operation for over 10 years while 3.5% have been in operation for less than 5 years.

4.4 General Information of the Respondents
The second part outlines the background information of the respondent, being the number of years the respondent has worked for their respective Bank and their position.

4.4.1 Experience
The study sought to find out the number of years the respondents had worked for their respective banks. Table 4.3 shows the findings.

Table 4.3: Years Worked in the Bank

<table>
<thead>
<tr>
<th>Experience</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 3 Years</td>
<td>8</td>
<td>27.6</td>
</tr>
<tr>
<td>3-8 Years</td>
<td>9</td>
<td>31</td>
</tr>
<tr>
<td>Above 8 Years</td>
<td>12</td>
<td>41.4</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research Data, 2014
From the findings 41.4% had worked for more than eight years, 31% had worked for 3-8 years while 27.6% had worked for less than 3 years in their respective banks, hence the respondents are well versed with the strategy implementation practices in their Organization.

4.4.2 Position of Respondent
This study sought to find out the position of the respondents. The findings are in Table 4.4

Table 4.4: Position of the Respondent

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Functional Managers</td>
<td>17</td>
<td>59</td>
</tr>
<tr>
<td>Strategy Champions</td>
<td>9</td>
<td>31</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Research Data, 2014*

From Table 4.4, 59% of the respondents were functional managers, 31% were strategy champions while 10% were executives, which means that the respondents are more informed and involved in strategy implementation.

4.5 Strategy Implementation Practices
The study sought to establish whether Commercial Banks in Kenya had a strategy document in place and whether strategy implementation was being carried out in the Banks. The findings are in Table 4.5

Table 4.5 Strategy Implementation

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>29</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Research Data, 2014*
From Table 4.5, all the banks, 100% that responded had a strategy document in place and were implementing the strategy. This is in line with the requirement by the Central Bank of Kenya that all Commercial Banks must have a strategic plan in place.

4.5.1 Communication of Bank Strategies to Staff
This study sought to find out if the strategy was being communicated to all the staff in the Bank. The findings are in Table 4.6

Table 4.6: Communication of Bank Strategies to Staff

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>18</td>
<td>62</td>
</tr>
<tr>
<td>No</td>
<td>11</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Research data, 2014*

From Table 4.6, 62% of the respondents stated that Strategy was communicated to staff in their respective Banks while 38% stated that strategy was not communicated to all the staff. This outcome results to poor strategy implementation in Commercial Banks. Aaltonen and Ikavalko stated that the main reason why strategy in Organization fails is as a result of poor execution emanating from lack of communication.

4.5.2 Strategy Implementation Practices
The study sought to find out the strategy implementation practices employed by various Banks in strategy implementation. The Table 4.7 shows the findings

Table 4.7: Strategy Implementation Practices

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Supervision</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Planning Process</td>
<td>10</td>
<td>31</td>
</tr>
<tr>
<td>Performance Targets</td>
<td>17</td>
<td>59</td>
</tr>
<tr>
<td>Social cultural processes</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Self control and motivation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Research Data, 2014*
From Table 4.7, 59% of the respondent Banks adopts performance targets with 31% adopting planning process while the remaining 10% adopts direct supervision strategy implementation practice. Performance targets is prevalent in Commercial Banks in Kenya given the change in regulatory framework and technological advancement in the Banking industry which has led to stiff competition amongst the Commercial Banks.

4.5.3 Effects of Strategy Implementation Practices on the Bank’s Performance

This study sought to find out if the strategy implementation practice adopted by the respondent Banks had any effect on performance. The findings are in Table 4.8

Table 4.8: Effects of Strategy Implementation Practices on The Bank’s Performance

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>4.86</td>
<td>0.26</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>4.38</td>
<td>0.11</td>
</tr>
<tr>
<td>Staff Motivation</td>
<td>3.24</td>
<td>0.14</td>
</tr>
<tr>
<td>Shareholders Return</td>
<td>4.55</td>
<td>0.52</td>
</tr>
<tr>
<td>Business Process</td>
<td>2.83</td>
<td>0.31</td>
</tr>
<tr>
<td>Efficiency</td>
<td>4.52</td>
<td>0.24</td>
</tr>
<tr>
<td>Knowledge And Innovation</td>
<td>4.0</td>
<td>0.38</td>
</tr>
<tr>
<td>Market Share</td>
<td>2.45</td>
<td>0.25</td>
</tr>
</tbody>
</table>

*Source: Research Data, 2014*

From Table 4.8, according to the respondents, strategy implementation practices played a major role in determining the Bank’s profitability with a mean of 4.86 which is a high score meaning that profitability of the Bank depends so much on strategy implementation and a deviation of 0.26. Shareholders return also played a major role with a mean of 4.55 and a deviation of 0.52 in determining the profitability of the bank. Efficiency scored a mean of 4.52 and a deviation of 0.24 an indication it played a key role in determining the profitability of the bank. Customer satisfaction also played a significant role in determining the performance of the bank with a mean of 4.38 and a deviation of 0.11 knowledge and innovation scored a mean of 4.0 and a deviation of 0.38 while staff motivation scored a mean of 3.24 and a deviation of 0.14 an indication it played an
important role. The market share had little to do with strategy implementation at a mean of 2.45 and a deviation of 0.25 similar to business process that scored a mean of 2.83 and a deviation of 0.31. A performance indicator with a mean score of > 4 means that the variable is highly dependent on strategy implementation, a mean score of between 3 and 4 means it is moderately dependent while a mean score of <3 means that the variable is not dependent on strategy implementation but rather on other factors.

4.5.4 Factors influencing Strategy Implementation

This study sought to find out the effect of factors that influence strategy implementation on organization performance.

Table 4.9: Effects of structure on strategy implementation

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Effective</td>
<td>22</td>
</tr>
<tr>
<td>Effective</td>
<td>5</td>
</tr>
<tr>
<td>Moderate</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Research Data, 2014

From the findings in Table 4.9, 75.9% of the respondents agreed that the structure of an organization played a major role in strategy implementation and was highly effective in their Organization, While 17.1% stated that the structure was effective with 7% stating that structure was not effective in their organization towards strategy implementation. Structure plays a major role in ensuring an Organization is economically effective thus the need to match organization strategy and structure.

4.5.5 Effects of Leadership on Strategy Implementation

This study sought to find out if leadership skills in the commercial banks in Kenya were effective and supported strategy implementation in the banks.

Table 4.10: Effects of Leadership on Strategy Implementation

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>14</td>
</tr>
<tr>
<td>Moderate</td>
<td>8</td>
</tr>
</tbody>
</table>
The findings in Table 4.10 shows that only 48.2% of the respondents felt that the leadership skills in the bank was effective, 27.6% stated that leadership skills in the Bank were moderately effective while 24.2% stated that the leadership skills in their organization was ineffective. Strategy implementation is challenging and leaders cannot afford to be desk-work oriented.

4.5.6 Effects of Organizational Culture on Strategy Implementation
This study sought to find out the effects of the Organizational culture on strategy implementation.

Table 4.11: Effects of Culture on Strategy Implementation

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>18</td>
</tr>
<tr>
<td>Moderate</td>
<td>9</td>
</tr>
<tr>
<td>Ineffective</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Research Data, 2014

From the findings in Table 4.11, 62% of the respondents felt that the culture in their organization was effective and supportive of strategy Implementation. 31% of thererespondents felt that culture was moderately effective while 7% stated that culture was ineffective and unsupportive of strategy implementation.

4.5.7 Effects of Technology on Strategy Implementation
This study sought to establish if technology affected strategy implementation. The findings are in Table 4.12

Table 4.12: Effects of Technology on Strategy Implementation

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly effective</td>
<td>12</td>
</tr>
</tbody>
</table>

27
From the findings in Table 4.12, 41.4% respondents stated that technology was highly effective in their organization, while 34.5% stated that technology was effective with 24.1% stating that technology was moderately effective. Hence Technology played a great role in strategy implementation in Commercial Banks in Kenya.

**4.5.8 Effects of Reward and Support Systems in Strategy Implementation**
This study sought to establish the effects of reward and support systems in strategy implementation in Commercial Banks in Kenya. The findings are shown in Table 4.13

**Table 4.13: Effects of Reward and Support Systems in Strategy Implementation**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>20</td>
</tr>
<tr>
<td>Ineffective</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
</tr>
</tbody>
</table>

*Source: Research Data, 2014*

From the findings in Table 4.13, 68.9% of the respondents stated that reward and support systems were effective in supporting Strategy implementation, while 31.1% stated that the reward and support systems were not effective in implementing strategy.

**4.5.9 Monitoring and Evaluation of Strategy Implementation**
This study sought to find out if monitoring and evaluation of the strategy implementation in commercial Banks was being carried out.

**Table 4.14: Monitoring and Evaluation of strategy implementation**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
</tr>
<tr>
<td>No</td>
<td>15</td>
</tr>
</tbody>
</table>
The findings from the Table 4.14 shows that 51.7% of the respondent Banks were not monitoring and evaluating the strategy while 48.3% of the commercial Banks were monitoring and evaluating strategy implementation, hence making it hard to implement strategy in commercial banks in Kenya.

4.6 Correlation Analysis
In order to establish the relationship between strategy implementation practices and Organization Performance, Pearson product moment correlation analysis was used.

Table 4.15: Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Performance</th>
<th>Targets</th>
<th>Planning</th>
<th>Supervision</th>
<th>Socio-cultural Practices</th>
<th>Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targets</td>
<td>Pearson Correlation</td>
<td>.719</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td>Pearson Correlation</td>
<td>.693</td>
<td>.701</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.002</td>
<td>.018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervision</td>
<td>Pearson Correlation</td>
<td>.655</td>
<td>.432</td>
<td>.724</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.052</td>
<td>.009</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
According to the correlation matrix in Table 4.15, there is a positive and significant relationship between strategy implementation practices and organizational performance. The correlation between performance targets and performance is of magnitude 0.719, that of planning processes is 0.693, while that of supervision is 0.655 and that of socio-cultural practices and performance is 0.772. The correlation magnitude between performance and motivation is 0.689. The positive relationship indicates that there is a correlation between the strategy implementation practices and organizational performance. There is a positive and significant relationship between strategy implementation practices and organizational performance of P-value of 0.000, 0.002, 0.001 0.000 and 0.001 respectively at 95% level of confidence.

4.7 Discussion of Findings
This chapter has analyzed findings from the respondents in Commercial Banks in Kenya. The analysis has revealed that Commercial Banks in Kenya formulate Strategy. All the respondents stated that they had a strategy document in place with 62% of the respondents stating that strategy was communicated to all the staff in their organization with a commitment of below 50% from the senior management. In addition monitoring and evaluation of strategy implementation in Commercial Banks in Kenya requires more focus because from the findings, the rate stands at 48.3%. According to Corboy and O’corrby (2009), strategy implementation fails due to lack of commitment and understanding of how strategy should be implemented.

The analysis further reveals that structure of their respective Organizations played a major role in strategy implementation. Structure is the hierarchical arrangement of lines
of authority and communication and determines how the roles and responsibilities are assigned and controlled and how information flows in the Organization. In a centralized structure, top management has most of the decision making power, while in a decentralized structure, decision making powers are done in various levels (Mintzberg, 1997). Further, the analysis has revealed that the most adopted strategy implementation practice is performance targets, where respondents felt performance target was necessary as everybody in the organization gets involved in strategy implementation. This practice helps measure individual performance based on the four key performance indicators as per the balanced score card. According to Kaplan and Norton (1992), the major performance indicators in an Organization are financial performance measured by the profitability of an organization, customer satisfaction, internal business process measured by the efficiency and Organizational capacity measured by the innovation in the Organization.

The analysis shows that there is a direct relationship between strategy implementation practices and performance of the Commercial Banks given that the mean of 4.00 and above on all the four performance indicators of performance, being profitability -4.86, customer satisfaction – 4.35, efficiency -4.52, knowledge and innovation at 4.0. Market share has the least mean of 2.45 meaning that it is not influenced by the strategy implementation practices but rather determined by other factors. 96.5% of the respondent Banks which represents 28 Banks out of 29 respondent banks had a market share of below 10%, except Kenya commercial Bank which has a market share of 13% . A banks market share is determined by the size of assets, loan assets, deposit base and total capital.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of findings, conclusions from the study, limitations and recommendations for further studies.

5.2 Summary of the Findings
The first objective was to establish the strategy implementation practices adopted by Commercial Banks in Kenya. The first research question was to find out if the Banks had a strategy document in place by stating their mission statement and its compatibility towards strategy implementation. All the respondents confirmed that there was a strategy document in place in their respective Organizations. A further question sought to find out if strategy was communicated to all the staff in the Bank. Majority of the respondents stated that strategy was not communicated to all staff and hence its failure during implementation. Statistics were computed to establish the most prevalent strategy implementation practice in Commercial Banks in Kenya. The study revealed that there were mainly three practices in use by the commercial Banks in Kenya, namely direct supervision, planning process and performance targets, where performance targets was more prevalent among Commercial Banks. This confirms that Banks in Kenya embrace individual performance which then translates to the Organization wide performance.

The second objective of this study was to find out the relationship between strategy implementation practices and performance of Commercial Banks in Kenya. The respondents were asked the effects of factors influencing strategy implementation on Organization performance. The findings reveal that most respondents view structure of an Organization as the most important factor in implementing strategy, followed by leadership skills. Structure comprises of the hierarchical authority and capabilities and enables strategic managers coordinate and motivate employees resulting to increased productivity and efficiency of the organization. A further question sought to establish the effects of the key performance indicators on strategy implementation and hence Organization performance. The study found that implementation of strategy implementation practices has led to growth in profitability of the Commercial Banks,
growth in shareholders wealth and increase in knowledge and innovation, However market share growth was least influenced by strategy implementation.

5.3 Conclusion
Strategy implementation is an integral part of strategy management which deals with the allocation of available resources to put a chosen strategy in motion, with a view to profit maximization and shareholders wealth.

It is evident that Commercial Banks in Kenya have a strategy in place but poor strategy implementation. Commercial Banks need to enhance communication in strategy implementation throughout the Organization and improve on Senior Managers commitment towards the same. They wish to fully achieve strategy implementation that would lead to increased profitability and reduced costs. In order for commercial Banks to remain competitive, they need to be more innovative and invest on human capital to ensure sustainable competition.

The study has found that there is a positive relationship between strategy implementation practices and the performance of the Commercial banks hence to realize the desired results they should ensure close monitoring and evaluation of strategy is done. Most commercial Banks place emphasis to profitability and believe strategy implementation practice has greater impact on these indicator, hence explains why Commercial Banks in Kenya concentrate on strategies that are aimed at increasing profitability resulting to share holders wealth and product and service development strategies leading to satisfied customers.

The study further reveals that structure is the most important ingredient for strategy implementation and hence commercial banks in Kenya should ensure that structure is aligned to their strategy which then will lead to improved profitability and reduced costs.

5.4 Limitations of the Study
The study which adopted a descriptive survey design with the use of Questionnaires with predetermined questions may have limited the respondents to only respond to the available questions which were closed questions thus giving no room for elaborations.
Time was limited and perhaps other data collection methods such as secondary data analysis would have been employed to establish the findings of other researchers.

Fear of victimization of the respondents as the information being sought is very sensitive hence explains the reason why 54% did not indicate the Bank they work for.

It was difficult to convince the participants to actively participate in the research as many claimed they were either too busy to find time to attend to the questionnaire hence explains the reason why the response rate was 67.4%.

**5.5 Recommendations for Policy from the Study**
From the research, a lot of work needs to be done by the researchers and the Central Bank of Kenya which is the regulator of Commercial banks in Kenya, by ensuring effective strategy implementation is carried out. Performance should not just be based on the four key performance indicators and in light of customers becoming more enlightened and the dynamic environment, monitoring and evaluation should be upheld to help reduce the risk of exposing customers deposits.

**5.6 Recommendations for Further Research**
A comparative study should be done between one of the successful Commercial Banks and the least performing Commercial Banks in Kenya to help find out the correlation between strategy implementation practices and performance of the two Banks.

Further, a similar research should be carried out on other Organizations not in the banking Industry to avoid generalizing the findings from one industry to other industries.
REFERENCES


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Ndungu, C. (2013), Strategy implementation process in Commercial Banks in Kenya Unpublished MBA research project, University of Nairobi


APPENDICES

APPENDIX I: LIST OF ALL COMMERCIAL BANKS IN KENYA

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank Kenya
6. CFC Stanbic Holdings
7. Chase Bank Kenya
8. Citibank
9. Commercial Bank of Africa
10. Consolidates Bank of Kenya
11. Cooperative Bank of Kenya
12. Credit Bank
14. Diamond Trust Bank
15. Dubai Bank Kenya
16. Ecobank Kenya
17. Equatorial Commercial Bank
18. Equity Bank
19. Family Bank
20. Fidelity Commercial Bank Limited
21. First Community Bank
22. Giro Commercial Bank
23. Guarantee Trust Bank Kenya
24. Guardian Bank
25. Gulf African Bank
26. Habib Bank
27. Habib Bank AG Zurich
28. Housing Finance Company of Kenya
29. I&M Bank
30. Imperial Bank Kenya
31. Jamii Bora Bank
32. Kenya Commercial Bank
33. K-Rep Bank
34. Middle East Bank Kenya
35. National Bank of Kenya
36. NIC Bank
37. Oriental Commercial Bank
38. Paramount Universal Bank
39. Prime Bank (Kenya)
40. Standard Chartered Kenya
41. Trans National Bank Kenya
42. United Bank for Africa
43. Victoria Commercial Bank
APPENDIX II: QUESTIONNAIRE

This Questionnaire seeks to collect data on Strategy implementation practices and Organization performance in Commercial Banks in Kenya. All information received will be treated confidentially and will be used for academic purposes only.

PART A: BACKGROUND INFORMATION ON THE RESPONDENT BANK

1. Bank name (Optional)

........................................................................................................................................

2. Ownersip

   a. Local  (  )
   b. Foreign (  )

3. Experience

How long has the bank been in operation

   a. Below 5 years (  )
   b. 5-10 years (  )
   c. Over 10 years (  )

|PART B: BACKGROUND INFORMATION ON THE RESPONDENT|

4. How long have you worked for this Bank

   a. Below 3 years (  )
   b. 3-8 years (  )
   c. Over 8 years (  )

5. Position of Respondent

   a. Executive (  )
   b. Functional Manager (  )
   c. Strategy Champion (  )
PART C: STRATEGIES OF COMMERCIAL BANKS IN KENYA

6. Please indicate your Organization’s Mission statement

……………………………………………………………………………………………………………………

Tick the appropriate answer

7. How compatible is your current mission statement with the activity of your Bank

a. Compatible (   )

b. Room for improvement (   )

c. Incompatible (   )

Give reasons for your answer above

……………………………………………………………………………………………………………………

STRATEGY IMPLEMENTATION

8. Does your organization maintain a strategy document

a. Yes (   )    b. No (   )

9. Who is in charge of the strategy implementation in your Organization

a. Executive (   )    b. Functional Managers (   )    c. Strategy champion (   )

10. Is Strategy communicated in your Organization

a. Yes (   )    b. No (   )    c. Not sure (   )
Strategy Implementation Practices

The following are some of the strategy implementation practices adopted by various Organizations.

11. Which approach have you adopted in implementing strategy in your Organization
   a. Direct supervision
   b. Planning process
   c. Performance targets
   d. Social cultural process
   e. Self control and motivation

12. Indicate how you rate the effectiveness of strategy implementation practice in your Organization and its performance.
   (5)- Highly Effective (4)- effective (3)- moderate (2)- ineffective (1)- not sure

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13. The following are some of the factors that influence strategy implementation in organizations. How would you rate their effectiveness on organization performance

Effect of structure on strategy implementation
14. Effect of leadership skills on strategy implementation

Highly Effective ( ) Effective ( ) moderate ( ) ineffective ( )- not sure ( )

15. Effect of organizational culture on strategy implementation

Highly Effective ( )- effective ( )- moderate ( ) ineffective ( )- not sure ( )

16. Effect of technology on strategy implementation

Highly Effective ( )- effective ( )- moderate ( )- ineffective ( )- not sure ( )

17. Do you have systems and procedures in place to support strategy implementation
a. Yes ( ) b. No ( ) c. Not sure ( )

18. How effective are the systems and procedures on strategy implementation

Highly Effective ( )- effective ( )- moderate ( )- ineffective ( )- not sure ( )

19. How effective is the reward and support system in your Organization on strategy implementation
Highly Effective ( )- effective ( )- moderate ( )- ineffective ( )- not sure( )

20. Do you have monitoring and evaluation practices in place
    a. Yes ( ) b. No ( )

21. Who is responsible for monitoring and evaluation
    a. Executive ( ) b. Functional Managers ( ) c. Strategy Champion( )

22. How would you rate your Organization’s monitoring and evaluation practices as relates to strategy implementation

Highly Effective ( )- effective ( )- moderate ( )- ineffective ( )- not sure( )

23. Please indicate your Organization’s market share
    a. 0-4% ( ) b. 5-9% ( ) c. 10-14% ( ) d. 15-19% ( )

24. What was your Organization’s profit last year
    a. Below 500 million ( ) b. 500 m – 1 b ( ) c. Above 1 billion ( )

25. What is your customer database
    a. Below 500,000 ( ) b. 500,000-1,000,000 ( ) c. Above 1,000,000 ( )

26. To what extent do you agree that strategy implementation has led to improvement of the following:

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27. What areas would you suggest be improved on to ensure effective strategy implementation is achieved in your organization

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