

**CHALLENGES OF STRATEGY IMPLEMENTATION AT  
CONSOLIDATED BANK OF KENYA LIMITED**

**BY**

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## **DECLARATION**

This is to declare that this research project is my original work and has not been presented to any other university or institution of higher learning for examination or for any other purpose.

Signed ..... Date .....

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

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## **DEDICATION**

My study is dedicated to the following: my late father Martin O. Abuor, my loving mother Leocadia Abuor, my wife Faith Kwamboka and my children Martin A. Jr. and Brianna Oluoch for their time, prayers, understanding, support and patience as well as the encouragement during the entire period of my study.

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May God Bless and Grant them a long and healthy life.

## **ABSTRACT**

Strategy formulation is the development of long term plans for the effective management of opportunities and threats in light of the organization's strengths and weaknesses. On the other hand strategy implementation is the process that turns implementation strategies and plans into actions to accomplish objectives. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. The process must have the blessings of all interested parties and the top management should play a leading role in the exercise. The general objectives of this study were to investigate the strategy implementation challenges at Consolidated Bank of Kenya Limited and to establish how the bank has been able to overcome the challenges of strategy implementation. This was a case study design where primary data was collected using interview guide. The data obtained from the interview guide was analyzed using qualitative analysis. The findings from the study suggest that the organization had developed some strategies which were geared towards accomplishment of the organizations objectives. Financial constraints and lack of employee participation in strategy formulation was the main reason that slowed down the process of strategy implementation. Other contributors of the challenges on strategy implementation are inadequate analysis of progress being made as planned, financial, change of strategy midstream to suite their focus, non-commitment of some employees in general to support a new strategic plan given the start to its completion including review and supporting its recommendation, lack of implementation continuity if a staff leaves due to absence of project operational manuals, duplication of activities which calls for effective design programs.

## **TABLE OF CONTENTS**

<b>DECLARATION.....</b>	<b>ii</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>iii</b>
<b>DEDICATION.....</b>	<b>iv</b>
<b>ABSTRACT .....</b>	<b>v</b>
<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>1</b>
1.1 Background of the Study.....	1
1.1.1 Concept of Strategy .....	2
1.1.2 Strategic Management Process .....	4
1.1.3 The Kenyan Banking Sector.....	5
1.1.4 Consolidated Bank of Kenya Limited .....	6
1.2 Research Problem .....	7
1.3 Research Objective .....	8
1.4 Value of the Study.....	8
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>10</b>
2.1 Introduction .....	10
2.2 Theoretical Foundation.....	10
2.2.1 McKinsey 7S Theory .....	10
2.2.2 Resource Based Theory.....	11
2.2.3 Higgins 8 S Theory .....	12
2.3 Concept of Strategic Implementation.....	12
2.4 Strategy Implementation Practices.....	14
2.5 Challenges of Strategic Implementation.....	15
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>18</b>
3.1 Introduction .....	18
3.2 Research Design.....	18
3.3 Data Collection.....	18
3.4 Data Analysis.....	19

<b>CHAPTER FOUR: ANALYSIS, INTERPRETATION AND DISCUSSION .....</b>	<b>20</b>
4.1 Introduction .....	20
4.2 The Respondents Profile .....	20
4.3 Strategy Formulation at Consolidated Bank of Kenya Limited .....	21
4.4. Challenges and Responses .....	22
4.4.1 Organizational Culture .....	23
4.4.2 Organizational Structure .....	24
4.4.3 Resources and Capacity .....	25
4.4.4 Management and Leadership .....	27
4.4.5 Employees .....	28
4.4.6 Organization's Customers .....	29
4.4.7 Other Stakeholders .....	30
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND</b>	
<b>RECOMMENDATIONS.....</b>	<b>32</b>
5.1 Summary and Findings.....	32
5.2 Conclusion.....	34
5.3 Limitations of the Study .....	35
5.4 Policy and Practice Recommendations.....	35
5.5 Areas for Further Research .....	36
<b>REFERENCES.....</b>	<b>37</b>
<b>APPENDICES .....</b>	<b>41</b>
Appendix One: Interview Guide.....	41
Appendix Two: Introductory Letter .....	43
Appendix Three: List of Banks.....	44
Appendix Four: Abbreviations .....	46

# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background of the Study**

Strategic management is concerned with the reasons for successes or failure of organizations. There has been a dramatic and gradual development in the field of strategic management within the past few years and it still grows by the day. Organizations, public or private, ought to engage in strategic management in order to realize their corporate goals and objectives. The need for strategic management arises because of the increasingly uncertain, unstable and turbulent environments organizations operate in. They are always required to think strategically, and hence translate their organizational thoughts and insights into effective strategies to cope with the changes in the circumstances and also develop rationales necessary to lay frameworks for planning, designing, adopting and ultimately implementing strategies in the ever-changing business environment Bryson, and (1995).

Strategic and strategic management are vital and core elements in the supplementing of top managerial decisions and operations and thus securing long term success of them. However, successful strategy implementation is quite a feat to accomplish. The notion of strategy implementation is not as straight forward as it seems, but a far more complex, difficult and challenging undertaking contrary to assumptions. Strategy decisions can most often not be reversed without heavy costs and hence requires clear guidelines and accountability for strategic objectives and initiatives are put in place to focus and strictly align individuals with organizational targets, goals and objectives.

However, strategy implementation is important since it bridges the gap between strategy formulation and its success. Poor implementation of an appropriate strategy may cause it to fail Kiruthi, (2001). Failure of strategy can arise from strategies that fail the test of the environment- strategy-capability match, failure to couple strategy development and implementation and poor implementation process.

The McKinsey 7-S framework is a qualitative framework that was developed to analyze seven different aspects of an organization to determine if it is functioning effectively or not. The model is thus based on the foundation that an organization is not just structure, but consists of seven critical aspects of an organization which include strategy, structure, systems, style, skills, staff, and shared values (the 7Ss)



Peters and Waterman (1982). Thus, strategy is the central integrated concept of how to achieve the firm's objectives. The essence of strategy is choosing a set of core business activities to create value for its stakeholders, and performing those business activities in the most ideal manner. It is evident that both the resource view of the firm and the McKinsey 7-S framework supplement institutional

Strategy implementation though deemed difficult is not only vital but also a critical phase of organizational survival (David, 1997). After a comprehensive strategy has been formulated, difficulties arise during the subsequent implementation process. According to Ngumo (2006), strategy implementation though considered heavily demanding cannot be overlooked by any organization that seeks to achieve its goals. Consolidated Bank of Kenya Limited must therefore endeavor to implement its strategies if it has to remain competitive in today's ever changing and turbulent environment.

### **1.1.1 Concept of Strategy**

Strategies define and direct the long-term goals of an organization. They encompass how the set targets, goals and objectives are to be accomplished. They shape the implementation process and play a key role in guiding the purposeful action in delivering the required result thus enabling organizations to adapt by 'mastering the present and preempting the future. Abell, (1993).

A well formulated strategy helps in the consolidation and allocation of organizations' resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated change in the environment and contingent moves by intelligent opponents. Chandler (1962) in defining strategy pioneered the idea that structure follows strategy. Ansoff (1965) majorly focused on strategy-capability gaps, where analysis is done to establish where the organization is, where it is anticipated to be and the strategies it adopts for repositioning itself. Strategy is about achieving competitive advantage through being different, thus deriving a unique value, and having a clear and distinct view on how to position yourself uniquely in your industry (Porter, 1985).

According to Johnson and Scholes (1998), business strategy is the direction and scope of an organization over the long term; which achieves proper merits for the organization through configuration of resources, through a challenging of involvement to meet the needs of markets and to fulfill stakeholders' expectations. Strategy is the game plan management has for positioning the company in its chosen market niche, competing successfully, customer satisfaction and achieving good business performance (Thompson and Strickland, 1990). Strategy is what a company does and how it positions itself commercially and conducts the competitive battle (R. Koch, 1995).

Mintzberg and Quinn (1998) introduced the five P's of strategy, that is, strategy as a plan, as a pattern, as a ploy, as a position and as a perspective. As a plan strategy specifies a consciously intended course of action an organization wishes to take. As a ploy it specifies the maneuvers intended to outwit a competitor by an organization. As a pattern strategy emerges from a stream of actions developed by an organization in the absence of intentions and without any pre-conception and as a perspective strategy reveals the way an organization perceives the outside world. This holistic approach brings out the various angles that an organization adopts in achieving its goals.

Tempoe and Macmillan (2000), view strategy in different aspects which are; strategy as a statement of intent hereby seen as a clarification of a corporate purpose as defined in the organization's vision and mission statements, strategy as fit between capabilities and opportunities where strategy matches the capabilities of an organization and its abilities to achieve success and strategy as a responsibility of leaders where leaders define strategies that influence the daily activities of an organization.

Lastly, Johnson and Scholes (1993) give different approaches to strategy. They include a cultural approach, which views strategy as a pattern of behavior arising from the culture embedded in the organization, natural selection, where the organization is pressurized to adapt to environmental changes, rational approach where deliberate planning systems are put in place in determining organizational strategy and political approach which stipulates that strategy emerges from trade-ins of individual and organizational demands and interests to strike a balance.

### **1.1.2 Strategic Management Process**

Strategic management process is not complete without effective implementation of an organization's strategy. This is crucial and hence the reason why the process and content of strategy needs to incorporate all forms of implementation.

According to Ansoff (1990) strategic management is an organized approach vested on management to reposition the organization in a turbulent environment and in a manner that will ensure success. Ansoff points out the organization's capabilities against a turbulent environment and how a firm strikes the balance in order to remain competitive and stay in business.

According to David (1997) strategic plans are tools used as communication channels which allow for proper and effective dissemination of information to the different lower units of an organization leading to participation by all employees. Thompson et al (2007) introduces the aspect of a strategic plan and states that it enable a company to cope with challenges in the industry and the competitive forces.

Jonson and Scholes (1993) define strategic management on the basis of deciding on the strategy to be adopted and how it will be executed. This is evident in the organization's strategic analysis, where strategic options chosen will enhance the organization's competitive position. It highlights major phase in strategic management which an organization must follow diligently if it wants to succeed. Strategic management consists of the entire organization's focus on both short and long term goals. Organizations must engage management staff to take charge of strategic management process. This involves

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Since strategic management consists of the entire organization's focus on both short and long term goals, organizations ought to engage management staff in entirety in taking charge of strategic management process.

This involves strategic planning; the process of developing and ensuring the existence consistency between the organization's objectives and resources and its changing opportunities (Robison, 1997). This goes further in the documentation of a proper system of doing business that leads to greater profit and growth. Strategic planning turns an organization's mission into achievable goals as contained in its strategic plan.

### **1.1.3 The Kenyan Banking Sector**

The banking system in Kenya is 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 Ngesa, (1989).

Currently, there are 46 banks and non-bank financial institutions, 15 micro finance and 48 foreign exchange bureaus. The banking act was enacted in 1989 and it replaced the banking act in 1969. Prior to this, banking in Kenya was regulated under banking ordinance .This was a colonial piece of legislation, which was inherited by the government at independence (<http://www.centralbank.go.ke>).

The banks have come together under Kenya Bankers Association (KBA), which serves as a lobby for the banks interests and also addresses issues affecting the members. The industry is dominated by a few banks which are foreign owned and some are locally owned. Nine of the major banks are listed at the Nairobi Stock Exchange (NSE). The CBK falls under the docket of the Ministry of Finance. It is responsible for formulating, implementing monetary policy and fostering the liquidity and proper functioning of the banking industry.

The Kenyan banking scene has also seen major revolutions in the past few years. There have been financial innovations such as mobile banking as pioneered by M-Pesa and the emergence of credit reference bureaus. Major Banks and financial institutions have embraced technology to increase speed of transactions, give clients more flexibility and reduce costs of doing business. The introduction of M-Pesa as a mobile banking service has availed the above benefits to banks and other financial institutions.

Credit Reference Bureaus (CRBs) complement the central role played by banks and other financial institutions in extending financial services within an economy. They help lenders make faster and more accurate credit decisions. In addition to that, they collect, manage and disseminate customer information to lenders within a provided regulatory framework.

The provision of credit histories not only provide necessary input for credit underwriting, but also allow borrowers to take their credit history from one financial institution to another, thereby making lending markets more competitive and, in the end, more affordable. Credit bureaus assist in making credit accessible to more people, and enabling lenders and businesses reduce risk and fraud. Sharing of information between financial institutions in respect of customer credit behavior, therefore, has a positive economic impact. Lastly, since banks play a central role in extending financial services within an economy, in support of this role, credit bureaus help lenders make faster and more accurate credit decisions.

Key issues affecting the banking industry include: changes in the regulatory framework, where liberalization exists; declining interest margins due to customers' pressure leading to mergers and reorganization; increased demand for non-traditional services and move towards emphasis on the customer rather than the product; introduction of non-tradition players who offer financial services products. (<http://www.centralbank.go.ke>). The banking industry is thus poised for further significant expansion, product and market development that should result in further consolidation of the banking sector.

#### **1.1.4 Consolidated Bank of Kenya Limited**

Consolidated Bank is a commercial bank in Kenya, East Africa's largest economy. It is licensed by the Central Bank of Kenya, the country's central bank and national banking regulator. It is a medium-sized financial services provider in Kenya, focusing on meeting the banking needs of small and medium-sized enterprises in the country.

As of December 2013, the total asset valuation of the bank was about US\$193.7 million (KES: 16.8 billion), with shareholders' equity valued at about US\$14.34 million (KES: 1.242 billion). At that time, the bank was rated number 24, by assets, out of 43 licensed banks in Kenya.

The bank was incorporated on 7th December, 1989 as a result of the merger of nine insolvent financial institutions and in an effort to stabilize the financial sector. Consolidated Bank aims to meet the banking needs of both individuals and institutions. It enjoys an independent, dynamic, result oriented culture and a flexible and innovative approach to banking and provision of financial services by the proper comprehension of the markets in which our clients operate and offer a service built on personalized and specialized banking solutions.

In the beginning, the institution was limited to collecting the debts of the failed legacy financial institutions. However, the Central Bank of Kenya, issued Consolidated Bank of Kenya with a full commercial banking license in 2001. The Bank is fully owned by the Government with the majority shareholding in the Bank (51%) held by the Treasury through the Deposit Protection Fund. The remaining shareholding is spread over 25 parastatals and other government related/controlled organizations. Consolidated Bank maintains 16 branches in urban areas of Kenya, as of December, 2013 (Wikipedia.org/Consolidated\_bank\_of\_Kenya & Central Bank of Kenya, 2011)

## **1.2 Research Problem**

This is the translation, into action, of a formulated strategy in order to realize organizational goals. Successful implementation of strategies is not an easy undertaking for many organizations and if not dealt with properly, can lead to implementation failure. Many times implementers face challenges but may not be aware of the source of these challenges. Challenges in strategy implementation can arise from many sources: resistance to change, inadequate resources, ineffective communication, and inappropriate system, structure, culture, leadership, policies, support and reward. Knowing the cause can help to come up with approach to overcome challenges to facilitate strategy implementation.

The major mistake conceded by most organizations is separating strategy formulation and implementation processes. In view of this, there is a need to increase research on areas of strategic implementation in organizations. Once a strategy is developed, it must be implemented and without proper implementation, the strategy will not attain its intended objective.

A lot of studies have been carried out on strategy implementation and its challenges by among others. Ngala (2010) studied challenges of strategy implementation at I & M Bank Ltd, Nyakundi (2010) studied strategy implementation and its challenges at Citibank N.A. Kenya. The motive for undertaking this research is to add to the known literature that the strategy implementation still remains a challenge for organizations irrespective of ownership, structure, leadership or formation.

The banking industry has witnessed tremendous changes brought about by globalization, liberalization, shorter product life cycle, intensified competition among rivals, changing new regulatory provisions and prudential guidelines, new technology and more demanding consumers. These changes require appropriate strategy implementation. In view of this, the question that arises is: What are the Challenges of strategy implementation at Consolidated Bank of Kenya Limited?

### **1.3 Research Objective**

The objectives of this study are to identify the challenges of strategy implementation at Consolidated Bank and to subsequently establish the measures taken by Consolidated Bank to deal with strategy implementation challenges.

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

This study is aimed at providing guidance and direction to the management of Consolidated Bank with information regarding the general challenges faced during strategy implementation and how to overcome and, or cope with the challenges.

The research findings of this study will also avail an opportunity for Consolidated Bank of Kenya Limited and other commercial banks to compare and assess, not only the strategic management practices with other banks in the Kenyan banking industry, but also share the relevant insights into the challenges of strategy implementation.

The result of the study would be of great importance to the scholars, academicians and researchers in investigating the influence of context, validating previous research, facilitating theory building and contributing to the already rich body of knowledge in the area of strategic management and strategy implementation. The study can also be a source of reference material for future reference to those academicians who undertake the same topic in their studies.

Lastly, policy makers will have an opportunity of using the findings of this study to design policies that will encourage better decision making at all levels, stimulate the adoption of effective and sustainable strategies while at the same time instilling effective regulatory mechanisms and environment.



## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This Chapter presents a review of the literature related to the purpose of this study. The chapter will aim at the critical point of capturing knowledge and ideas that have been established with regards to the study. The literature review is based on authoritative, relevant and original sources such as journals, articles, books, thesis and dissertations.

### **2.2 Theoretical Foundation**

This section presents a theoretical review of the study. The theories reviewed here are McKinsey 7 S Theory, Resource Based Theory and Higgins' 8 S Theory. Based on the documented discussions of consultants, previous studies of researchers and scholars, organizations ought to adhere to and follow a model or combinations of models/theories to ensure successful strategy implementation.

#### **2.2.1 McKinsey 7S Theory**

McKinsey 7S model is one of the models competitive organization in the dynamic business environment applies during strategy execution and implementation. According to McKinsey theory, effective strategy implementation should be aligned with the seven variables within the organizational context. These variables include; structure, strategy, systems, skills, style, staff and shared values. Structure of the organization is one of the key determinants of effective strategy implementation it promotes communication and continuous feedback to key stakeholders in the organization (Peters and Waterman, 1982).

Structure relates to the way the organization is structured and its chain of command. Strategy is the plan devised to maintain and build competitive advantage over competition. Systems are the daily activities that staffs engage in to get the work done. Shared values are the core values of the company that can be seen in the corporate culture and general work ethic. Style relates to the leadership style adopted. Staff is the employees and their general capabilities. Skills are the actual skills and competencies of the employees working for the company.

The 7S framework, thus, can be utilized in situations whereby there is need for realignment in order to improve company performance, establish likely effects of future changes in a company and determining the best possible way to implement a proposed strategy (Peters and Waterman, 1982).

### **2.2.2 Resource Based Theory**

Resource Based View theory of the firm is one of the concepts applied by elite and modern competitive organizations in the dynamic business environment in the formulation, implementation and evaluation strategies (Thompson et al., 2012). Helfat & Peteraf (2003), define resources as stocks of available factors that are owned or controlled by the firm, which are converted into final products or services. Capabilities, in contrast, refer to a firm's capacity to deploy resources, usually in combination, using organizational processes, to produce a desired effect. Hence, the presence of capability enables resources to begin to be utilized, and the potential for the creation of output arises. While resources are the foundation of the organization's capabilities, capabilities are the main foundation of its competitive advantage (Zingier, 2002).

The Resource Based View theory according to Rapert and Suter, (1996), states that the competitive advantage of an organization lays primarily with the application of the organizations resources. It holds that sustained competitive advantage can be achieved more easily by exploiting internal rather than external factors.

These resources must be identified with key respective and vital potentials, that is, valuable, rare, imitable and non-substitutable without great effort. Resources are valuable if they help organizations to increase the value offered to the customers. This is done by increasing differentiation or/and decreasing the costs of the production. The resources that cannot satisfy this condition, lead to competitive disadvantage. Resources that can only be acquired by one or few companies are considered rare. When more than few companies have the same resource or capability, it results in competitive parity. A company that has valuable and rare resource can achieve at least temporary competitive advantage.

However, the resource must also be costly to imitate or to substitute for a rival, if a company wants to successfully implement a strategy and thus achieve a sustained competitive advantage. The resources itself do not necessarily confer any advantage for an organization if it's not organized to capture or obtain the value from them. Only the firm that is capable to exploit the valuable, rare and imitable resources can end up achieving a sustained competitive advantage. To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. If these conditions hold, an organization's bundle of resources can assist it to sustain above average returns (Priem and Butler, 2001).

### **2.2.3 Higgins 8 S Theory**

The 8 S theory was developed by Higgins in the year 2005, which is a revision of the original McKinsey 7 S model developed in 1980. The aim of the 8 S model is aimed at enabling managers to effectively and efficiently manage the cross functional execution of strategies. Higgins pins down that those executives who are successful spend a great deal of their time on strategy execution. They believe and realize that execution of strategy is as important and crucial as its formulation. Higgins, (2005) states that much of the strategy execution revolves around the successful aligning of key organizational functions/factors with the chosen strategy. However with the frequently occurring changes in the business environment, strategies ought to be reshaped more often as compared to the past, making the alignment process a rather bigger challenge. Top managers must therefore ensure they align the cross functional organizational factors; structure, system and processes, leadership style, staff, resources and shared values with the new strategy so that the strategy opted can succeed (Higgins, 2005).

### **2.3 Concept of Strategic Implementation**

According to Pearce & Robinson (2007) the implementation and execution of a strategy is an operation driven activity that revolves around the management of people and business processes. Pearce and Robinson (1998) pointed out that it is essential for an organization to comprehend and adjust to their environments if they have to accomplish their goals and objectives. Few strategies are implemented in the fullness in which they were formulated. Part of the strategy may be therefore recognizing the

patterns that seem to have led to success even if these patterns arose by chance rather than as result of planned actions.

Pearce and Robinson (1991) illustrated that the firm's primary structure, organization leadership organization culture, individual organization members and ultimately, the particular key managers as being important determinants for successful strategy implementation. This underlines the vitality of establishing the right match between strategy and trends in a firm's environment. According to Tan (2004) it is possible that new strategies are being implemented without a clear understanding of the elements that affect the implementation process.

Although managers may assume that their implementation has been successful, frontline staff may encounter various issues not necessarily taken into consideration before the implementation and which may only appear in the long run. This would cause undesirable consequences to the organization, whether they are of little or great impact. Rowe (2008) advocates that to implement a strategy is to change an organization or its processes of thinking, its process of structure and its process of culture. Implementing a strategy is a change process. Thus, to implement a strategy we need to change our thinking or change our culture or change our structure or some combination of them as they are inextricably linked and separated here only for the purposes of explanation.

Ngala (2010) notes that the problem of strategy implementation is related to situations and processes that are unique to a particular organization or industry even though some problems may be common to all organizations. Strategy implementation, therefore, is an ever changing process that brings real challenges for many organizations which may include: change in our thinking, changes in our culture or changes in our structure or some combination of them. The implementation of strategy is not the direct outcome of thinking one up. The corporation can develop a most brilliant strategy ever produced and they can communicate it to an organization so elegantly that it is received with rapture but that won't ensure anybody will 'do it' (Rowe, 2008).

Zulfiqar (2010) further stresses the criticality involved in the separation of strategy implementation from strategy execution. This helps top executive management to understand which matters senior managers should be dealing with and which matters

they should be delegating to middle and operational managers. In addition, they need to understand what risks are strategic, what risks are operational, and the subsequent complexities involved in the process of expansion and who is to manage them.

Nixon (2010) acknowledged the fact that a strategy may be good, but if its implementation is poor, the strategic objective for which it was intended may not be achieved. It is therefore important for organizations to establish a clear link between strategy formulation and strategy implementation. The process of strategy implementation therefore, is one that calls for intense, persistent and dedicated effort in the context of close collaboration between a company personnel and any external consultant involved.

## **2.4 Strategy Implementation Practices**

Strategic implementation is concerned with execution of the chosen strategy for the organization, which is, putting the strategy into practice. Strategic implementation always involves a degree of change and the effective management of change can significantly affect the successful implementation of the desired strategy (Alexander, 1985). Strategic evaluation is the less-researched part of the strategy process but it is vital in assessing the level of success of the chosen strategy. It is not only concerned with performance and performance measures but also helps to signal when the strategy requires adjustment in the light of experience and in the context of a rapidly changing external environment, as strategy is a continuous process rather than a single event (Pearce and Robinson, 1985).

According to Bresser and Bishop (2003), Strategy implementation practice is the product of the best minds inside and outside the corporation. The practices considers future implications of current decisions, adjusts plans to the emerging business environment, manages the business analytically, and links, directs, and controls complex enterprises through a practical, working management system. Strategy implementation practice involves formulation of vision and mission statement, performance of situational analysis and finally strategy implementation and choice (Pearce and Robinson, 2008).

Strategy implementations determine the organizational relations to its external environment and encompass the entire organization, depend on input from all of the functional areas in the organization, (Shirley, 1982).

Although strategy implementation is important, what is more important is how it is practiced in different organizations. Many organizations keep on redefining their mission and vision statements, organize seminars and include consultants to formulate strategies so as to achieve competitive advantage and be able to deal with the unexpected environmental changes. Strategy implementation practices is important as it leads to customer focus, quality management, technology strategies, research and development, production operation strategy, human resources strategies and financial strategies, performance of the organization of the organization achievement must be supported by strategic decisions.

## **2.5 Challenges of Strategy Implementation**

Strategy implementations often pose a number of challenges which arise from sources that are internal and external to the organization. Particular challenges that will face strategy implementation will depend on the type of organization and the prevailing circumstances. Thomson (1995), states that in all organizations, at all levels, there exists a natural resistance to change. Employees feel threatened with changes of the unknown and they get concern with loss of jobs or status.

According to Thompson and Strickland (1998), the same is true of the management staff. They point out that organizational culture and change must be the leader's top priority, arguing that if managers see the need for change, give this change priority and use the required time, then the organization will change and strategy implementation will succeed. Thompson and Strickland (1998) further argue that leaders' involvement in strategy implementation is crucial. According to Kaplan and Norton (2004), the main causes of poor strategy implementation are; vision and strategies that are not achievable, not linked to departmental, team and individual goals, long and short term resource allocation and feedbacks that are tactical but not strategic. They do not mention leadership style as a barrier.

Beer and Eisenstat (2000) state that leadership influences strategy implementation. Galpin (1998) asserts that what makes the difference between successful and unsuccessful strategy implementation is the way management motivates, trains and educates its people.

Kaplan and Norton (2004), argue that the most important driver of success in strategy is top management leadership style, and not the tool itself, that leadership style has a larger effect than the analytical and structural strength of the tool.

They refer to the experience of leaders that have managed a successful strategy implementation and emphasize communication as the largest challenge. Most organizations formulate strategies that are burdened with undue complexity and are bogged down by principles that are similar to those of competitors. At implementation problems occur and their success depends on how fast and how well plans are put into action.

Strategy may fail if the design of the organization context is inappropriate for effective implementation and control. The strategy should be compatible with the internal structure of the organization, its business, policies, procedures and resources. Awino, (2001) identified four challenges affecting successful strategy implementation as; lack of fit between strategy and structure, failure to impart new skills, inadequate information and communication systems. Koske (2003) observed that there are many organizational characteristics that constrain strategy implementation. They are connecting strategy formulation to implementation, resource allocation, match between strategy and structure, linking performance and pay to strategies and creating strategy supportive culture.

Kim and Mauborgne (2005) identified; failure to overcoming the four organizational hurdles, which are cognitive, motivational, resource and political hurdles, failure to understand the customer, inability to predict environmental reaction, overestimation of resource competence, failure to coordinate, lack of senior management commitment, failure to obtain employee commitment, underestimation of time requirements, failure to follow the plan, failure to manage change and poor communication as major challenges of strategy implementation.

Aosa, (1992) observed that lack of compatibility between strategy and culture can lead to high organizational resistance to change and demotivation, thus frustrating strategy implementation. Strategy implementation often encounters challenges because of deep-rooted cultural biases. It is the strategist's responsibility to choose a strategy that is compatible with the unchangeable part of the corporate culture (Thompson and Strickland, 1989).

People working in organizations sometimes resist proposals for change thus making it difficult to implement strategy (Lynch, 2000). This may occur due to fear of economic loss, inconvenience, uncertainty, and break in normal social patterns (David 1997). According to Freeman (2003) there are a number of strategy implementation pitfalls which include isolation, lack of stakeholder commitment, strategic drift, dilution, and isolation, failure to understand progress, initiative fatigue, impatience and not celebrating success. Sometimes strategies fail because they are simply ill conceived. The importance of confronting reality comes into focus once one builds an execution culture across the wider organization Bossidy and Charan, (2002).

Drazin and Howard (1984) pointed out strategy – structure alignment as a precursor to the successful implementation of business strategies. They argue that changes in the competitive environment require adjustments to the organizational structure. Inappropriate systems of structure are one major challenge of strategy implementation. According to Johnson and Scholes (1999) successful strategy implementation is a factor of organizational structure, resource allocation and strategic change management.

Chandler (1962) observed that structure follows strategy in the sense that structure is deliberately adjusted to embrace strategy pursued by the organization. He emphasized matching structure to strategy. Mintzberg (1990) concludes that 'structure follows strategy as left foot follows right foot'. It is therefore important to check that the existing structure does not constrain the strategies being implemented. Pearce and Robinson (2002) argue that structure can enhance or inhibit strategy implementation. David (1997) indicates that structure determines resource allocation which also has an impact on strategy implementation.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter describes the research design, data collection and the various techniques for data analysis used in the study. This involves how the major questions of this research will be scrutinized and developed. The methodology will be explained under the major headings of population definition, survey approach, and pre-test of the interview guide, final guide, data collection procedure, data analysis and the framework for data analysis of the entire research study.

### **3.2 Research Design**

The study is modeled for a case study design. Kothari (1990) defines a case study as a form of qualitative analysis which involves a careful and complete observation of a social unit - a family, a person, a cultural group, or an entire community or institution. The study focused on strategy implementation challenges at Consolidated Bank of Kenya Limited.

The results will be expected to provide an insight on how commercial banks should carry out successful strategy implementation in order to remain competitive in the current turbulent and sometimes hostile environment. Yin (1994) also points out that a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Previous studies of similar nature have successfully used this method Kandie (2001), Koske (2003), Muthuya (2004), Machuki (2005), Olali (2006), Atandi (2010) and Miako (2011) among others.

### **3.3 Data Collection**

The study emphasized on primary data. An interview guide was used via face to face interview to collect data. The interview guides were a preference over other methods of collecting data because of their capability to extract information from the respondents as well as giving the researcher a better understanding and more insightful interpretation of the results from the study. Primary data was collected by interview guide consisting of open ended question. The advantage of open ended questions is that they allow respondents to express their feelings and thought especially when complex issues are being studied.

They thus offer more details and more information in areas that might not have been foreseen by the researcher. The interviewees in this study included: head of human resources, head of retail and SME, head of credit, head of finance, head of risk and compliance, general manager business development and head of operations. The major reason for choosing a few interviewees was to facilitate ease in collection of adequate and accurate information essential for the research.

### **3.4 Data Analysis**

The content analysis was used to analyze the interviewees' views regarding the challenges of strategy implementations at Consolidated Bank of Kenya Limited. The technique was used as a set of categorization for making valid and replicable inferences from data to their context. The information from various interviewees were further evaluated and documented as findings for this study.

The responses in the open ended questions were grouped into categories; mutually exclusive and exhaustive. Each question was studied separately from all the interviewees. This enhanced the chances of getting a clear idea about the total responses of subjects to certain issues. The qualitative method was used for proper comprehension of the topic under study. The method is suitable as it does not limit interviewees on the responses and can generate more information to meet the objectives of the study.

## **CHAPTER FOUR: ANALYSIS, INTERPRETATION AND DISCUSSION**

### **4.1 Introduction**

This chapter presents the findings of the data collected and interpreted on the challenges of strategy implementation at Consolidated Bank of Kenya Limited. It analyzes the data and present results on the basis of the objective set at the beginning of the study. Where closed ended questions were used for data collection, the responses were analyzed qualitatively. The interviewees in this study were drawn from various departments at Consolidated Bank of Kenya Limited to ensure that this is a clear review of strategy implementation and to give more than one perspective of the study. Seven interviewees were interviewed using the interview guide to get responses. The interviewees were head of human resources, head of retail and SME, head of credit, head of finance, head of risk and compliance, general manager business development and head of operations.

The implication of the study is that various responses from different department can adequately explore all the expected responses from entire bank. This study is sought to obtain information on the three main objectives: to establish the strategies Consolidated Bank of Kenya Limited has implemented, to determine the challenges of strategy implementation at Consolidated Bank of Kenya Limited and to establish measures taken to deal with challenges of strategy implementation. Each strategy is organized in term of its challenges and strategy response taken by the bank to overcome the challenges.

### **4.2 The Respondents Profile**

The research objective was to determine the challenges of strategy implementation at Consolidated Bank of Kenya Limited and to establish how the bank had been able to overcome strategy implementation challenges. This chapter presents the findings and analysis with regard to the objective and discussion of the same. The respondents comprised the top level managers of the bank.

In total; six respondents out of the intended seven interviewees were interviewed. This represented 85% response rate and thus was considered a good result. All the respondents had worked in the organization for over five years.

With this, it was felt that the respondents were well informed and knowledgeable enough on the research subject matter and thus of help in the realization of the research objective. One observation made from the results of the interview was that two of the respondents, upon being asked whether they wished to change their current jobs answered in the affirmative. The reasons given were that they felt the amount of work they undertook in the organization does not commensurate with the level of compensation they get. However, the other four respondents indicated their satisfaction with their current duties, highlighting various opportunities available within and without the organization such as career development, interaction and solving customer complains, and the new challenges that come in the course of their duties. All these helped in personal development of the respondents and thus creating a motivated workforce. In addition, the views of both genders were represented in the respondents interviewed because two of the respondents were female against four men.

#### **4.3 Strategy Formulation at Consolidated Bank of Kenya Limited**

In this section, the respondents were to give their independent opinion on what they consider to be the organizations strategy development process. It was important to understand the process because a good strategy development process that is all inclusive will impact on the degree of its success. The respondents in totality agreed that the strategy development of a firm, among others is concerned with carrying out situation analysis that leads to setting of objectives. The organizations Vision and mission statements will in most cases be the guiding factor in the development of the strategies.

The respondents also noted that organizational strategy is very important to an organization as it assists the organization to know what they are supposed to do, at what time and thus helps in achieving its objectives.

As a result, a policy guide towards the achievement of this will be important. In the case of Consolidated Bank of Kenya Limited, the organization made their strategies over five years and the approach normally used is the top-down though in some cases bottom-up approach was adopted depending on the circumstances. The duration of the period taken on the organizations strategy was mostly medium term covering two years though in some cases yearly goals were set.

One of the respondents observed that the duration taken varies on business impact e.g. operation or profitability will have on the organizations business.

The implementation of any organization strategy will only be successful if the employees who are the actual implementers participate fully in the process. This fact was reinforced by five of the respondents, representing 80% of the respondents, who did indicate that one of the ways in which to motivate the employees to work to their best of ability in the strategy implementation process is offer an attractive pay package. The respondents observed that in the case of Consolidated Bank of Kenya Limited, employee compensation and job security is documented in the Human Resource Policy Manual (HRPM). In their view, the salary and benefit scheme of the bank was not among the best in the sector and that in consideration of the amount of work they did; they felt they still needed much better remuneration.

#### **4.4. Challenges and Responses**

Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Just as the strategy of the organization must be matched to the external environment, it must also fit the multiple factors responsible for its implementation.

Consolidated Bank of Kenya Limited faces a number of challenges in implementing its strategies. All the respondents identified different factors that have hindered effective implementation of the strategy. The challenges ranged from: Channel conflicts between various lines of business, retail or corporate, organizational culture, organizational structure, inadequate resources and unpredictable leadership decisions. However, challenges in the implementation of the company strategy have not been taken lightly by the bank. Various measures have been undertaken to overcome the challenges and move the organization towards the realization of its objectives. What follows are the various challenges and the corresponding responses that were identified by the respondents to overcome the challenges.

#### **4.4.1 Organizational Culture**

The respondents agreed that the culture in their organization hindered its success in the implementation of a strategy. The respondents argued that the organization culture was mostly centered on customer focus, teamwork, profession and integrity. However, 67% of the respondents agreed that the process was lethargic in the sense of lacking in true customer focus, slow speed of making decisions, responding and dealing effectively with customer issues.

The culture factors that were identified by the respondents varied and included the following: resistance to change and the fear of the unknown. Three of the respondents, representing 50%, indicated that there is a certain number of senior staff members that are used to a certain ways of doing things in the organization and whenever new changes were introduced or change of strategy was required to capture a certain opportunity or counter a given threat, the same group would be slow in decision making that lead to the loss of opportunity.

The respondents observed that when employees were used to a given way of life or doing things normally new ideas are seen as a threat to the existing culture and will naturally be resisted. The customers influence on the implementation of the organization strategy was also noted as a challenge. The bank has known its customers to desire high level of service quality and also abhorring high level of expectation. Thus in some circumstances, noted the respondents, the high expectations from the customers hindered changes in strategy of the organization because of the fear of losing some of the customers.

The researcher also wished to get from the respondents how they overcame the challenges posed by the values and beliefs shared by the organization employees and still ensured the maintenance of the organization culture. The respondents did indicate that the involvement of the senior management in strategy implementation and training together with communication of benefits of changing the strategy to all staff were key ways to overcome most of the challenges realized in strategy implementation.

In addition, the respondents recommended the openness of board meetings to create an all-inclusive process where not only the staff but also the customers could feel part and parcel of the process. As a result, the respondents also indicated that a customer centric approach together with education and innovation as core to overcoming these challenges. In the question of how values and beliefs of the organization could be enhanced, the respondents indicated that teamwork, and partnership in product development and innovations would go a long way in enhancing cooperation in the organizations staff.

The respondents had mixed reactions when it came to the question on the values and beliefs shared by the organization members posed a challenge to the process of strategy implementation. Three of the respondents observed that conformity to existing values and traditions would lead to the loss of perspective of the new strategy which they said could result to delays, waste of resources and time loss, the respondents who agreed with the question argued that the integration with partners posed a big challenge that required a lot of innovation to be overcome.

#### **4.4.2 Organizational Structure**

The respondents indicated that the organizations structure in some cases has posed a challenge to strategy implementation. The structure of an organization is designed to breakdown how work is to be carried out in business units and functional departments and not to be an impediment in the developing or implementing the organizations strategies. It was observed that the vertical structure that has been adopted by the organization though good for controlling the activities of the organization, has impacted its decision making process. It was also noted that the organizational structure presented a reputational risk with regards to strategy implementation. Respondents argued that the reporting lines present in the structure posed hindrances to actual realization of most formulated plans.

The organization used the top-down approach with little or no buy-in from staff. However, the response structure was found to be slow and in some cases lead to the loss of opportunities and also considering that organizational politics was a factor that could not be totally underestimated. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment and communication process are considered.

The respondents suggested a number of steps that had been taken to remedy the situation which included, yearly revision of structures in line with business and customer demands which was meant to address the growth of staff departments and branches, the designation of clear process flow that is meant to address the inadequacy in the general know how of the key implementation stages. Further when asked about other challenges in strategy implementation which is brought about by the way the structure was organized, the respondents pointed out that some roles and functions were not clearly structured and that they lacked the supporting structure. In addition the management failure to take initiative in creating and sustaining a favorable environment within the firm that could incorporate all the stakeholders in the implementation process was also identified as a major challenge.

The respondents recommended various ways of addressing the challenges faced in strategy implementation as far as the organization structure was concerned and identified yearly assessment of individual roles to ensure proper revision of the structure to be in line with the organization strategy, encouraging teamwork and ensuring that there was a conducive working environment, which they said would create room for discussions, interaction and proper communication. This they argued would be achieved through good working relations between peers and holding effective staff meetings. Furthermore, additional training together with constant focus on the organization goals were also identified as great remedies to these challenges.

#### **4.4.3 Resources and Capacity**

The respondents agreed unanimously that resource constraints hindered strategy implementation since it is directly linked to the firm's profitability. The financial aspect was critical given that the bank had been suffering losses during the last two years. The research found out that, to enhance its operational efficiency and effectiveness in customer service delivery, the bank undertook a business processes rationalization, implementation and integration of up-to-date technologies in its respective operations thus strengthening internal risk management and control. The business process improvement and update culminated in the ISO 9001 certification obtained in 2012.



The bank also implemented a new core banking system in September 2013 replacing the old legacy systems which was based on outdated flat file technology with more modern web based windows technology. The above proved to be costly investments thus denting the bank's financial ability considering that it had made losses the previous two years. Further, the financial constraint meant that the bank could not meet its target of enhancing its branch network and footprint.

The marketing department fought hard not to have their budget cut since it was crucial to the organization. It was identified that, as a department, marketing ought not to be silent. One of the respondents noted that the more they were silent as a department, the deeper the firm plunged downwards. She was of the suggestion that the budget of the marketing department shouldn't be cut, whatsoever, as they were the firm's mouthpiece and major brand ambassadors.

Further, time resource was also highlighted. The respondents argued that when there is time shortage i.e. given time is underestimated, external partners also delayed in providing expected support in time. Poor time planning may lead to disillusionment of the partners on strategic decisions who may quit the business before implementation is completed. As far as the resource is concerned setting and communicating deadlines that are workable as well as prioritizing on the policies is key.

With financial resources, it was highlighted that proper planning and prioritizing on the policies is a key factor to be considered in avoiding wastage. It is also important to set aside enough finances for each project while ensuring that staff are properly motivated, recognized and appreciated i.e. through reward and appreciation schemes. The staffs with adequate training in their roles in strategy implementation are nerve centers in boosting the organization competence and qualification to handle demanding tasks. As a result, the respondents noted that when the organization is setting budgets, it ought to incorporate adequate resources to ensure the realization of the set goals and putting in place mechanism of addressing the issue of resource limitation in their role.

#### **4.4.4 Management and Leadership**

The researcher also wished to determine from the respondents if leadership was a challenge to the process of strategy implementation. To this extent 100% of the respondents were of the opinion that indeed leadership was a big challenge to the process. They supported this by pointing out the various kinds of challenges faced by the organization that resulted by the leadership in place.

First, the firm did not have a substantive board and CEO for almost two years. This weighed the firm so much especially with regards to decision making i.e. approval of deposit mobilizations. Supports to business also suffered much as needs were not identified in good time. This, as the respondents confirmed, was compounded by ineffective coordination by top level management.

It was also found that, rigidity and bureaucracy together with the failure to embrace new ideas and innovational technology in business was noted as a challenge. In addition, some of the managers have been known to lack expected competence to ensure actualization of the strategies. Management resistance to change and new ideas, lack of visionary leadership together with poor leadership skills and knowledge are still additional challenges facing the organization. Some of these leadership skills were found to be due to a lack of proper training and this could be remedied through the process of training of those in the management positions. Leadership training sessions were recommended to instill a set of management competencies was advocated for which they said could deliver better competitive and commercial practice, appraisal of individuals was recommended as there was a believe that performing/best individuals could be identified and rewarded.

However, the respondents were in agreement of facing the challenges posed by ineffective coordination and poor sharing of responsibilities. Majorly, it was as a result of poor communication. The respondents recommended various ways of addressing these challenges, among them the engagement of human resource department and business units in harmonizing all roles in the company. Communication of roles and responsibilities at an early stage and involvement of middle line managers at the tender stage was further advocated for by the respondent views.

The respondents in addition emphasized on responsibility and accuracy as a great remedy to the challenges. In addition, three of the respondents were in agreement that they faced a challenge in implementing and sharing the vision of the CEO's since the same is not shared by all of the staff but instead restricted to a few of the senior staff.

To deal with the challenge, the respondents recommended that the CEO ought to constantly communicate to all the staff on his vision for the company. Strong vision bearers were proposed to hold the top managerial positions since with the strong believe comes major successes which will be all inclusive.

#### **4.4.5 Employees**

The respondents said employees played a vital role in the implementation of the firms' strategy. They enumerated some of these roles to include, formulation of strategic objective and execution of specific activities in order to realize the said plans. They argued that since policies were formulated to enable the organization better itself, employees were in a way directly involved in implementing strategies though with the help of line managers e.g. if a new system was introduced, employees are the ones to implement the same and hence this group constitute a critical group.

The research also found out that the experienced employees of the organization were being head-hunted by other competitors in the industry and thus leading to counter-offers being made by the organization. One of the respondents suggested the establishment of clear succession plans, job rotations, revision and re-introduction of staff loans with interests as low as 6% per annum. Salary reviews, harmonization, motivation and proper reward system should be used to stimulate and boost staff loyalty.

Asked whether at times they faced resistance from the employees in relation to strategy implementation, the respondents were in full agreement adding that at times there was lack of commitment to buying new ideas and diminishing feelings of ownership to the new policies. They outlined some of the ways on how to overcome these resistances to include the involvement of all the staff in devising strategic objectives, communication, motivating employees and encouraging team work together with frequent recognition of employee's achievement.

The respondents further added that dissemination of vision through constant communication was paramount in overcoming resistances as the employees would feel part of the process.

Asked about other challenges the respondents faced in the process as far as employees were concerned, they were of the opinion that resistance to change and the fear of new technologies by the old staff were major challenges. The pursuance of other goals different from those of the organization by the staff was also identified as another great challenge. Further, the respondents pointed out that they faced not only criticism and lack of cooperation but also strategy failure and implementation delays together with lack of self-motivation. One of the respondents, however, echoed the CEO's concern that the greatest challenge is in bringing all employees on board to adopt new ideas and that it could be solved by ensuring proper involvement of employees through service champions.

#### **4.4.6 Organization's Customers**

Customers posed a challenge to the process of strategy implementation. The respondents noted some of the challenges were as a result of variation in customer's tastes and preferences, perception, beliefs and attitudes. These were not tied to what the organization had developed in their plans and the major question they asked before conforming and adopting such new plans was what would they get in return? Other challenges were identified as the introduction of products which were not market driven. The company for example could discontinue a particular product line and introduce a new product that is not received well by customers. This will make the organizations strategy not to be realized however much effort is taken to implement the same. For instance, the bank discontinued unsecured lending to tighten its risk management. This did not resonate well with some of the customers.

It was recommended that such undertakings were to be communicated to the customers earlier enough to avoid cases of disgruntlement. In addition, the respondents also highlighted negative criticism from customers as a big downturn to the implementation strategy because the customers might be reluctant to share information on how they want the new system improved but at the same time being at the forefront criticizing a system meant for them.

In dealing with the challenges posed by the customer, the respondents recommended the involvement of customers through the research and design process for them to understand fully their specific needs and their ideas and needs factored in before the final strategy which is meant for implementation is adopted. In addition communication, education through the media ought to be enhanced for them to be conversant with the new policies and products, holding introductive sessions with customers in order for them to appreciate new strategies, trying to understand the consumers and educating them on what policies are there for implementation especially on the matters that affect them. Otherwise they noted that they could face implementation challenges to the policies.

On the question of what other challenges Consolidated Bank of Kenya Limited faced with their customers on the issue of implementing the strategies, the respondents indicated that they faced the challenge of not only aligning products in line with the consumer needs but also of increasingly sophisticated clients who gave out companies vital information to the competitors. Despite the various challenges the respondents advocated for various remedial measures which not only included extensive market research before the launch of any new product but also agitated for creation of interaction opportunities and proper communication as the organization learns from these customers.

#### **4.4.7 Other Stakeholders**

The researcher also wished to identify the challenges brought about by other stakeholders in the process of strategy implementation from the respondents. To this extent, the respondents identified the alignment of strategies in line with other stakeholder's expectations, especially the shareholders. Shareholders expect dividends which may conflict with company's strategy to retain profits in order to expand. In addition external partnerships delayed in providing their support to the process. This means extra cost could be incurred. Furthermore accommodation of diverse views and interest together with the time lag in approval of given strategies were identified as critical challenges from the stakeholders.

Various ways of curbing the identified challenges were recommended by the respondents. They suggested that shareholders be given non cash dividends in form of bonus shares, share splitting and also ensuring that the stakeholders understand the timelines of a given strategy. The respondents further recommended introduction of rights issue to enable shareholders increase their shareholding by offering shares at discounted prices. On the question of what other problems the respondents faced in strategy implementation, the respondents noted that economic change, technological advancement, political changes and the change of guiding policies by the regulator bodies e.g. CBK. In addition, unaligned organizational systems together with stiff competition were pointed out as major problems which were a big setback to strategy implementation.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Summary and Findings**

In summary, the study revealed that the interviewees are aware of the strategies adopted by Consolidated Bank of Kenya Limited in its implementation process and the challenges that the organization is facing in the process of achieving its objectives. The knowledge about the operations of the organization has been experienced by the respondents by virtue of having worked in the firm for more than three years and also due to the fact that all of the interviewees were engaged in the day-to-day management and operations of its strategy implementation of the firm. As a result of the above, the researcher felt that the results obtained from the respondents reflects the true position as in the organization.

Consolidated Bank of Kenya Limited operates in a complex, dynamic, highly competitive and regulated environment. It has responsibilities to shareholders, customers, employees and communities together with the underlying objective of the firm which is providing banking services to Kenya. Towards the attainment of this objective, the firm has endeavored to modernize its infrastructure through the employment of new technologies and maintain a workforce that is motivated and willing to steer the organization towards the attainment of the same objectives.

The organization strategy is clear and concise and can be understood by the employees though the organization adopts a top-down approach in its strategy development. As a result the employees feel that they need to be involved more by the top managers especially in strategy policies that affect them. In addition, the organization has recognized the importance of availing enough resources to the implementation process especially the human resource.

Continuous training and development programs have been initiated to help in building capacity of these employees to face the different challenges coming from the business environment. In the pursuit of achieving implementation success of the organization strategies, the company has faced a number of challenges.

The challenges ranged from: inflexible organizations structure, absent and, or unresponsive leadership and management, inadequate resources and capacity of staff, un-adaptive organizational culture, varied needs of stakeholders and high expectation of the stakeholders. It was also noted that the organization structure should be restructured to facilitate quick response than is currently witnessed.

The respondents observed that in the case of Consolidated Bank of Kenya Limited, some managers have not been enthusiastic enough in implementing some of the organization strategies and coming up with strategies to counter the challenges that face the firm and this has hampered their success. In a competitively and chaotic environment, one essential contribution of a strategic leader is to provide and share a clear vision, direction and purpose for the organization.

Leadership was noted as the key to effective strategy implementation and whenever there is no clear or total absence of leadership in a process; chances are possible that the organization might not achieve its objectives. On the role that communication plays in the process of strategy implementation at Consolidated Bank of Kenya Limited, the study espoused that proper communication of strategic awareness can act as a cohesive force and succeed in connecting those with ultimate responsibility for formulation of organization's strategy with those who directly implement policies. Communication is pervasive in every aspect of strategy implementation, and it is related in a complex way to organizational processes, organizational context and implementation objectives which, in turn, have an impact on the implementation process and also enhances timely feedback on the progress and challenges met in the process of strategy implementation.

The research also found that effective communication throughout the organization lead to a clear understanding of key roles and responsibilities of all stakeholders including middle managers, whose role is often pivotal and ensures that everybody understands success levels at all times.

This collates with findings by Rapert, Velliquette and Garretson, (2002). On other factors leading to strategy implementation success at the bank, the researcher found that factors leading to strategy implementation success included clear aims and planning, a conducive climate, giving implementation priority, having abundant resources, an appropriate structure and implementing flexibly, organizational



structure, control mechanisms, strategic consensus, leadership and positive attitude towards strategy implementation success. The researcher found that the bank faced the challenge of strategy implementation time being underestimated in and thus most of the implementers have a deadline that is merely an approximation due to the occurrence of unexpected developments and also experience delays by external business partners in providing the expected support in time.

## **5.2 Conclusion**

From the research findings and the answers to the research questions, some conclusions can be made about the study. Strategy formulation and implementation process is very vital for the functioning of any organization. From the findings, it was established that strategy formulation follows a defined process and involves some organizations employees, management and other stakeholders. The organization has a team of qualified and experienced staff who are committed to their work but at the same time uncertain of their job security. In addition, the researcher felt that it is important for the organization to have in place adequate mechanism of incorporating the views stakeholders especially the ones that will be affected by the implementation of some strategies.

On its part, Consolidated Bank of Kenya Limited has not been able to a large extent achieve the objective of its strategy implementation processes which was aimed to increase its revenues from the provision of banking services. This can be evidenced by the reduction in earnings since it rebranded and developed a new strategic plan. This research therefore, acknowledges that there is room for improvement to raise the yearly revenues. Another important conclusion from the study is that for an effective strategy implementation, an organization needs to make the process of implementation all inclusive where the junior staff and employees, customers, stakeholders are accommodated for each to feel part and parcel of the process.

Further, effective monitoring and evaluation of the strategies during implementation was found to be critical. An organization should be able to put in place measures for tracking down progress and facilitating learning and decision making in a quicker manner and therefore increase the chances of achieving the same strategies.

In an effort to improve monitoring and evaluation; an external consultant will be recommended that will give independent opinions and guidance towards the achievement of the same objectives.

Despite the great strides that the banking industry in Kenya has achieved, there is still room for improvement and growth considering that there are still many Kenyans and East Africans at large who do not have access to banking services. Consolidated Bank of Kenya Limited ought to grab this opportunity, by ensuring proper and effective strategy formulation, implementation and monitoring, to be a champion in the provision of banking services. Further expansion especially in the rural areas need to be taken because it has been proved that the unbanked population in the rural areas have greater potential to change the fortunes of a bank.

### **5.3 Limitations of the Study**

A limitation for the purpose of this research was regarded as a factor that was present and contributed to the researcher getting either inadequate information or responses or if otherwise the response given would have been totally different from what the researcher expected. Some respondents refused to be interviewed. This reduced the probability of reaching a more conclusive study.

However, conclusions were made with this response rate. The small size of the sample could have limited confidence in the results and this might limit generalizations to other situations. Most of the respondents were busy throughout and had to continuously be reminded and even persuaded to provide the required information.

This study depended on interviews and discussions with management and the employees of the organization. It would have been of value to obtain the views of those served by the organization or other stakeholders in the firm. The scope and depth of study was also limited by the time factor and financial resource constraints. This put the researcher under immense time pressure.

### **5.4 Policy and Practice Recommendations**

The study recommends that strategy implementation should not be viewed as a one-off process; the management should inculcate a practice of regular review and reference making of the Strategic Plan throughout its lifespan.

At the start of the Strategic Plan or Formulation process, it would be prudent to include an HR audit to assess the capacity of the staff to implement the new strategy and give recommendations. The basis of doing this lies on the principle of “First who, then what” that is it is important to have the right people on the bus, then the problem of managing and directing them largely goes away”.

To improve on human resource management, Consolidated Bank of Kenya Limited need to institute performance management system and train key staff on administration of the system, review the job descriptions, personnel policies and reward system. The bank has generally realized great achievement in terms of revenue growth; customer base as well has increasing its market share. However, there are still untapped opportunities existing in the market and hence they should increase their strategy to cover more customers especially in the rural areas. With this strategic move, it is believed that the bank will further grow to greater level of success and stay ahead of competition.

## **5.5 Areas for Further Research**

The study confined itself to Consolidated Bank of Kenya Limited. This research therefore should be replicated in other firms, organizations and commercial banks and the results compared so as to establish whether there is consistency among the challenges facing such firms in their strategy implementation and for benchmarking.

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## **APPENDICES**

### **Appendix One: Interview Guide**

Research Topic: Challenges of Strategy Implementation at Consolidated Bank of Kenya Limited. Kindly answer the following questions by filling in the spaces provided.

#### **Part A: General Information**

1. Name of the Interviewee (optional).....
2. Name of the department.....
3. How long have you worked in your current position? .....
4. Would you change your current duties given a chance? .....

#### **Part B: Sample questions to be used in evaluating challenges of strategy implementation at Consolidated Bank of Kenya Limited.**

##### **Strategy development process in the bank**

What duration does the bank's strategy cover?

What approach can you categorize the strategy development process?

Do employees get involved in the strategy development process? What challenges are faced in the process of developing strategy?

##### **Challenges and responses to strategy implementation**

###### **1. Resource capability**

Do you face any constraints on resources that hinder strategy implementation?

What kind of resources in particular?

How do you address this issue?

###### **2. Organizational structure**

Does structure in your organization pose any challenge to strategy implementation?

What kind of challenge and how do you deal with it?



On strategy formulation, what form does your organization take? Top-down or bottom-up?

How does this affect strategy implementation?

What other challenges are caused by structure and how do you deal with them?

### **3. Organizational culture**

What are the shared beliefs and values by members of your organization?

Does this culture pose a challenge in the implementation of strategy?

What challenges are brought by culture and how do you overcome them and still ensure the culture of the organization is maintained?

### **4. Employees**

Do employees play any role in the process of Strategy implementation?

What role do they play and how does it impact on strategy implementation?

Do you at times face resistance from the employees in relation to strategy implementation? How do you deal with it?

What other challenges do you face with employees in the process of strategy implementation and how do you overcome them?

### **5. Customers**

Do customers pose a challenge in the process of strategy implementation?

What are some of these challenges and how do you overcome them?

Do you also face the challenge of customers not appreciating new strategies?

How do you deal with such a challenge? What other challenges do customers pose in the process of strategy implementation and how do you deal with them?

### **6. Leadership and management**

Is leadership a challenge in strategy implementation?

What kind of challenges do you face and how do you deal with them?

How does ineffective coordination and poor sharing of responsibilities impact on the process of strategy implementation?

What would you say are the possible solutions to these challenges?

### **7. Other Stakeholders**

What challenges are brought by other stakeholders and how do you curb them?

## **Appendix Two: Introductory Letter**

September 2015

Chief Executive Officer,

Consolidated Bank of Kenya Limited

P.O. Box 51133 – 00200,

Nairobi, Kenya.

Dear Sir,

### **Re: Request for Research Data in Consolidated Bank of Kenya Limited**

I am a student at the University of Nairobi pursuing a Masters of Business Administration program. I am conducting a research project in partial fulfillment of the requirement for the degree of Master of Business Administration (MBA). My topic of study is “Challenges of Strategy Implementation at Consolidated Bank of Kenya Limited.”

I kindly seek your authority to conduct interviews in your organization with your key staff to gather the required data. This information will be treated in strict confidence and will be used purely for academic purposes and your name will not be mentioned in the report. Findings of the study, shall upon request, be availed to you.

Your co-operation will be highly appreciated.

Yours faithfully,

Abuor Peter Oluoch

MBA Student

## **Appendix Three: List of Banks**

The following is a list of notable commercial banks in Kenya arranged in an alphabetical order:

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. Charter House Bank ( suspended)
9. Citibank
10. Commercial Bank of Africa
- 11. Consolidated Bank of Kenya**
12. Cooperative Bank of Kenya
13. Credit Bank
14. Development Bank of Kenya
15. Diamond Trust Bank
16. Ecobank Kenya
17. Equatorial Commercial Bank
18. Consolidated Bank of Kenya Limited
19. Family Bank
20. Fidelity Commercial Bank Limited
21. First Community Bank
22. Giro Commercial Bank
23. Guaranty 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

Representative offices of foreign banks

1. HDFC Bank
2. Nedbank
3. FirstRand Bank
4. Bank of China
5. JP Morgan Chase
6. Bank of Kigali
7. Central Bank of India

## **Appendix Four: Abbreviations**

CBK – Central Bank of Kenya

CBKL – Consolidated Bank of Kenya Limited

CEO – Chief Executive Officer

CRBs – Credit Reference Bureaus

HR – Human Resource

HRPM – Human Resources Policy Manual

ISO – International Standards' Organization

KBA – Kenya Bankers' Association

KES – Kenyan Shillings

NSE – Nairobi Stock Exchange