FACTORS INFLUENCING STRATEGY IMPLEMENTATION AT PROGRESSIVE CREDIT LIMITED IN KENYA

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DECLARATION

This research project is my original work and has never been submitted for examination to any other University.

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

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DEDICATION

This project is dedicated to my family for their love support and encouragement when I was writing this project.

ABSTRACT

Kenya has experienced a tremendous growth of microfinance banks which has ignited competition. This has necessitated microfinance banks to adopt response mechanisms to cope with the changes in the external environment in order to execute their role and functions effectively. Progressive Credit is one of the fastest growing microfinance banks in Kenya. To realize its strategic goals, strategy implementation is one of the ways of responding to changes in the external environment like competition. The main objective of this study was to determine the factors influencing strategy implementation at Progressive Credit Limited in Kenya and the ways in which the institution has addressed the factors that affect strategy implementation. To achieve the objective of the study, a case study of Progressive Credit was conducted. The interviewer managed to interview all the interviewees who were the operational manager, the finance manager and the marketing manager at Progressive Credit Limited Kenya. Data was collected using an interview guide and data analysis was done using content analysis. The study found that the key challenges that hindered effective implementation of strategy at Progressive Credit were as follows: lack of adequate finances and resources to support the process of strategy implementation. The bank did not have sufficient capacity and resources to successfully implement strategy. The other challenge was lack of commitment by the top management; they failed to allocate adequate time to ensure that the strategy was a success. The other challenge was resistance to change which was brought about by failure to involve all the employees in key decisions. Last but not least, was lack of a strategic plan to guide, give directions, allocate budget and schedule all the activities involved in strategy implementation in each and every stage. The study further concludes that the bank the ways of dealing with these challenges is allocating adequate financial resources and human capital to support strategy implementation. The bank should have a committee that is mandated to implement strategy and regularly update the top management on the progress of implementation. The study was limited to scope; it only concentrated with Progressive Credit Limited therefore the findings obtained in this study cannot be however used to make generalization for all microfinance banks in Kenya. These findings can only be used for comparative purposes and not direct application to another sector. This study used an interview guide which is specifically based on the interviewees' judgment and thinking which might be biased or untrue depending on the mood of the interviewee and their understanding of the questions. The interview guide has no control over this since it allows the interviewee to express their mind without limits. Future researchers interested in this field of study should consider doing a comparative study using a structure questionnaire then findings can be compared upon which reliable conclusion can be made.

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ABBREVIATIONS AND ACRONYMS

AMFI	-	Association of Microfinance Institutions
CBK	**-**	Central Bank of Kenya
PCAR	**-**	Progressive Credit Annual Report
RDT	-	Resource Dependency Theory

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The environment in which organizations exist is that which is complex and very turbulent. For some organizations, the environment is more turbulent than for others.

It is possible, though not easy, for organizations to turn strategies and plans into specific actions that are necessary to produce great business performance. Organizations face challenges either from both internal and external environment. This has however necessitated the need for strategy implementation to cope with the dynamics of the external environment (Strickland and Gamble, 2008). Strategy implementation enables the firm (Barney and Hesterly, 2008).

Pfeffer and Salancik (2003) notes that Resource Dependence Theory (RDT) is concerned with how organizational behavior is affected by external resources the organization utilizes, such as raw materials. The theory is important because an organization's ability to gather, alter and exploit raw materials faster than competitors can be fundamental to success. Resource dependence theory is underpinned by the idea that resources are essential to organizational success and that access and control over resources is a basis of power. According to Meyer and Rowan (1991) institutional theory proposes that organizations can and do adapt to changing conditions by imitating successful organization. Organizations not only adapt to a changing environment, they also have the opportunity and power to reshape their environment. This means that decisions made by the firm's management have a significant impact on the firm's performance as overall industry factors.

Microfinance institutions play a vital role in providing access to financial services to low income earners. However to effectively execute their mandate, microfinance institutions should adapt and implement strategies to cope with the changes in the external environment and to match the growing needs of their customers. Strategy implementation is an important tool to design to help the organization in achieving its vision and mission (Dondo, 2001).

1.1.1 Concept of Strategy

Porter (2008) defines Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. A clear and focused strategy is critically important to the success of a business, and without a well-defined strategy, businesses will tend to stall or even fail. A successful strategic plan establishes in a clear, concise and strategically sound direction for the organization and how this will be achieved, including detailed action plans (Mintzberg, 1998).

A clear strategy aids the organization is making choices, establishing priorities, allocating resources to strategic initiates and coordinating to achieve the desired results. Strategy assists the top management in an organization to define clear lines of accountability and timeliness for achieving expected results on the agreed strategic initiatives. The top management can therefore clarify the vision and accountabilities; the strategic plan increases the alignment of all organizational activities and fosters commitment at all levels. Thompson and Strickland (2002) indicates that strategy provides a framework for ongoing decision making since all the decisions should support the strategy

1.1.2 Strategy Implementation

Pearce and Robinson (2005) define strategy implementation as the sum total of the activities and choices required for the execution of a strategic plan. It is the process by which objectives, strategies, and policies are put into action through the development of programs, budgets and procedures. Although implementation is usually considered after strategy has been formulated implementation is a key party of strategic management. Strategy formulation and strategy implementation should thus be considered as two sides of the same coin. Strategy implementation is an important activity to the organization since it turns strategies into actions in order to accomplish strategic objectives and goals (John and Scholes, 2002).

Strategic implementation is a fundamental step in turning the firms company's vision of a project into reality. Through a series of action of action-based phases and tasks, the implementation maps out of the life cycle of project (Johnson and Scholes, 2002), Strategy implementation may necessitate leadership changes through transfers, retirements, demotions, promotions hiring and training. Some of these are necessary to pave way for the desired leadership. Corporate culture entails beliefs and values members of a certain organization share through unity in enhancing compatibility with strategies being implemented in the organization. Organizational leadership and management's role is ensuring that culture and strategy are compatible and working together to achieve organizational goals and objectives (Thompson, 1997).

1.1.3 Factors Influencing Strategy Implementation

Factors that affect strategy implementation can be categorized as leadership style, information availability and accuracy, uncertainty, organizational structure, organizational culture, human resources and technology. Although most authors agree that these factors affect strategy implementation, each factor's impact is at different level and has a different magnitude. Lorange (1998) pointed out that human resources are becoming key focus of strategy implementation and reiterated that people, not financial resources, are key strategic resources in strategy implementation. A study involving 172 Slovenian companies, Cater and Pucko (2010) indicated that managers mostly rely on planning and organizing activities when implementing strategies, while the biggest obstacle to strategy implementation and execution is poor leadership. The results depicted that adapting the organizational structure to serve the execution of strategy has a positive influence on performance. The findings depicted that adapting organizational structure to serve the execution of strategy has a positive influence on performance. Fulmer (1990) mentioned that human resources management plays a pivotal role in the effective implementation of strategic plans. It is important for both organizational departments and employees to be enthusiastic about the strategy implementation. Getting people on board and having a motivating reward system will have a positive influence on the implementation of strategy. In addition, technological advancement in terms of speedy processes and procedures, as well as design, will also make a positive contribution to the successful implementation of strategies.

1.1.4 Microfinance Institutions in Kenya

According to (CBK, 2015), the Microfinance Act, 2006 and the Microfinance (Deposit Taking Institutions) Regulations 2008 issued thereunder sets out the legal, regulatory and supervisory framework for the microfinance industry in Kenya. Through An Act of Parliament, Microfinance Act (2006) was amended by deleting the term institution and substituting it to microfinance bank licensed under this Act; microfinance bank means a company which is licensed to carry on microfinance bank business, and includes all branches, marketing units, outlets, offices and any other place of business that may be licensed by the Central Bank of Kenya.

The Association of Microfinance institutions (AMFI) is a member-based institution, registered in 1999 under the Societies Act by the leading MFIs in Kenya, with the aim to build the capacity of the Kenyan microfinance industry. The main reasons for its establishment were the felt need for MFIs to have a common voice; to lobby government for favorable policies; to share information and experiences and to link up and network with both local and international actors. AMFI currently has 62 member institutions serving more than 6,500,000 poor and middle class families with financial services throughout the country (AMFI, 2014).

The banking industry has grown rapidly the last few decades. New entrants, new products and practice and a growing need to meet customer needs have enhanced growth. Technological advancement and other microeconomic factors like financial liberalization have led to improved services, new products and growth of microfinance institutions. This has shifted focus to microfinance institutions to devising competitive strategies that can accommodate the dynamics of the market environment among the finance service providers (CBK, 2013).

The increasingly competitive and dynamic marketplace is starting to be reflected in a growing number of players. This is a sign of a key transformation since early 1990’s when there was no competition. During this era microfinance institutions did not worry about competition but today, there is a great need to implement strategies to cope with external environment forces. Strategy implementation is not easy some organizations fail while others succeed.

1.1.5 Progressive Credit Limited

Progressive credit is a non deposit taking microfinance that was started four years ago by Mbaabu Muchiri whose most recent assignment was as Director of Credit with Equity Bank. He joined when it was being transformed from a building society into a fully fledged bank and grew the loan book from 3billion to 100billion while improving its quality of non-performing loans from 12% to 2% (Progressive Credit Annual Report, 2014).

Over the years the institution has grown drastically with ten (10) branches currently, a loan book of 500 million and a clientele of 3000 customers. The institutions main strategy in attracting and maintaining its clientele is a short turnaround time (TAT) that makes sure a loan application takes the shortest time possible to process. It has also recruited over 1000 agents most of whom are in businesses and have an established network of individual customers who are in need of funds for personal or business use. Since its establishment, PCL has been mandated to accomplish a wide range of activities: encourage growth of micro businesses; Assist her customers in solving their day to day financial needs, availing credit to salaried and non salaried clientele, promote private sector economic activities and ensure provision of working capital to all eligible sectors of the economy (PCAR, 2014).

Progressive credit is one of the fastest growing microfinance institutions in Kenya however the external environment is dynamic due to technological changes and competition from the existing and the new market players. Strategy implementation is an essential tool for countering the challenges that affect strategy implementation.

Majority of its customers are medium and micro, the microfinance has many salary based customers. There are few corporate borrowers as well as clients in each sector that pose different risks in the Microfinance. Some sectors have more customers than others and without control such sectors can constitute significant amount of loan book exposing the Microfinance to sectorial risks. It is therefore important for the bank to define the factors affecting strategy implementation challenges in order to resolve these challenges to cope with the market demands (Dondo, 2001).

1.2 Research Problem

Strategies implementation is challenging and tedious to most firm managers due to its complexity and the risks involved. Most managers opt to participate in strategy formulation as opposed to its implementation (Ansoff and McDonell, 2000). This is because the success of a strategy implementation is not certain. Similarly, the failure of a strategy might have far reaching consequences to the firm. This might expose it to losses. These includes the loss of resources committed to strategy implementation which are treated like sunk costs (Prehalad and Gary, 2000).

Kenya has experience a tremendous growth of microfinance banks which has ignited competition. This has necessitated microfinance banks to adopt response mechanisms to cope with the changes in the external environment in order to execute their role and functions effectively. Dondo (2001) put forth that Microfinance banks aim at alleviation poverty through providing access to credit as a source of capital to start a business. Considering the higher rates of failure in strategy implementation, microfinance banks should consider the factors that affect strategy implementation to effectively counter the challenges related to implementation.

Studies have been carried out on strategy implementation in the service industry: Nyambane (2012) studied the challenges of strategy facing strategy implementation. The study found that the major challenges were as follows: organizational culture, organizational structure, resources and capacity building, leadership and senior management. A study conducted by Bongoh (2014) investigated the challenges of CSR strategies by commercial banks. The findings depicted that macro-environment challenges were the main impediments towards successful strategy implementation. Polle (2012) carried out a study on the challenges facing audit firms in strategy implementation. The study revealed that insufficient financial resources and technology were the main challenges towards strategy implementations.

Although extensive research has been conducted in this area; little focus has not been given with regard to the factors that influence strategy implementation at progressive credit in Kenya. This therefore necessitated the need to find an answer to the research questions: what are the factors affecting strategy implementation at Progressive Credit in Kenya? And what is the extent to which progressive credit has addressed these factors that affect strategy implementation?

1.3 Research Objective

The objective of this study was:

I. To determine the factors influencing strategy implementation at Progressive Credit Limited in Kenya

II. To determine the ways in which the institution has addressed the factors that affect strategy implementation.

1.4 Value of the Study

The findings of the study will be useful to the policy maker. The findings might guide the regulatory bodies to devise policies that encourage microfinance institutions to implement strategies that are beneficial to the microfinance sector.

The study will contribute to literature; it will provide more knowledge on the factors affecting strategy implementation and the ways of addressing these factors. Researchers interested in this area of study might use the findings of this study as a basis for further research.

Progressive credit and other microfinance institutions will benefit from the findings of this study. They will be able to know the factors that affect strategy implementation and ways of addressing these factors. Other microfinance institutions facing similar challenges will be learn how to deal with these factors.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section covers the theoretical foundation, the factors affecting strategy implementation and ways of dealing with the factors affecting strategy implementation.

2.2 Theoretical Foundation

The theories that anchor this study include: resource dependency theory and institutional theory. Below is the discussion as follows:

2.2.1 Resource Dependency Theory

This study is anchored by resource dependency theory; Pfeffer (1982) indicates that resource dependency theory is the study of how the external resources of organizations affect the behavior of the organization. The procurement of external resources is an important tenet of both the strategic and tactical management of any company. Resource dependency theory is based on the principle that an organization must engage in transactions with other actors and organizations in its environment in order to acquire resources (Pfeffer and Salancik, 2003).

The focus of the theory is on the relationship between resource acquisition and its related organizational behaviors. Resources the organization needs may be scarce, not always readily obtainable, or under the control of non-cooperative actors (Pfeffer and Salancik, 2003). The resulting unequal exchange generates differences in power, authority, and access to further resources. This leads to a rise in dependencies. To avoid dependencies, organizations develop strategies (as well as internal structures) that will enhance their bargaining position in resource related transactions. Such strategies include taking political action, increasing the scale of organizational operations, diversification, and developing inter-organizational linkages.

Resource dependence concerns more than the external organizations that provide, distribute, finance, and compete with a firm. Although executive decisions have more individual weight than non-executive decisions, in aggregate the latter have greater organizational impact. Managers throughout the organization understand their success is tied to customer demand. Managers' careers thrive when customer demand expands. Thus customers are the ultimate resource on which companies depend. Although this seems obvious in terms of revenue, it is actually organizational incentives that make management see customers as a resource (Porter, 1998).

2.2.2 Institutional Theory

According to Kraft's Public Policy (2007) Institutional Theory emphasizes the organization operates in a regulated environment and therefore it has to integrate the formal and the legal aspects of the environment to effectively overcome challenges during strategy implementation. Institutional theory focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines, become established as authoritative guidelines for social behavior (Scott, 2004). Different components of institutional theory explain how these elements are created, diffused, adopted, and adapted over space time; and how they fall into decline and disuse.

Scott (2001) asserts that Institutions are social structures that have attained a high degree of resilience. This is because they are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life. Institutions operate at different levels of jurisdiction, from the world system to localized interpersonal relationships.

Institutions by definition connote stability but are subject to change processes, this change process could be incremental or discontinuous.

Scott (2008) indicates that, in order to survive, organizations must conform to the rules and belief systems prevailing in the environment (DiMaggio and Powell, 1983). DiMaggio et al. (1991) argues that this is because institutional isomorphism, both structural and procedural, will earn the organization legitimacy. For instance, commercial banks operating in different countries with varying institutional environments will face diverse pressures. Some of those pressures in host and home institutional environments are testified to exert fundamental influences on competitive strategy and human resource management (HRM) practices. There is substantial evidence that firms in different types of economies react differently to similar challenges. Social, economic, and political factors constitute an institutional structure of a particular environment which provides firms with advantages for engaging in specific types of activities there. Businesses tend to perform more efficiently if they receive the institutional support (DiMaggio and Powell, 1991).

2.3 Factors Leading to Successful Strategy Implementation

Pearce and Robinson (2005) indicate that effective communication is a key ingredient towards strategy implementation. Communication in the organization plays a pivotal role in training, knowledge dissemination and learning during strategy implementation process. Communication is used as a tool to clearly explain the new responsibilities, duties and tasks which will be done by targeted employees. The top level management should ensure that every member understands the strategic vision, the strategic themes and their roles in delivering strategic vision. The employees should be aware of the expectations. Each individual should understand their roles and duties in strategy implementation, the expected outcome and how it will be measured. Mintzberg (2004) explains that the organization should adopt a flexible structure to allow easy access throughout open and supportive communication climates tend to outperform those with more restrictive communication environments.

Prehalad and Gary (2000) suggested that strategic leaders' plays an important role in overcoming the obstructions from lower levels that sometimes may appear in the implementation of strategies. Pearce and Robinson (2005) indicated that strategic decisions formulated by the top managers of a firm may be administratively imposed on lower-level managers and non-managers while inadequately considering the resulting functional level perceptions.

The implementation of strategies therefore, may not be successful if the lower level managers and the non-management employees are not adequately informed on issues concerning the implementation of strategies, moreover, where the information passes through several management levels in an organization may lead to lack of consensus concerning the information hence creation of a barrier that hinders the success of implementing a strategy. Thompson (2001) proposed that organization should involve all its employees to ensure successful strategy implementation. The organization should ensure adequate allocation of resources to support strategy implementation. The resources should be aligned towards the mission and the vision of the of the organization.

Thompson and Strickland (2002) indicate that the organizational structure play an instrumental role in strategy implementation. The structural alignment of the organization is a key precursor to the successful implementation of new business strategies. The structure of the organization should accommodate the strategic objectives and goals of the organization.

According to Barney and Hesterly (2008) the organization must have strategy control systems to measure and track the execution of the strategy. They must be able to monitor strategy implementation to ensure that corrective measures are taken to correct them. The criteria of the success of strategic decisions are not specific and clear. Commitment by decision makers in the organization can lead to successful implementation of strategy. Strategy implementation effort may fail if the strategy does not enjoy support and commitment by the majority of employees and middle management. This may be the case if there was not extensive consultation during strategy implementation.

The technological infrastructure gives an organization valuable assistance in implementing new policies, procedures and initiatives. Utilize technology to enhance and maintain communication and accountability for all relevant managers and operational employees throughout the change process, and to keep track of implementation and performance goals and their achievement. Human resource capabilities play a critical role in strategy implementation. Executors are comprised of top management, middle management and lower management. Effectiveness of strategy implementation is, at least in part, affected by the quality of people involved in the process (Thompson and Strickland, 2002).

Thompson (2001) contends that firms must achieve consensus both within and outside the organization in order to successfully implement business strategies (Thompson, 2001). The agreement among top, middle and operating level managers results to successful implementation of the strategy. Lack of understanding between the management and the employees might be hinder effective strategy implementation Hrebiniak (2006) explains that it is clear that a poor or vague strategy formulation process limits implementation efforts. Good execution cannot overcome the shortcomings of bad strategy or poor strategic planning effort.

2.4 Ways of Dealing with Factors Affecting Strategy Implementation

Forman and Argenti (2005) explain that communication is deeply connected with strategic consensus. Everybody in an organization must know the direction that the organization is taking and the intended objectives to be achieved. The employees should know the vision in order to work towards realizing the goals of the organization. Proper communication is a key ingredient towards realizing the vision and mission of the organization. The top management should ensure that communication within the organization takes place between themselves and the middle management, between the different functions and other important connections in the organization.

In an exploratory study involving corporate communication and strategy implementation, Forman and Argenti (2005) found that the internal communication within a company has an overarching hand not only in making strategy, but also in successfully implementing strategy. Raps (2004) indicates that the need for vertical communication through the organization as well as frequent communication enhanced shared perceptions, values and beliefs among the workforce and eventually reaches a stage of higher performance of the organization.

According to Lorange (2002) key strategic resource is essential for organizations to effectively utilize the know-how of their employees at the right places. The management should ensure allocation of useful tasks as well as coordinating and integrating activities of participating employees and functions to succeed in strategy implementation. Raps (2004) argue that as written in the formulation and planning part of Strategy implementation there is also a need to choose the right people for the right responsibility. Thus a certain degree of freedom is necessary to leave room for experiments by the employees and develop creativity to solve challenges. Sometimes adjustments of some resources to improve the process are necessary, therefore the management should monitor the process closely to intervene at the right time.

Engage all levels of your company in the strategy planning process. Information flow from the lowest levels of the company up to the decision makers brings valuable enterprise information to the decision and planning process. Top management must be fully aware of how the company operates and how change will affect operation. To succeed in strategy implementation the organization should develop short-term measurable objectives that relate logically to strategy and how the organization plans to deal with key issues, elements, and needs of strategy must be translated into objectives, action plans, and scorecards and this translation is an integral and vital part of the execution process.

Slater and Olson (2001) argue that managers cannot create coordination mechanisms or integrate strategic and short-term operating objectives if job responsibilities and accountability are unclear. Clarifying responsibility and accountability is vital to making strategy work. The problem is that job-related responsibilities are not always clear, and even authority is not always unambiguous. Responsibility and accountability are often blurred when people from different divisions, functions, or hierarchical levels come together to solve a problem. Matrix-like structures in global settings marked by lateral, hierarchical, and country influences often suffer from a cloudy picture of responsibility, accountability, and authority.

Slater and Olson (2001) points out that to execute strategy, responsibility and accountability must be clear. Use of a responsibility matrix or similar tool can help to define key execution tasks or activities and the people responsible for them. Without this clarification of roles and responsibilities for critical tasks, decisions, and outcomes, making strategy work is difficult, at best.

To achieve successful strategy implementation, development of incentives and controls should be put in place to motivate or guide performance and support the key aspects of the strategy-execution model. Controls, in turn, provide timely and valid feedback about organizational performance so that change and adaptation become a routine part of the implementation effort. Controls allow for the revision of execution-related factors if desired goals are not being met (Mamman and Baydoun, 2009).

Making the necessary changes in the process of execution and overcoming resistance to them is the last step on the road to strategic success. This step requires unerring attention to detail, a focus on objectives, measurement of performance, and a strong commitment to the execution task at hand. Managing change is difficult, but successful execution depends on it (Zaribaf and Bayrami, 2010).

Organizations should recruit and hire competent staff with skills and relevant experience in strategic management. Employees are an important human asset to the organization since they play a key role in managing resources and decision making to realize organizational goals and objectives. Qualified employees are efficient and competent in their work. They serve as solutions to problems; they strategize and make intelligent decisions while considering the dynamic nature of the external environment. Lingard and Turner (2012) indicates that competent staff is a key component in accomplishing organizational goals. They make rational decisions and execute strategy implementation in a manner that accommodates the vision and mission of the organization as well as the available resources. Lorange (2001) investigated the importance of human resources in implementing strategies in organizations and found that if a strategy implementation needs to succeed, then top management must be heavily involved in monitoring and reviewing the progress of each strategic program created by the company

Any organization that aspires to succeed in strategy implementation should commit resources and facilities to support and facilitate strategy implementation. The top management should provide adequate support to its employees through ensuring that they have resources and facilities that they need during strategy implementation. This motivates the employees to work harder to achieve organizational objectives. The top management should also guide and provide directions on how to go about strategy implementation. The management should set a good example through commitment and dedication; this encourages employees to work extra harder. They should coordinate activities, streamline processes, align organizational structure and their employees motivated and committed towards strategy implementation by the top management. Similarly, Markiewicz's (2011) study also reflected the importance of processes and structures in the successful implementation of strategies and proposed that creativity, innovation, and perception of an organization as processes are very important in implementing strategies.

Bimani and Longfield-Smith (2007) focused their study on how organizational structure influences strategy implementation and found that the process of strategy implementation should be structured and formal to realize the strategic objectives of the organization. They also concluded that during the strategy development process greater emphasis is placed on financial information, but during the implementation phase both financial and non-financial information are emphasized.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

The chapter gives an outline of the research methodology that was used to achieve the objectives of the study. It consists of the research design, data collection tools and data analysis techniques.

3.2 Research Design

Cooper and Schindler (2005) explains that a research design is a detailed outline of how an investigation will take place, this includes how data will be collected, what instruments will be employed, how the instruments will be used and the intended means for analyzing the data collected. The study used a case study research design.

Miles and Huberman (2004) notes that a case study is an in-depth investigation of an individual, institution or phenomenon whose key goal is to determine the factors and relationships that led to the behavior under investigation. A case study is most appropriate when the study is focusing on a single organization. This is because it analyzes information in a systematic way to arrive at logical and plausible conclusions.

3.3 Data Collection

Primary data is raw information that is collected from the field. The benefit of primary data is that it focuses on specific issues of the study. An interview guide is a tool for data collection that answers open ended questions prepared by the researcher to interview the respondents. Primary data was collected by interviewing three interviewees; the operational manager, the finance manager and the marketing manager at Progressive Credit Limited Kenya. This is because they are highly involved in the implementation of strategies and thus fully understand the challenges faced by Progressive Credit Limited during strategy implementation.

The interview guide contained three sections: section A contained questions on the general information about the company and the respondents. Section B contained questions on the factors affecting strategy implementation by Progressive Credit Limited during strategy implementation. Section C contained questions on the ways of dealing with strategy implementation challenges faced by Progressive Credit Limited.

A face to face interview was conducted with the operational managers, the finance managers and the marketing managers of Progressive Credit Limited who are responsible for the implementation of strategies in the company. Appointments were sought from the departmental heads to ensure that the interview sessions were conducted at their convenient time that ensured adequate and ample time to respond to the questions.

3.4 Data Analysis

Data gathered was analyzed using content analysis which is a systematic qualitative description of the composition of the objectives or materials of the study. Content analysis includes observations and detailed description of objects, items, or things that comprise the sample used in developing a report or inference about an observation (Cooper and Schindler, 2005).

Content analysis involves observation and detailed description of objects, items or things that comprise the object of study. The use of this analysis method was important since it provided insight into complex models of human thought and language use. This kind of study enables the researcher to obtain detailed information about the organization especially on the variables under study.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter captures the findings from the three interviewees who were interviewed at Progressive Credit Limited. This has been done in line with the objectives of the study which were: to determine the factors influencing strategy implementation at Progressive Credit Limited in Kenya and the ways in which the institution has addressed the factors that affect strategy implementation.

4.2 Demographic Information

The study sought data from the three interviewees at Progressive Credit Limited who were the marketing manager, the operations manager and the finance manager. These interviewees were deemed to fully understand the factors that affected strategy implementation at Progressive Credit Limited.

The interviewees were asked to indicate the department which they belonged to find out whether their function was relevant to the information that the interviewer was looking for. The findings indicated that the interviewees worked in operations department, marketing department and finance departments. This meant that they were in a position to give accurate and relevant information as per the objective of the study.

The study found that the one of the interviewees was masters’ graduates while of the other two were holders of first degree. This meant the interviewees understood the concept of strategy implementation and the challenges involved. They were in a position to relate their practical experience with the application of these concepts.

The findings also revealed that two of the interviewees had worked for Progressive Credit Limited for three years while one of the interviewees had worked for four years. This implied that the interviewees who served in the bank had a relevant experience in matters pertaining to the factors affecting strategy implementation and ways of dealing with these challenges. The findings also revealed that two of the interviewees had worked in their current positions for five years while one of the interviewees had worked in his current position for a period of four years.

4.3 Factors Influencing Strategy Implementation at Progressive Credit

The findings revealed that communication whereby top management did not involve its employees in key decisions this negatively impacted on strategy implementation. The employees felt left out on key matters of the bank and this highly demotivated them. These findings conform to Thompson and Strickland (2008) who argued that by communicating purposefully and focusing on results and relationships, businesses can leverage effective communication strategies to effectively implement strategy. An open communication environment is one in which all members of the organization feel free to share feedback, ideas and even criticism at every level. Leaders who are committed to open communication build an environment of trust that can be the foundation for success.

The interviews indicated that one of the competing activities that caused distractions hindering strategy implementation at Progressive Credit limited is resistance to change and slow response to global trends was a major challenge faced by Progressive Credit Limited this negatively impacted on strategy implementation. Most of the employees feared the responsibilities that come with the new change while others failed to appreciate the fact that the bank had to change in order to cope with the environment which is dynamic.

The top management was not adequately committed to strategy implementation it failed to commit adequate time to inspire and motivate its employees towards strategy implementation. The top management did not show seriousness on the importance of strategy implementation. Most of the employees were aware about strategy implementation but they did not have an idea of what was expected of them this made them demotivated and unwilling to focus their energies towards strategy implementation. The bank did not motivate or reward its employees this negatively impacted on strategy implementation since the employees lacked the drive to work towards successful implementation of strategy.

The unanticipated factors that inhibit strategy implementation are: lack of a quorum when making key decisions this causes delays that might negatively affect efficiency in formulation and implementation of strategy. The other challenge is high employee turnover that slow down strategy implementation due to constant training of new employees. This slows down strategy implementation leading to delays and inefficiencies which negatively impact on successful strategy implementation.

The interviewees also indicated that resources was a key challenge, the bank was still growing and thus did not have adequate resources to finance strategy implementation. Even though the management made efforts to allocate resources for this purpose it was not enough. These findings are consistent with Thompson (2005) who posits that resources are one of the key hindrances towards successful strategy implementation. The organization should set aside sufficient funds and enough time to support implementation. Often, true costs are underestimated or not identified. True costs can include a realistic time commitment from staff to achieve a goal, a clear identification of expenses associated with a tactic, or unexpected cost overruns by a vendor.

The bank did not have a committee which was charged with the responsibility of coordinating activities in strategy implementation. This affected strategy implementation. Most of the employees were not sure about what they were expected to do to effectively contribute towards strategy implementation. The findings indicated that some of the employees were not sure about their roles and responsibilities in strategy implementation. This led to loss of direction and confusion which made it difficult to successfully implement strategy.

4.4 Ways in which the Management of Progressive Credit Addresses the Factors Influencing Strategy Implementation

Most of the employees indicated that the top management should consider allocating more resources to facilitate the process of strategy implementation. These include: financial resources, human capital and adequate time to ensure successful implementation of strategy. These findings are in line White (2006) who indicated to ensure successful implementation of strategy; an organization should allocate adequate resources for instance time to ensure successful strategy implementation. The process of implementation requires discipline, planning, and motivation; the top and lower level management must work together towards realizing goals and objectives. The firm's management should create adequate time in explaining the importance of strategy implementation to the employees to ensure that they understand its importance.

The interviewees indicated that Progressive Credit Limited should invest in information communication technology (ICT) to enhance integration between the top management, employees and the stakeholders. This will enhance sharing information and increase efficiency in decision making. These findings are consistent with Thompson and Strickland (2002) who argued that the organization should uphold and implement effective communication from top to bottom. This is meant to enhance interaction and involvement of the middle level management, the employees and the top level management. Successful strategy implementation depends on the level of involvement of middle level managers since they relate and interact with employees directly and thus understand the challenges that the employees face during strategy implementation. Communication should be emphasized during implementation.

The bank should set aside a committee that is responsible for strategy implementation; the committee should monitor progress and do follow-ups to ensure that the process of strategy implementation is effectively implemented. The committee should brief the top management about the progress of implementation in every stage. This creates a room for improvement and review to ensure that the project is a success. The committee allocates a budget and decides the mount of finances to support the process of implementation in order to realize set goals and objectives.

The top management should ensure a participative form of decision making where all the employees are involved in key decisions before implementing them. The top management ensures that the opinion of the lower level employees are well represented, this makes them feel as part and parcel of the bank since their grievances are addressed. This motivates them to accept and understand the need for change and how it would positively impact on them and the bank. This minimizes resistance to change since the top management and the employees are united in the same goals and objectives. This creates a conducive environment for strategy implementation since the top management and the employees can support each other and move towards the same direction.

The top management acts as a key pillar towards strategy implementation, all the employees' look-up to the top management for direction and guidance. The top management should lead by example in spearheading activities and functions that lead the bank towards realizing its strategic goals and objectives. The chief executive officer should regularly review strategy implementation to monitor progress by so doing he is able to direct the committees on areas of improvement to ensure that the strategy is a success.

The findings revealed that the structure of the bank was well aligned to the intended goals and objectives; it should be accommodative of the changes in the external environment which requires the structure of the bank to be flexible in order to effectively serve the growing needs of its customers. The structure should be integrated with the roles and responsibilities of its employees in a manner that allows flexibility of their functions and activities to match the growing needs of the customers. The organizational processes and procedures should be aligned to effectively match the strategic goals and objectives. The structure of the bank should support team spirit a working culture that motivates employees to work harder and realize strategic goals and objectives. This will enable the bank to achieve the desired expectations. These findings are consistent with a study by Noble (2001) who argued that to deliberate on strategy implementation the organization should adapt a flexible organizational structure that can effectively accommodate the changes in the environment. The set goals and objectives should be compatible with the strategy in place. Some of the strategy implementation instruments include the balance score card which is a popular and prevalent management system that considers financial as well as non-financial measures. It provides a functionality to translate a company's strategic objectives into coherent set of performance measures.

The findings revealed that the top management should reward and motivate employees that perform exemplary. This motivates and encourages employees to work harder to get recognized, this eventually creates a working culture and unites employees to work towards achieving similar goals and objectives. The employees signed performance contracts every year however, this was not taken seriously this highly discouraged employees from working hard. The interviewees unanimously agreed that motivated employees perform better unlike the employees who are not motivated. These findings are consistent with Zaribaf and Bayrami (2010) who argued that team work plays an important role in strategy implementation. A highly motivated team work together and encourage each other in achieving organizational goals and objectives. In building up an effective team, it is important that the team members share the same vision and mission. This binds them to focus and work towards achieving similar goals and objectives. It easier to work in a team since through one can share ideas and information that is useful in strategy implementation.

The bank can manage unanticipated distractions during strategy implementation through have a clear strategic plan that guides the bank on all its activities and functions. Planning will enable the committees to have a point of reference on the steps to take and how to conduct the process of implementation in each and every stage. Through a strategic plan the bank is able to define the roles and the responsibilities of all its employees in line with the set goals and objectives. The top management allocates resources and facilities to the employees to effectively execute their roles and responsibilities effectively. The committee responsible for strategy implementation ensures that the process is executed with the stipulated timeline to ensure that the resources allocated for the process are utilized effectively to realize set goals and objectives.

Communication is important is strategy implementation, the top management should communicates all its plans and decisions to its employees, the committees and all the stakeholders before making a decision to implement strategy. They should be informed about the bank's strategic plan in order to work together as a team towards the same direction.

The interviewees agreed that the top management conducts continuous monitoring and evaluation on the progress of strategy implementation through a committee. The top management is briefed regularly on the progress of strategy implementation especially on the current status, the work remaining, the period to be covered, the budget utilized and the resources needed to complete the project. According to the findings, this information is essential in evaluating the progress of the project to identify and improve on weak areas.

4.5 Discussion

The findings revealed top management did not involve its employees in key decisions this negatively impacted on strategy implementation. The employees felt left out on key matters of the bank and this highly demotivated them. These findings conform to Thompson and Strickland (2008) who argued that by communicating purposefully and focusing on results and relationships, businesses can leverage effective communication strategies to effectively implement strategy. The interviews indicated resistance to change and slow response to global trends was a major challenge faced by Progressive Credit Limited this negatively impacted on strategy implementation. Most of the employees feared the responsibilities that come with the new change while others failed to appreciate the fact that the bank had to change in order to cope with the environment which is dynamic. The top management was not adequately committed to strategy implementation it failed to commit adequate time to inspire and motivate its employees towards strategy implementation.

The interviewees also indicated that resources was a key challenge, the bank was still growing and thus did not have adequate resources to finance strategy implementation. Even though the management made efforts to allocate resources for this purpose it was not enough. These findings are consistent with Thompson (2005) who posits that resources are one of the key hindrances towards successful strategy implementation. The bank did not have a committee with the responsibility of coordinating activities in strategy implementation. This affected strategy implementation. Most of the employees were not sure about what they were expected to do to effectively contribute towards strategy implementation. The findings indicated that some of the employees were not sure about their roles and responsibilities in strategy implementation. This led to loss of direction and confusion which made it difficult to successfully implement strategy.

Most of the interviewees indicate that the top management should consider allocating more resources to facilitate the process of strategy implementation. These include: financial resources, human capital and adequate time to ensure successful implementation of strategy. These findings are in line White (2006) who indicated to ensure successful implementation of strategy; an organization should allocate adequate resources for instance time to ensure successful strategy implementation. The process of implementation requires discipline, planning, and motivation; the top and lower level management must work together towards realizing goals and objectives. The firm’s management should create adequate time in explaining the importance of strategy implementation to the employees to ensure that they understand its importance.

Progressive Credit should invest in information communication technology (ICT) to enhance integration between the top management, employees and the stakeholders. This will enhance sharing information and increase efficiency in decision making. These findings are consistent with Thompson and Strickland (2002) who argued that the organization should uphold and implement effective communication from top to bottom. This is meant to enhance interaction and involvement of the middle level management, the employees and the top level management. The findings revealed that the top management did not involve its employees in decision making. The top management ensures that the opinion of the lower level employees are well represented, this makes them feel as part and parcel of the bank since their grievances are addressed.

The structure of the bank should be well aligned to the intended goals and objectives; it should be accommodative of the changes in the external environment which requires the structure of the bank to be flexible in order to effectively serve the growing needs of its customers. The structure should be integrated with the roles and responsibilities of its employees in a manner that allows flexibility of their functions and activities to match the growing needs of the customers. These findings are consistent with a study by Noble (2001) who argued that to deliberate on strategy implementation the organization should adapt a flexible organizational structure that can effectively accommodate the changes in the environment.

The bank should reward and motivate employees that perform exemplary. This motivates and encourages employees to work harder to get recognized, this eventually creates a working culture and unites employees to work towards achieving similar goals and objectives. These findings are consistent with Zaribaf and Bayrami (2010) who argued that team work plays an important role in strategy implementation. A highly motivated team work together and encourage each other in achieving organizational goals and objectives.

The bank should have a clear strategic plan that guides the bank on all its activities and functions. Planning will enable the committees to have a point of reference on the steps to take and how to conduct the process of implementation in each and every stage. Through a strategic plan the bank is able to define the roles and the responsibilities of all its employees in line with the set goals and objectives.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter consists of the major findings drawn from chapter four of this study. It is structured as follows: summary of findings, conclusion, recommendations, limitations and suggestions for further research.

5.2 Summary

The findings revealed top management did not involve its employees in key decisions this negatively impacted on strategy implementation. The employees felt left out on key matters of the bank and this highly demotivated them. These findings conform to Thompson and Strickland (2008) who argued that by communicating purposefully and focusing on results and relationships, businesses can leverage effective communication strategies to effectively implement strategy. The interviews indicated that one of the competing activities that caused distractions hindering strategy implementation at Progressive Credit limited is resistance to change and slow response to global trends was a major challenge faced by Progressive Credit Limited this negatively impacted on strategy implementation. Most of the employees feared the responsibilities that come with the new change while others failed to appreciate the fact that the bank had to change in order to cope with the environment which is dynamic. The top management was not adequately committed to strategy implementation it failed to commit adequate time to inspire and motivate its employees towards strategy implementation. The top management did not show seriousness on the importance of strategy implementation. The bank lacked a quorum when making key decisions this caused delays that negatively affect efficiency in formulation and implementation of strategy. High employee turnover slowed down strategy implementation due to constant training of new employees. This slows down strategy implementation leading to delays and inefficiencies which negatively impact on successful strategy implementation.

The interviewees also indicated that resources was a key challenge, the bank was still growing and thus did not have adequate resources to finance strategy implementation. Even though the management made efforts to allocate resources for this purpose it was not enough. These findings are consistent with Thompson (2005) who posits that resources are one of the key hindrances towards successful strategy implementation. The bank did not have a committee with the responsibility of coordinating activities in strategy implementation. This affected strategy implementation. Most of the employees were not sure about what they were expected to do to effectively contribute towards strategy implementation. The findings indicated that some of the employees were not sure about their roles and responsibilities in strategy implementation. This led to loss of direction and confusion which made it difficult to successfully implement strategy.

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Progressive Credit should invest in information communication technology (ICT) to enhance integration between the top management, employees and the stakeholders. This will enhance sharing information and increase efficiency in decision making. These findings are consistent with Thompson and Strickland (2002) who argued that the organization should uphold and implement effective communication from top to bottom. This is meant to enhance interaction and involvement of the middle level management, the employees and the top level management. The bank should set aside a committee that is responsible for strategy implementation; the committee should monitor progress and do follow-ups to ensure that the process of strategy implementation is effectively implemented. The committee should brief the top management about the progress of implementation in every stage. This creates a room for improvement and review to ensure that the project is a success. The committee allocates a budget and decides the mount of finances to support the process of implementation in order to realize set goals and objectives.

The top management should ensure a participative form of decision making where all the employees are involved in key decisions before implementing them. The top management ensures that the opinion of the lower level employees are well represented, this makes them feel as part and parcel of the bank since their grievances are addressed. This motivates them to accept and understand the need for change and how it would positively impact on them and the bank. This minimizes resistance to change since the top management and the employees are united in the same goals and objectives. This creates a conducive environment for strategy implementation since the top management and the employees can support each other and move towards the same direction. The top management should lead by example in spearheading activities and functions that lead the bank towards realizing its strategic goals and objectives. The chief executive officer should regularly review strategy implementation to monitor progress by so doing he is able to direct the committees on areas of improvement to ensure that the strategy is a success.

The structure of the bank should be well aligned to the intended goals and objectives; it should be accommodative of the changes in the external environment which requires the structure of the bank to be flexible in order to effectively serve the growing needs of its customers. The structure should be integrated with the roles and responsibilities of its employees in a manner that allows flexibility of their functions and activities to match the growing needs of the customers. The organizational processes and procedures should be aligned to effectively match the strategic goals and objectives. The structure of the bank should support team spirit a working culture that motivates employees to work harder and realize strategic goals and objectives. This will enable the bank to achieve the desired expectations. These findings are consistent with a study by Noble (2001) who argued that to deliberate on strategy implementation the organization should adapt a flexible organizational structure that can effectively accommodate the changes in the environment.

The bank should reward and motivate employees that perform exemplary. This motivates and encourages employees to work harder to get recognized, this eventually creates a working culture and unites employees to work towards achieving similar goals and objectives. The employees signed performance contracts every year however, this was not taken seriously this highly discouraged employees from working hard. The interviewees unanimously agreed that motivated employees perform better unlike the employees who are not motivated. These findings are consistent with Zaribaf and Bayrami (2010) who argued that team work plays an important role in strategy implementation. A highly motivated team work together and encourage each other in achieving organizational goals and objectives.

The bank should have a clear strategic plan that guides the bank on all its activities and functions. Planning will enable the committees to have a point of reference on the steps to take and how to conduct the process of implementation in each and every stage. Through a strategic plan the bank is able to define the roles and the responsibilities of all its employees in line with the set goals and objectives. The top management allocates resources and facilities to the employees to effectively execute their roles and responsibilities effectively. The committee responsible for strategy implementation ensures that the process is executed with the stipulated timeline to ensure that the resources allocated for the process are utilized effectively to realize set goals and objectives..

The top management should conduct continuous monitoring and evaluation on the progress of strategy implementation through a committee. The implementation committee should regularly brief the top management on the progress of strategy implementation, especially the current status, the work remaining, the period to be covered, the budget utilized and the resources needed to complete the project.

5.3 Conclusion

The study concludes that some of the key challenges that hindered effective implementation of strategy at Progressive Credit were as follows: lack of adequate finances and resources to support the process of strategy implementation. The bank did not have sufficient capacity and resources to successfully implement strategy. The other challenge was lack of commitment by the top management; they failed to allocate adequate time to ensure that the strategy was a success. The other challenge was resistance to change which was brought about by failure to involve all the employees in key decisions. Last but not least, was lack of a strategic plan to guide, give directions, allocate budget and schedule all the activities involved in strategy implementation in each and every stage.

The study further concludes that the bank the ways of dealing with these challenges is allocating adequate financial resources and human capital to support strategy implementation. The study also concludes that the bank should have a committee that is mandated to implement strategy and regularly update the top management on the progress of implementation. The study further concludes that there the top management should involve its employees in key decisions in order to enhance cooperation and coordination of activities; this will enhance team work and successful strategy implementation.

5.3 Recommendations

The study recommends that microfinance banks should develop and design a strategic plan. A strategic plan acts as a guide on how all the activities involved in strategy implementation will be achieved. It defines the employees' responsibilities and duties in strategy implementation. The strategic plan matches and activities and resources in each and every stage of implementation.

The study further recommends that microfinance banks should set aside adequate financial resources and facilities in order to create a supportive environment for strategy implementation. Modern technology plays an important role in integrating activities and functions during strategy implementation. Information communication technology is one of the tools that could be used to integrate systems and processes to ensure to enhance coordination of activities and improved information sharing. This will effectively contribute towards successful strategy implementation.

The study recommends that the bank should involve all its employees in key decisions to make them feel represented and part of the bank. This highly motivates the employees and unites them to work towards set goals and objectives. This minimizes resistance to change and improves cooperation between the employees and the top management.

The study recommends that microfinance banks should train their employees in order to broaden their knowledge and understanding on strategy implementation. This will enable the, to understand their roles and responsibilities and how they contribute towards successful strategy implementation.

5.4 Limitation of the Study

The study was limited to scope; it only concentrated with Progressive Credit Limited therefore the findings obtained in this study cannot be however used to make generalization for all microfinance banks in Kenya. These findings can only be used for comparative purposes and not direct application to another sector.

The other challenge that was faced by the researcher was time and cost constraints. Booking, scheduling and preparation for the interview process consumed a lot of time. Given the limited time allocated for research project submission the researcher had to go out his way to create extra-time to beat the deadline. This was not easy to achieve

5.5 Suggestions for Further Research

The study suggests that it would be interesting to investigate the factors affecting strategy implementation in another microfinance bank or the entire banking sector that might have undergone strategy implementation findings can then be compared to assess areas of commonalities and unique features. This will provide comparative findings then a reliable conclusion can be made.

This study used an interview guide which is specifically based on the interviewees' judgment and thinking which might be biased or untrue depending on the mood of the interviewee and their understanding of the questions. The interview guide has no control over this since it allows the interviewee to express their mind without limits. Future researchers interested in this field of study should consider doing a comparative study using a structure questionnaire then findings can be compared upon which reliable conclusion can be made.

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APPENDIX: INTERVIEW GUIDE

Section A: General Profile

1. Which department do you belong to?
2. Which position are you in?
3. What is the highest level of education you have achieved?
4. How long have you worked for the company?
5. How long have you worked in your current position?

Section B: Factors Influencing Strategy Implementation at Progressive Credit

1. What are some of the factors that you face during strategy implementation?
2. Are there any unanticipated factors that inhibit strategy implementation during strategy implementation process?
3. Are there competing activities that cause distractions hindering strategy implementation in your company?
4. Does top management provide adequate support during strategy implementation?
5. Are you able to meet the deadline during strategy implementation?
6. Does your company provide adequate resources and capacity during strategy implementation?
7. Is your company able to coordinate activities and people during strategy implementation?

Section C: Ways in which the management of Progressive Credit addresses the factors Influencing Strategy Implementation

1. What strategies do you think would effectively help in overcoming the factors that affect strategy implementation?
2. Please, indicate your views on how these factors should be addressed in your company?
3. Does the company's top management demonstrate commitment during strategy implementation?

4. How did the management manage any unanticipated distractions during strategy implementation? If yes, please explain
5. The company's top management makes it easy access to facilities and equipment by employees during strategy implementation?
6. Does top management make reference to a strategic plan while implementing strategy related activities?
7. Is there adequate communication during strategy implementation between the top level management and the employees?
8. Does the top management align the strategic goals with the organizational structure?
9. Does top management conduct continuous monitoring and evaluation to keep track on the progress of strategy implementation process?