EFFECT OF STRATEGY IMPLEMENTATION ON ORGANISATION PERFORMANCE: A CASE STUDY OF DIAMOND TRUST BANK

BY

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DECLARATION

I declare that this is or original work and has not been presented in any other university for the award of degree.

Signature: …………………................ Date: ……………………………

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

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DEDICATION

I dedicate this project to my loving family who has been a great source of inspiration and joy in my daily endeavors, their love and support could never be valued. Profound gratitude goes to all my friends and colleagues; I love you all and will continually hold you close and cherished in my life. Thank you very much for being there for me and the immense emotional and kind support you offered me wholeheartedly

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TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
DTB	Diamond Trust Bank
RBT	Resource Base Theory
RBV	Resource Base View
KBA	Kenya Bankers Association
RDT	Resource Dependency Theory
KBA	Kenya Bankers Association

ABSTRACT

Strategy implementation is an important part of the strategic management process. Implementation includes putting enthusiastically the coherently developed systems. It is the summation of activities in which individuals use different resources to realize objectives of the strategy. The capacity to execute techniques effectively is significant to any institution. In spite of the significance of the implementation procedure inside strategic management, this is an area of study frequently dominated by emphasis on the strategy formulation process. Numerous institutions confront critical challenges with respect to policy implementation as most strategies flop to deliver better performance for the firm due to poor implementation. The objectives of the study were to establish impacts of key strategic implementation on performance of DTB and to recognize the challenges experienced by DTB in actualizing strategies. The total number of respondents in the study were 5 respondents. The study made use of case study research design. Primary data was collected by use of an interview guide. The collected information was analyzed by use of content analysis. The results showed that there is a positive relationship between strategic implementation and performance at DTB. Different sources of information, for example, investigate articles and secondary organization information sources were additionally utilized. The results indicated that: members from various levels of the bank have unique understanding of the implementation procedure; implementation factors could get to be barricades that undermine the implementation procedure; these obstructions can be overcome if directors are discerning to the bank's present circumstance. The bank has been able to overcome some of the challenges they faced and are still facing when implementing the strategies they have chosen by undertaking intensive and extensive training of its employees to equip them with the right skills and knowledge that will ensure that they are able to handle the task assigned to them and give the desired results. The bank has also strived to provide the relevant motivation , rewards and foster a good working relationship to ensure that the employees are well motivated hence they will be able very instrumental in the realization of the chosen strategies.

CHAPTER ONE

INTRODUCTION

1.1 Backgroundof the Study

Strategies are important in organizational operations, but whereas most organizations have good strategies, successful strategy implementation remains a major challenge. Banks have created strategies, the strategy implementation might seem like a walk in the park on the surface yet on the contrary, transforming strategies into actions is far more complex, difficult and challenging and therefore not as straight forward as one would imagine (Allio, 2005).To ensure the success of the strategy transferred, it must be translated into well thought out implementable actions. The strategy must be converted into guidelines for the daily actions of the organization’s members. For the strategy to be successful, there must a oneness between the strategy and the firm, in implementing the strategy, the managers must guide, monitor and control actions and outcomes and align to change since implementation takes place in a changing environment. According to Cole, (2006), transferred strategy implementation comes across numerous challenges especially in the turbulent environment, which need to be tackled continuously in order attain the long term objectives of the bank.

This study was based on the Agency theory, Resource dependence theory and Resource based view theory. Agency theory refers to relationship between two persons, one of whom is the principal (owner) and the other, an agent (manager). Agency theory explains how best the principal agency relationship can be used for purposes of governing an organization (Bennis, 2007). According to Hrebiniak, (2006), the Resource-based view is grounded in the perspective that a firm's internal environment, in terms of its resources (tangible and intangible resources) and capabilities, is more critical to the determination of strategic action than is the external environment. Resource dependency theory is concerned with how the external resources of an organization affect its behavior, it argues that in order to survive, an organization must acquire resources (Pfeffer & Salancik, 1978).This study focused on the effect of strategy implementation by Diamond Trust Bank on its performance.

1.1.1 Concept of Strategy Implementation

Pina, V., Torres, L. &Yetano, A. (2011) define strategy as a way or plan chosen to bring about a sought after future, such as achievement of a goal or resolution to a problem. He further indicates that a strategy requires a combined process of both decision making and action which guide an organization from what it is to what it become as it has future implications of present decisions as opposed to identification of problems and their causes. Candy et al, (2011), define strategy as the art and science of planning and marshalling resources for their most efficient and effective use, (Candy et al 2011) elaborate this by indicating that strategy is concerned with how results or outcomes should be, rather than achieving those outcomes as products or outputs. Steiner, (2004) on the other hand defines strategy as an adaptation or complex of adaptations that serves or appears to serve an important function in achieving evolutionary success

Strategy Implementation is the process of allocating resources to support chosen strategies. It is a process that includes various management activities that are necessary to put strategy in motion, institute strategic controls that monitor progress and ultimately achieve organizational goals (Banat, 2003). According to Steiner (2004) the implementation process covers the entire managerial activities including such aspects as motivation, compensation, management appraisal and control process. Although formulating a consistent strategy is a difficult task for any management team, making that strategy work and implementing it throughout the organization is even more difficult (Hrebiniak, 2006). A myriad of factors can potentially affect the process by which strategies are turned into organizational action. Unlike strategy formulation, strategy implementation is often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 2009).Effective strategy implementation should achieve clarity of future direction, design internal action approaches, make proper choices and priorities, deal effectively with organizational changes and uncertainties in external environment, build team work and expertise based on resources, processes and people and develop effective strategies to improve organizational performance, (Cole, 2004). A strategy has little effect on an organizational performance until it is implemented

1.1.2 Organizational Performance

In the early 50's organization performance was defined as the extent to which organizations viewed as social systems achieved their objectives (McNamara 2010). Later between 1960 and 1970 organizations had begun to discover new ways to assess their performance, as a result organizational performance was defined as an organizational ability to exploit its environment for gain access to and use the limited resources (Yuchtsman&Seashore1967).

In between 1980 and 1990 there was a understanding that identification of organizational objectives was a more complicated process than what was considered at first, Directors started to comprehend that an organization is just prosperous if it successfully achieves its objectives using least resources (effectiveness). Along these lines, the consequent organizational hypotheses held to the possibility of an organization that accomplishes its performance purposes in spite of the imperatives forced by restricted resources (Lushes&Adrian1998). In this viewpoint, benefit has been one of the numerous measures of performance.

Institutional performance is an arrangement of financials and non- financial related pointers which give understanding with regards to the level of accomplishment of objectives and results (Lawrimore & Noble, 2009). There are two main measures of firm performance. The first one is financial whereas the second one is non-financial. Financial performance is a measure concerned with the firm's overall financial wellbeing over a predetermined time period. Financial measures include the ratios, the firm's profitability and the overall health of the balance sheet.

The other measure of organisational performance is non-financial (qualitative). Put in another way, these are intangible measures. Pearson and Robinson (2002) contend that the earlier measures of financial performance, give insufficient or in some cases, an erroneous perspective of the status of the business and its capability to keep growing. They further argue that a company should persistently try to find ways to grow and enhance its qualitative measures. Some of the measures of non-financial performance include customer base, branch network, employees, customer satisfaction and customer base. Kaplan and Norton (2008) agree with the view that quality improvement must be a process unto infinity. Performance is the goal of every organization. It refers to the end result of activities while strategic planning aims to improve these results.

1.1.3 Strategy Implementation and Organisational Performance

The initial step in strategy implementation is identifying the critical activities, decisions, and relationships required to accomplish the tasks. There are six critical administrative tasks that guide a manager's agenda for implementing strategy: building an optimal organization structure capable of implementing the strategy; ensuring adequate resources to support the process; putting in place internal support systems; coming up with rewards and incentives that are aligned to objectives and strategy; moulding the corporate culture to fit the strategy; and offering strategic leadership (Barnet, 2007).

Performance is usually specific and unique to an organisation, as depending on the strategic choices an organisation makes determine which performance measures will reflect the concealed performance concept (Steers, 1975).The relationship between implementation and performance is also influenced by which measures the firm has come up with as key indicators; thus the internal measurement systems used will have an effect on organisational performance at the individual and organizational levels (Levenson, Van der Stede, & Cohen, 2006).

1.1.4 The Banking Industry in Kenya

The banking sector which is one of the key financial industry in Kenya is administered by the Banking Act Cap 488, the Central Bank of Kenya Act and the different practical rules by the Central Bank of Kenya (CBK). The CBK which is under the Finance Ministry docket is in charge of design and execution of monetary guidelines and advancing liquidity, solvency and appropriate working of the monetary system. The CBK circulates information on Kenya's financial organizations, loan fees and other publications and rules. The banks have an umbrella body known as the Kenya bankers' association (KBA), which serves as a hall for the banks premiums furthermore delivers issues relating to its members.

The Kenyan banking industry has 44 banks; 13owned by foreign entities and 31owned by local entities. The financial institutions owned by local entities consist of three banks which the Government and State corporations hold a significant share, twenty seven commercial banks and one mortgage finance institution, Housing Finance (Bank Supervision Report, 2013). The banks are under the umbrella of the Kenya Bankers Association (KBA), which lobbies for the bank's interests. KBA serves a platform for members to address issues influencing them. In the course of the last couple of years, the Banking sector in Kenya has kept on becoming gigantically as far as resources, deposits, products offering and profitability.

The Kenyan banking industry has improved significantly as compared to 10 years ago. The Central Bank deserves credit for the improvement in the regulatory processes that have resulted in Kenyans having more faith in the banking industry and thus increasing their borrowing and total deposits. According to the Central Bank Report (2007), total assets in the banking sector grew from ksh.328b in 1997 to 746b in 2007 a 132% increase, profitability also increased from ksh.15b in 1997 to 27b in 2007.But the key question remains whether this growth has been brought about by the strategic planning practices that the commercial banks engage in.

According to Muli (2008), the banking sector has played a major role in financing all the pillars of the economy ranging from Microfinance, youth and women empowerment, infrastructural development, education, health and agriculture. Emergence of micro-credit institutions such as K-rep Bank, Family Bank and Equity Bank targeting small and medium enterprises as well as small scale farmers especially in the rural areas has led to significant growth of the Kenyan economy. These banks have grown compared to other banks over the period they have been in existence. Banks now have direct sales representatives countrywide specifically to increase their customer deposits and lending power in both rural and urban areas hence play a crucial role towards the attainment of Vision 2030.

1.1.5 Diamond Trust Bank Kenya

DTB is one of the main regional bank. As a partner of Aga Khan Development Network, it's been operational in East Africa for more than 70 years concentrating on the Small and Medium Enterprises with a pledge to giving an award winning customer service. It's listed on the Nairobi Stock Exchange and headquartered in Nairobi Kenya (https://www.dtbk.dtbafrica.com/about-dtb).

DTB plays a basic part in the development of East Africa's economy through its serving of se individual purchasers, micro and small sized businesses and large organizations with a full scope of investing, banking, asset administration and other monetary and risk management products and services which thus has helped in advancement of budgetary incorporation inside the region. DTB as of now has well more than 100 branches spread crosswise over Kenya, Tanzania, Uganda, and Burundi and is focused on empowering individuals to progress with certainty and achievement (https://www.dtbk.dtbafrica.com/about-dtb).

Diamond Trust Bank Kenya Ltd is a Kenya-based bank that is engaged in providing banking, insurance agency and other related services. The Bank offers savings, current and deposit accounts, asset finance, money transfer, treasury and commercial lending, and debit and credit cards. Furthermore, the Bank additionally gives web based saving money services. The Bank works through its branches in Uganda, Tanzania, Burundi, SA, Diamond Trust Insurance Agency Limited, Premier Savings and Finance Limited and Network Insurance Agency Limited. The Bank as of now has 47 branches spread crosswise over Kenya. (https://www.dtbk.dtbafrica.com/about-dtb).

1.2 Research Problem

Implementing strategy is not an easy execise its energy usurping and time consuming. Those who are frequently involved in it concur that it is better to be involved in a strategy formulation execise that to put it in motion. Putting strategy into motion and getting the organization aligned working together towards a common goal takes a unique set of managerial skills. For strategy to be implemented successfully it depends on working through others, organizing, motivating, culture-building and creating strong connection between strategy and how the organization approach to issues. Behavior does not all over sudden change just because there is a new strategy in place (Thompson & Strickland, 1993).

The main concern in strategy implementation especially banks is how to translate strategy into action throught the organisation.This challenge is compounded when one considers a scenario where the strategies are formulated by the top management and have to be implemented by the all cadres of employees.There is always a need for the top management to align it's interests inorder to overcome the disadvantages that arise from organisational structure.Through enhanced cooperation all levels of staff can create synergies,this entails mechanisms throughout which potentially divergent interests can be managed by the firm to be able to achieve its objecties (Dooms, 1995).

Despite the resources and energies invested in this noble move, the banks have faced challenges in the implementation of strategic plans. Although in practice most banks usually have strategic plans in place there are instances where certain objectives in the plans are not met and other instances where when objectives are met which were not part of the original strategic plans. There is need to establish the challenges that hinder the full implementation of strategic plans and if this may have a positive effect on the performance.

Previous studies done include Serfontein (2010) who researched on the effect of key leadership on the operational system and performance of business institutions in South Africa. He inferred that there was a positive connection between performance and strategic leadership. Kiptugen (2003) likewise led a study on the strategic reactions of Kenya Commercial Bank to a changing competitive environment. Where he primarily centered around strategies that can be embraced in a competitive domain; the study failed to cover the procedures required in system implementation and performance. Muturi (2005) also considered the strategic responses of the Christian churches in Kenya to changes in the foreign environment. Where he grounded his study on evangelical churches in Nairobi. This study differs from the current study in terms of the context and concept focused upon, previous studies concluded that there is need to explore strategy implementation on performance in order to arrive at a comparative study. This study therefore sought to establish the effect of strategy implementation on performance of DTB, Kenya.

The researcher has not come across a study establishing the effects of strategies implementation Diamond Trust Bank on performance.Guided by this knowledge gap, where there is limited both theoretical and empirical review about strategy implementation practices in the banking industry in relation to performance.It is against this background that this study seeks to fill that gap in knowledge by seeking an answer to this question; what are the effects of the implementation of strategies on the performance of Diamond Trust Bank?

1.3 Research Objectives

This study is guided by the following objectives

i. To determine the effects of the strategic implementation on performance of Diamond Trust Bank

ii. To identify the challenges faced by Diamond Trust Bank Bank in implementing strategies.

1.4 Value of the Research

This study contribute to existing theory for Scholars who intend to carry out further research in this area. The scholars find the research outcome useful as reference material. Therefore, this study go a long way to enrich the existing body of knowledge on strategic management and its implementation in particular.It add to what has already been researched on Agency theory by examining the nature of this relationship in the context of a company’s board and the managers and how this finds bearing on the successful implementation of strategies.

Through studying the Resource Base View in the context of a bank it helps to identify the influence of unique resources and capabilities on the effective implementation of strategies.Under Resource Dependency the it will also bring out the effects of external resources of the effective implementation of strategies and how this eventually affects the performance of the company.

The study was useful to policy makers and the government agencies in finding out the causes of failure or slow implementation of strategic plans and recommend possible solutions. The government can use the research findings in formulating policies on banks. Kenya bankers' association would use the study to formulate strategies aimed at advising their members on appropriate practices and policies in the implementation of strategic plans.

This study also contributes to Diamond Trust Bank management as they would be interested to know the factors that are affecting the effective implementation of strategic plans. This study provides a basis for formulating strategies aimed at addressing these challenges to inform the decision making process. Strategic planning requires a large amount of organizations human and other resources to commit the organization to action over an extended period of time. Failure in implementation of the strategic plans risks loss of these resources besides the organization losing the strategic direction.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents an account of related literature on effects of the implementation of strategies formulated by DTB on its performance and the subsequent challenges that are witnessed.

2.2 Theoretical Foundation

This chapter relies on the Agency, Resource based view and Resource dependency theories and its link to implementation of strategies to performance.

2.2.1 Agency theory

Agency theory is concerned with the conflicting interests of principals and agents. Jensen's and Meckling's (1976) model on agency costs and ownership structure holds a central role in the corporate governance literature.

In its primitive shape, agency theory clarifies the circumstances in which one individual (called the agent) is locked in by another individual (called the principal) to follow up for his/her sake based upon an assigned expense plan. Since both individuals are assumed to be utility maximizer, and motivated by pecuniary and non-pecuniary items, incentive problems may arise, particularly under the condition of uncertainty and informational asymmetry.

That is, the objective function of the principal and the agent may be incompatible, and therefore, the agent may take actions which jeopardize the principal's benefits. In addition, an agency operates under the condition of risk and uncertainty.

The agent along these lines propels both the principals' advantages and his own particular advantages in the association. A balance of these interests should be merged in order to arrive at the corporate objectives of the organization through the agent because he/she is in charge of the vast resources of the organization. Laffort & Martimost (2002) contends that the agency theory of strategic management is so crucial since the action chosen by a particular individual (the agent) affects not only one, but several other parties (the principals). Hence, the agents’ role in strategic formulation and implementation and the overall strategic management process cannot be underestimated. They say that the firm is often characterized as a nexus of both explicit and implicit contracts linking the management and its different stakeholders, including claimholders, workers, unions, customers, suppliers and the state among others. The Agency Theory holds the view that there should be proper synergy between the management and its stakeholders in order to work towards a common goal. The Agency Theory has also been described as the central approach to managerial behaviour. Rugman, and Verbeke (2008) says that the Agency Theory is used in the managerial literature as a theoretical framework for structure and managing contract, which is among the emerging issues in strategic management. It therefore explains the behaviour of principals and agents’ relationships in performance contracting in management.

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

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

This theory helps in understanding the nature of relationship between the senior managers as principals and the managers of the company as agents and how this relationship influences the implementation of strategies and eventually the performance of the company.

2.2.2 Resource Base View Theory

The resource-based theory (RBT) underlines the organization's assets as the critical determinants of competitive advantage and performance. It takes into account two assumptions in researching advantages of performance (Barney, 1991; Peteraf & Barney, 2003). First, this model assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control. Second, it assumes that resource heterogeneity used to implement firms' strategies are not perfectly mobile across firms (i.e., some of the resources cannot be traded in factor markets and are difficult to accumulate and imitate).

As indicated by Barney (1991), a firm resource must, in addition, be valuable, rare, and imperfectly imitable and substitutable in order to be source of a sustained competitive advantage. In her 1993's paper, Peteraf presents four conditions underlying sustained competitive advantage: superior resources (heterogeneity within an industry), ex post limit to competition, imperfect resource mobility and ex ante limits to competition. Peteraf and Barney (2003) make clear that Barney's (1991) and Peteraf's (1993) frameworks are consistent once some terms are unambiguously defined. The RBT has developed very interesting contributions, among others, with regard to imitation with the concepts of isolating mechanisms (Rumelt, 1984), time compression diseconomies, asset mass efficiencies, and causal ambiguity (Dierickx and Cool, 1989).

The “resource view ", contends with company's interior assets and abilities are the best source of CA over different firms. It applies an arrangement of rules to figure out which of those assets speak to qualities or shortcomings which assets produce central skills that are source of CA (Pearce II et al, 2008). These rules get from the possibility that resources are more significant when they are; basic to satisfying a client's need superior to that of rivals; rare consequently hard to find, or without substitutes or are difficult to mimic; appropriable thus all benefits are held by the organisation; and when they are strong or feasible after some time.

An approach to strategy with this view then seeks to find or develop distinctive competencies and resources, applying them to produce superior value. To the degree that these capabilities can be kept extraordinary, to the firm, they can be utilized to build up an upper hand (Munge, 2014). The resources and capabilities of a firm are the central considerations in formulating its strategy: they are the primary constants upon which a firm can establish its identity and frame its strategy, and they are the primary source of the organisation’s profitability. The key to a resource based approach to strategy formulation is an understanding of the mechanisms through which competitive advantage can be sustained over time. This requires the design of strategies which exploit to maximum effect the firm’s unique characteristics (Grant, 1991).

This theory is of significance for the study to understand whether there exists unique resources and capabilities in the bank gives it an edge when implementing strategies in a manner that influences the performance positively.

2.2.3 Resource Dependency Theory

Resource dependence theory (RDT) add on the literature on how the external resources of an institution impact the conduct of the organization. The procurement of outside resources is a basic statute of both the strategic and key organization of any institution. RDT has recommendations as to the perfect divisional structure of organizations, enrollment of board of directors and agents (Pfeffer & Salancik, 1978).

RDT offers a remotely engaged point of view of why a firm may secure or converge with another institution (Haleblian et al, 2009). In the event that an association can unite with another comparative or reciprocal association, there are that numerous more resources accessible to the new element. This reduction in rivalry is the primary purpose behind mergers or acquisitions.

There are two other potential clarifications for why an organization might need to participate in a merger: "to oversee reliance with either sources of information or buyers of yield by retaining them, and to differentiate operations and along these lines reduce reliance on the present associations with which it trades" (Pfeffer, 1987).

In the case of this study it was important to examine the influence of resource dependency on the implementation of strategies from the one of the reasons banks are formed is to increase the amount of resources available to enhance one’s competitiveness in the market.

2.3 Effects of the Implementation of Strategies Formulated by an organisation on its performance

As demonstrated by Pride and Ferrell, (2003) performance is a fundamental fragment of the indispensable design process. It has been portrayed as "the process that turns strategies and plans into actions to accomplish organizational objectives". It addresses who, where, when, and how to do organisational exercises effectively to accomplish better results (Kotler et al. 2001).

The human element is key in strategy implementation; With regard to David (2003) postulation, both administrators and employees ought to directly participate in strategy execution decisions and communication which are integral to ensuring that the objectives are achieved, of importance also under the human element is the issue of training and motivation of the human resource, David (2003) suggested that by providing performance enticements to workers during the enactment phase business performance would be positively influenced.

Another aspect of the human resource is their background and competency, how an institution recruits, chooses, trains, interacts, manages the careers and supports the human resource Kaplan, (2005).The more competent the human resource is the easier it is to implement strategy that leads to an improvement in organizational performance, it is also critical to instill confidence among the personnel about their future in the company and future professional growth as a motivation for hard work (Purcel and Boxal, 2003).

Roy, (1984) while examining the breach between policies and practice in Britain nationalized telecommunication industry recognized resources as among the five main operative factors on policy implementation, if not enough resources are allocated and on time then there is a high likelihood of the organization performing poorly.

David (2003) also emphasizes on the elements that require consideration during the implementation process and this include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change and organizational culture.

Structure is also an important element in Strategy implementation, it refers to the way in which duties and people are specialized and divided together with the way authority is distributed, how events and reporting affiliations are distributed and coordinated (Kaplan, 2005). The structures if optimized result to a great improvement in the organization performance since according to Waterman *et al*., (1980) the configuration of an institution often commands the way it functions and performs.

Brenes et al. (2008) considered 18 factors as key success factors categorized in five groups; identified factors included: strategy formulation process, systematic execution, strategy control and follow-up, right and motivated CEO, management and staff leadership, and corporate governance leading the change

2.4 Challenges Faced While Implementing Strategies Formulated byDTB

There are challenges while implementing strategies formulated. The major concern in strategy implementation is to translate that strategy into action throughout an institution. Short term goals are usually initiated from long term objectives which are then interpreted into current actions and targets. These must be integrated, coordinated, consistent, and measurable and prioritized for organizational success in meeting its goals. Objectives, functional tactics, policies and compensation rewards represent only the start of strategy implementation hence the strategy must be institutionalized. In doing so, various challenges emerge that demand for faster identification and management to enable for success in meeting organizational objectives (Wheelen et al, 2008).

The organizational structure refers to the formal arrangement of roles and relationships of departments, sections and concerned individuals so that the work is directed towards meeting the goals and accomplishing the mission of the organization. Change in strategy often require changes in the way organization is structured because structure dictates how objectives and policies was established and resources allocated (Sababu, 2007).

Chandler (1962) concludes that structure follow strategy hence a rigid structure will not implement strategy effectively and that successful strategy implementation depends to a large extent on the organizational structure flexibility because structure identifies key activities within the organization and the manner in which they were coordinated to achieve the desired objectives.

The culture of an organization can be defined as the elementary patterns of shared morals and rules governing the way workers within the organization contemplate or act on threats and opportunities. An optimal culture is one that supports mission and strategy of an organization while diverse values supports failure of strategy implementation (Chandan, 1999). The culture present in an organization can therefore reflect the strength and style of its strategic leaders (Wheelen et al, 2008).

Lack of commitment from top leadership affects strategy implementation since it involves the management of an organization to provide forethought guidance and cohesion to a group with a common mission. This means that the key to leadership is influence and reciprocal relationship between the leader and the follower in the process of attempting to achieve their mission (Sababu, 2007). The type of leadership dictates success of strategy implementation since can be autocratic, democratic or laissez-faire style. In a nutshell leaders are expected to inspire and motivate staff during the process of strategy execution (Chandan, 1999).

Communication is a key factor and denotes to the process of conveying information from one person to another through a specific channel in a given environment. It is said to be strategically complete when there is a directional reaction towards the mission that is feedback. Often there arise some communication barriers that hinder execution of strategy and these include status difference, inappropriate channels, too many intermediaries, poor supervision and individual biasness (Pearce et al, 2010). Proper communication disregards delays, misapprehension, confusion, distortion and bottlenecks and improves coordination and control (Chandan, 1999)

Resistance to change plays a big role in the process of strategy implementation. Change no matter how beneficial, is generally resented and is always difficult to implement. It cannot be denied that changes bring challenges, new experiences, new adventures, and new rewards and hence may be easier to be accepted when accompanied by favorable benefits. Resistance to change can increase in an organization because of fear of job security, lack of proper communication, rapidity and extent of change, fear loss of power and control among others. These can be managed through participation and involvement, education, negotiation and agreements for successes in meeting strategic objectives (Sababu, 2007).

Motivation is the process of influencing people as individuals or groups to realize specific goals. Objectives, policies and strategies have little chance of succeeding if employees are not motivated to implement strategies once they are formulated. Motivation can be in the form of delegated authority, job security, incentives, training, fringe benefits and empowerment.

Resource allocation is the vital management activity that allows policy execution. Most institutions resources revolve around financial, physical, human, technological and good. There are some factors that hinder rational resource allocation and these include nepotism, tribalism, organizational politics, and lack of training and managerial skills among managers (Pearce et al, 2011).

Power and politics influences the process of strategy implementation. Power can be defined as the possibility of imposing ones on the behavior of others. The essence is control over other behavior. Politics on the other hand refers to the activities taken within the organization to acquire power and other resources to obtain ones preferred outcome in a situation in which there is uncertainty about choices (Chandan, 1999). Political orientations arise due to scarcity of resources, ambiguous goals, and non-programmed decisions and affect strategy implementation. Misused politics can lead to resources distributed to departments rather than rational needs.

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter sought to explain the methodology used to undertake this study; it contains the research design, data collection methods and data analysis methods.

3.2 Research Design

The study adopted a case study design. According to Bryman and Bell, (2003), a case study is a technique, which involves the examination of a solitary case or one organization, according to Mugenda and Mugenda (2003) a case study entails a systematic and comprehensive examination of a singly social element, organization, family, social group or an entire community and takes on depth rather than breadth of the study.

In this case the target group was the management staff at Diamond Trust Bank K Ltd who are directly involved in formulating and implementation of strategies in the organization. The research design was aimed at establishing the effects of strategy implementation by Diamond Trust Bank on its performance.

The variables measurement was based on both qualitative and quantitative measures. This design was chosen because it provides insights into and comprehension of an issue or situation. The study was a case study to be undertaken at the Diamond Trust Bank. The design was key in defining in detail the unique elements of the firm and determining the frequency of key characteristics of the study.

3.3 Data Collection

This study mainly utilized Primary data, where the researcher was able to gather first-hand information from the respondents who are directly involved in strategy formulation and implementation process.

The researcher used oral interview using an interview guide (Appendix 1) to gather the primary data from various levels of personnel. The benefit of this technique is that it gave the interviewer the ease to modify the questions based on the feedback they were receiving from the interviewee (Bryman& Bell, 2003).

The study interviewed 5 managers involved in strategy formulation and implementation, this were managers in finance and admin,product and marketing, operations, IT and communications and customer relationship management from Diamond Trust Bank K Ltd directly involved in strategies implementation. The interview guide was divided into three parts, the first being concerned with the background information, the second part sought to establish the effects of implementation of strategies formulated by DTB on its performance and the final part sought to find out the challenges faced by DTB when implementing strategies.

3.4 Data Analysis

The data collected was evaluated using the content analysis technique. Babbie (2001) noted that the content analysis measures the deeper meaning of the content or the characteristic of a message. Its extensiveness makes it an easy and extensive tool that may be used as a lone approach or as a problem specific technique.

According to (Coupler& Schindler, 2011) it is a form of qualitative analysis of data that is not empirical in nature that assists researchers get comprehensive insight about the phenomenon being studied in order to get unique patterns and relationship in the data being gathered. It is therefore a research method for the impartial, methodical and measureable description of apparent content of a communication.

Given that information in this study was primarily collected using and interview guide then content analysis was important in systematically organizing data through coding or categorizing information in a manner that assist in understanding and interpreting the responses from the respondents.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This Chapter outlines analysis and research findings of the study as set out in the research methodology. The outcomes are presented on effects of strategy implementation on organizational performance at DTB. The information was collected solely from interview guide as the research instrument. The interview guide was composed in accordance with the goals of the study. Content analysis was used during data analysis. The information was treated in strict confidence and used for academic purposes only. All respondents' names and positions were anonymous.

4.2 Response Rate

The study targeted five respondents were managers in Finance& admin, Product and Marketing, Operations, Relationship management and IT and communications at DTB.From the study, 5 out of 5 respondents were interviewed contributing to 100%. This commendable response rate was made a reality after the researcher made personal visits to respondent's offices by booking appointments and making calls to conduct the interview.

4.2 Demographic Background

The researcher in an effort to ascertain the respondent's competence and conversance with subject matter regarding DTB, three questions were asked based on level of education, duration of working at the bank and position cadre of the interviewees. Education level data findings showed that all the interviewees at the bank were highly educated, four had master's degree and one had undergraduate degree. Further, the researcher asked a question on the duration of working at the bank and the response showed all the respondents had worked for more than four years at DTB. Thus they were knowledgeable enough in regards to the banks strategic implementation and strategies due to their long service at the bank. Finally, the respondents were asked on the position level at DTB and they were all managers in various departments of the bank.

4.3 Strategy Implementation Practices and Performance

The respondents were asked the extent of their involvement with strategy formulation process and all of them confirmed that they are involved at some stage in the strategy formulation although the final decision lie with the top management, they are involved to a large extent in the initial stages of formulation process mainly providing input at management committee level. These shows that the respondents are key in policy formulation and ultimately influencing performance.

As to whether in their opinion the strategy was being communicated effectively to all the parties in the organisation involved in its implementation, a majority of the respondents felt that it was being done adequately although there was still room for improvement to ensure that all parties understood clearly what their roles would be in the implementation process. The bank relied mostly on middle level management to help articulate the strategy to the lower cadre employees. Face to face, interactive meetings, memos, emails and general bulletins were the choices of communication available to communicate within the bank asserting the works of Johnson &Scholes, (2002). The extent to which these different forms of media are likely to be effective depends on the extent to which the nature of the strategy is routine or complex.

The respondents were asked whether employees involved in strategy implementation were prepared adequately in terms of training and guidance to enable them implement strategy effectively and efficiently, a majority of respondents indicated that the organisation had a process within the strategy implementation phase that takes care of equipping the employees through both formal and informal training to ensure they are better prepared to implement strategies, this they also admitted was still a working in progress given the rapid changes in the industry.

As to whether there were any incentives available to motivate employees to implements strategies effectively the respondents pointed out measures such as a bonus and commission system that ensured that employees both as a group and individually could be rewarded for meeting the goals or targets set out by the organisation, the respondents were of the view that the incentives and training were both critical in motivating staff to be more committed in the implementation process thus reducing some challenges.

The respondents were also asked on whether the organisation allocated adequate resources in terms of labour and material in order to ensure effective implementation of strategy, to which a majority felt that there was adequate allocation while still admitting that it was a fine balance given the need to avoid wastage and meet all the competing needs in the organisation, this has encouraged them to be more creative and innovative in order to remain competitive.

In their opinion on what was the role of organisational structure in strategy implementation process a majority of respondents concurred on the importance of organisational structure in ensuring effective and efficient implementation of strategy, they emphasized that even in formulation of strategy, structure was one of the variables to be considered since it can be the fine line between success or failure of the strategy implementation phase.

The researcher further probed the respondents on the extent to which strategy implementation influences organisation performance. Most of the respondents alleged that strategy implementation influences organisation performance to a great extent, a few of the respondents were of the contrary opinion on how it affects performance laying emphasis of the formulation of appropriate strategies. This implies that for organization to be competitive has to formulate amicable strategies that overcome competition pressure of other competitors.

The researcher asked the respondents to clarify on areas where implementation influence on organization performance. From the findings the respondents touched on three main areas of organisation performance and this were the management of the company, the customers and the employees. Under the management of the company most of the respondents felt that strategy implementation improved corporate image to a great extent, strategy implementation had helped promote business excellence and instilled discipline and focus in operations management thereby increasing its quality

Under customers' majority of the respondents were of the opinion that strategy implementation influences customer satisfaction, through ensuring the delivery of superior quality of services and products that are relevant and responsive to the market. As a result, the customer base has grown over the period and a culture of service innovation which in the end has resulted in higher profitability.

Respondents pointed out that strategy implementation enhanced employee performance given the clarity of purpose that it introduces, each employee understands their role in the implementation process and because of this they were performing better. Strategy implementation they pointed out increased employee satisfaction since through efficient implementation of strategies they got promoted with better pay packages which in turn resulted in a lower rate of staff turnover in the organisation.

4.4 Challenges of Strategy Implementation at DTB

The interviewees were requested to indicate the challenges they faced in strategy implementation. Among the challenges cited was communication. Communication is important as there needs to be clear communication of objectives and targets. It is also through communication that progress is reported and gaps are identified and areas of improvement. Other challenges pointed out were unanticipated major problems, ineffective coordination of activities, poorly defined tasks and inadequate information systems to monitor performance. Other challenges pointed out by the respondents were the prioritisation of targets, the organisation they felt sets performance targets every financial year which are further cascaded to employees. Prioritising the targets to ensure that the most critical if not all are achieved by the end of the financial year is usually challenging due to delays in implementation of planned activities sometimes resulting from inadequate allocation of resources.

The interviewees also reported that the organization is still working on an optimal organization structure that supports the corporate strategic plan. In addition, they also pointed out external factors such as government policies, guiding policies by regulating authorities, sophisticated customers, escalating globalisation, product differentiation, political atmosphere and stringent competition from other banks pose a challenge in strategy implementation.

The respondents when asked whether the organisation culture at DTB acts as an impediments or catalyst in the strategy implementation process concurred that to a large extent it's a catalyst but there are times when it can be an impediment especially where there is poor communication and coordination of strategy implementation process.

As to whether the top leadership is committed to the promotion of cohesion and common purpose in leading the organisation towards achieving a common goal they all were of the opinion that they are committed, there might be a difference of opinion as to how they go about it but deep down they were confident of their commitment.

There were mixed feeling when it came to the leadership trait that was predominant at DTB with a majority of the opinion that it was a bit of autocratic but also democratic to some extent depending on the situation at hand, this they felt at most times had a positive effect on strategy implementation but in some instances it could potentially have a negative effect.

The respondents were also asked how they thought communication influenced successful implementation of strategies in the organisation, they pointed out that communication greatly enhance the effective coordination of efforts within the various subunits within the organisation to ensure alignment of interests towards achievement of a common goal.
Communication they pointed out greatly reduced resistance to change both internally and externally where if customers did not understand the products they were churning out then they could not be excited about them.

Regarding whether the organisation has experienced some resistance to change especially when implementing new strategies and would be the probable cause for presence or absence of it, the respondents agreed the cases of it are a few and widely spread out. They point out that effective communication, good coordination coupled with staff involvement in both strategy formulation and implementation has helped in reducing instances of resistance to change.

The analyst advance requested that the interviewees propose the conceivable answers for the difficulties of technique usage at the DTB. As indicated by the interviewees, the answer for the issues incorporate constant preparing on how the methodology ought to be executed; contribution of staff in basic leadership, consider guiding before moving it out to everybody, assess accomplishments, sharing duty, effective correspondence, characterized and clear process stream.

4.5 Discussion of Findings

Even though strategy implementation has been considered less exciting, and glamorous hence suffering general lack of academic attention, without solid strategy execution nothing tangible can be realized (Machuki and Aosa, 2011). This notwithstanding, the findings of this study are consistent with findings of similar studies and contradicts the findings of other studies. For instance, studies by Aosa (1992) Hambrick and Cannella (1989) as well as Machuki and Aosa (2011) found that strategy implementation had positive significant influence on performance. Conversely, other researchers have established that strategy implementation does not significantly influence performance especially if strategy formulation is faulty (Schaap, et al., 2008).

Scientific research from strategic management standpoint suggests that adopting and implementing the right practices is essential to attaining outstanding performance (Brown et al., 2007). Despite organizations having technological and marketing capabilities without formulating and implementing strategies that harness organizational capabilities all is in vain (Singh, 2009). Capabilities can be harnessed when the right strategies are formulated and implemented. The findings of this study are consistent with the findings of a study by Awino et al. (2012) who found that the influence of strategic planning on organizational financial performance of commercial banks in Kenya to be statistically significant. This is so because strategy implementation enables firms to invest in technological advancement and marketing expenditure all of which have a bearing on financial viability of a firm.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the findings, conclusions and recommendations drawn after analyzing data. Conclusions have been drawn from the study and recommendations on the effects of strategic implementation on DTB performance.

5.2 Summary of the Findings

This section gives a summary of the findings of this study. The general objective was to determine the effect of strategic implementation at DTB, Kenya on its performance. Based on results from Chapter 4, the findings revealed there is positive relationship between Strategic implementation and performance at the bank.

The researcher found out that like many organisations, DTB was also experiencing challenges in communication. Communication is critical to all employees as everyone needs to be aware of the objectives and targets. Communication is also important in giving feedback so as identify areas that need improvement.

The bank also faces the challenge of prioritisation of targets. Targets are set every financial year. Prioritising the targets to ensure that the most critical if not all are achieved by the end of the financial year is a challenge. Other challenges pointed out are external factors like government policies and lack of an optimal organization structure, change of guiding policies by umbrella bodies e.g. CBK especially after several banks being put under receivership, coordination of activities within various departments is also a challenge given that the organisation has other subsidiaries in other countries within Africa. Other factors mentioned in the foreign environment that had an adversarial effect in implementation of strategy at the bank were found to incorporate progressively refined clients and management practices, ever-increasing globalization, more common and unobtrusive product diversity, political environment and very quick rivalry from different banks.

5.3 Conclusion

The main objective of this research was to establish the effect of strategy implementation on performance of DTB. The results supported findings done by other scholars. It was established that strategy implementation had a positive influence on performance of DTB when it's done correctly but can also have negative influence when it's conducted less efficiently and effectively, what is not to be ignored though is the quality of the strategy in the first place. A poor strategy no matter how well implemented will not lead to a positive performance. The results anchor in literature the importance of strategy implementation in influencing performance.

5.4 Recommendations for Policy and Practice

The study makes a number of recommendations. First, the study recommends that the DT B should continually enhance the strategy communication process within the organisation to assist in effective coordination of strategy implementation in a turbulent environment.

As our research result shows that high employee performance relates to involvement in strategy formulation, adequate training and development and adequate incentives and recognition once they effectively and efficiently implement strategies.

Lastly, the study recommends that banking sector have an adequate strategy implementation process that is agile enough to align the organisation to its environment in a way that ensures it takes full advantage of its strength and opportunities in the industry in order to gain a competitive edge while mitigating against the effect of its weaknesses and the threats posed by the industry.

5.5 Limitations of the Study

In attaining its objective, the study was limited to DTB banking sector. The study therefore cannot be used to generalize other sectors of the economy. The study was also limited to the degree of precision of the data obtained from the respondents. There were differences in the way the respondents dealt with the issues of strategic implementation. There was subjectivity noted thus giving room for bias.

The respondents were hesitant in giving data fearing that the data requested would be used to paint a negative picture about them or the organization. The researcher took care of this issue by providing them with an introduction letter from the University and guaranteeing the respondents that the data they gave would be treated with secrecy and was only used for scholarly purposes.

5.6 Suggestions for Further Research

More studies should be done to examine other factors that may influence performance. Further, future studies should obtain a large population of banks to determine whether the results can be generalized as this case only used one bank. The study suggests that a similar study to be done on all commercial banks in Kenya for the purposes of benchmarking. This would allow for generalization of study findings.

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APPENDIX I: INTERVIEW GUIDE

Introduction

This study is an investigation into the "Effect of strategies implementation on its performance at DTB"

SECTION A: Background Information

1. What is your level of education?
2. How long have you worked with this organization?
3. Position in the organization.

SECTION B: Effects of the implementation of strategies on performance DTB

4. To what extent are you involved in the strategy formulation process?
5. In your opinion is strategy communicated effectively to all parties involved in its implementation
6. Are the employees involved in strategy implementation prepared adequately in terms of training and guidance to enable the implement strategy efficiently and effectively?
7. Are there incentives available to motivate employees to implement strategy effectively?
8. Are resources in terms of labour and material allocated adequately to ensure effective implementation of strategies?
9. In your opinion what is the role of Organisational structure in strategic implementation process

SECTION C: Challenges faced by Diamond Trust Bank Bank in implementing strategies

10. What challenges do you come across when implementing strategies from the company?

11. In your opinion does Diamond Trust Bank organisation culture act as an impediment or catalyst in the strategy implementation process?

12. In your opinion are the top leadership committed in promotion of cohesion and common purpose in leading the organisation towards achieving its common goal?

13. What kind of leadership trait is predominant at Diamond Trust Bank and what is its effect in successful implementation of strategy?

14. How does communication influence the successful implementation of strategies in the organisation?

15. Do you experience resistance to change especially when implementing new strategies and what in your opinion causes the presence or absence of it?

16. Recommend ways in which the organization could improve its strategic implementation process to guarantee a high level of performance,

THANK YOU FOR YOUR TIME, INPUT AND COOPERATION