FACTORS AFFECTING STRATEGY IMPLEMENTATION IN KENYAN BANKS: A CASE STUDY OF CONSOLIDATED BANK KENYA LIMITED

BY

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DECLARATION

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

Signed …………………………………….. Date ……………………….

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D61/73143/2012

APPROVAL

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

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ABSTRACT

Formulation of strategy refers to the practice of designing, adopting and implementation of long term vision for the purposes of ensuring that an organization effectively manages its strengths, weaknesses, opportunities as well as its threats. Formulation of strategy may also imply the idea of a company transforming its plans, vision and mission into practice through implementation in order to attain its set objectives. In order for the set strategies to deliver the much desired results, the strategies must be accompanied by other supporting factors such as proper decision making on various issues such as proper remuneration and reward system of the employees, adequate resources, sound leadership as well as support from all the levels of management and all the stakeholders. This study was guided by the objectives of investigating the challenges that consolidated bank faces while implementing on its various strategies as well as determining ways and means in the bank relies on to manage these challenges. This study adopted the case study as its research design and data was obtained using the interview guide. This data was analyzed using qualitative analysis. This study established that the bank had developed a number of strategies that aimed at assisting it to attain its goals. Secondly the major impediments to the success of the implementation of the banks strategies include; financial constraints the bank experiences, and failure to allow the employees to participate in formulating those strategies. Other impediments are as follows; lack of consistent follow up on the progress of plans under implementation, the problem of finance allocation, changing the strategies at the middle of their implementation, sabotage from a section of the employees from the formulation stage, the implementation stage, the review stage and the recommendations stage. In other words the study discovered that there is no continuity in the implementation of strategies in case an employee leaves the bank. This is because there are no provisions for the availability of manuals for the operationalization of different strategies, in addition to duplicating roles and tasks. The study recommends the adoption of effective program designs

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

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

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

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

The qualitative framework used in this study is the MC-Kinsey 7-S which was laid down in a view of analyzing seven aspects of any institution in determining its functionality or not. The framework argues that an organization is more than a mere structure. This is because it encompasses several aspects such as systems, staff, structure, styles, shared values, strategy as well as skills (7Ss)Peter and Waterman 1982. Therefore the central idea of achieving a company's main objective is strategy. The main reason that strategy is adopted is because business activities must add value to its stakeholders and those commercial activities have to be performed in an ideal way. This therefore means that the human resource of the company per the Mc-Kinsey's framework must supplement the inadequacies of the institution.

Strategy implementation though deemed difficult is not only vital but also a critical phase of organizational survival (David 1997).After formulation of more comprehensive strategies, usually there are some challenges that implementation of any strategy cannot be avoided by any firm that aims at achieving its set goals. Consolidated bank of Kenya limited must therefore endeavor to implement its strategies if it has to remain competitive in today's ever changing and turbulent environment.

1.1.1 Concept of Strategy

Strategies define and direct an organizations long term goals. They encompass how set targets, goals and objectives are to be accomplished. They shape the implementation process and act as a pivot in guiding the purposeful action in delivering the required results thus enabling the firm to get used to on its present as well as making future forecasting (Abell 1993).

Any right strategy must be geared towards gaining an edge over other firms through offering of different services to the stakeholders, this company must try to be distinct from the rest and cut out its space in the industry in order to command respect (Porter 1985).

Johnson & Scholes 1998 observe that a good business strategy for any firm must be long term and it must gain proper merits of a company's vision through marshaling a company's resources, meeting the demands of the market and satisfaction of the stakeholder's interests. In other words a right strategy must position the firm in an institution where its market show is clearly cut out. The said competition must be within the law, satisfies consumers' needs and increases the firms overall performance Thompson & Stick Land (1990).Strategy is what a company does and how it positions itself commercially and conducts the competitive battle (R. Koch 1995).

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

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

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

1.1.2 Strategic Management Process

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

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

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

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

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

1.1.3 The Kenyan Banking Sector

Banking sector in Kenya is governed by the CBK Act and the Banking Act. These two Acts are engines of facilitating the idea of developing as well as maintaining proper monetary policies in Kenya Ngesa (1980).

Today Kenya comprises of 46 Banks as well as non-banking financial institutions, more than 48 forex bureaus, and micro-finance companies. The Banking Act came into place in 1989 replacing the existing banking Act of 1969. Before this, the banking sector in Kenya was governed by the Banking ordinance which was a colonial law that was taken over by the newly independent Kenyan government (http://www.centralbank.go.ke).

Banks in Kenya are operated under their lobby groups attend to and deal with challenges that affects the banks. The sector is mostly dominated by selected banks which are externally owned while others are domestically owned, only nine of these banks are registered at the NSE (Nairobi Stock Exchange). The central Bank of Kenya acts as banker of all these banks and formulates and implements the central monetary policy, it also ensures that the industry functions according to the rules and regulations.

The Kenyan banking scene has also seen major innovations such as mobile banking as pioneered by M-pesa and the emergence of credit reference bureaus. A number of banks have adopted new technologies that have fastened the transactions speed, allow cost reduction to clients and ensured by M-pesa which is a type of banks mobile services.

Credit Reference Bureau (CRBs) supplement the activities of the banks as well as non-banks financial institutions through informing the lenders on the history of the borrowers so as they can make their lending decisions. In additions to these, these CRBs are responsible for collecting, managing, disseminating a borrowers information to any creditor within a well stipulated framework.

This idea of tracking borrowing history of any borrower or client is important information to the banks since it enables the borrowers to transfer their borrowing track-records from one bank to the other making the banking sector to be more competitive as well as increases its affordability. This is besides ensuring that credit facilities are brought near the potential clients. It also assists the government to deal with the increasing cases of frauds as well as commercial risks. Finally the existence of CRBs helps the consumers to make sound borrowing decisions.

A number of issues that greatly affects the banking sector are as follows, liberalization of the banking sector, decline of interest rates as a result of consumer demands these leads to banks merging and re-organization, an increment of preference to the non-banking services such as shylocks, and the emerging banking trends of giving huge preference to the consumer needs as opposed to the product and the bank, finally the emergence of non-traditional participants that give monetary product services. This therefore means that the banking industry is thus slated for further huge expansion. The idea of developing both the market as well as the banking products will further consolidate the banking sector.

1.1.4 Consolidated Bank of Kenya Limited

The consolidated bank is one of the medium banks in Kenya. It is licensed by the CBK. It mostly focuses on meeting the commercial needs of both the medium and small scale entrepreneurs in Kenya.

The Banks assets were valued at Ksh16.8B and a shareholders share valued at 1.242B.The bank therefore was number 24 in terms of assets of the 43 banks operating in Kenya. This bank was admitted to the list of banks on 7th December 1989 after merging of nine different financial institutions that were facing insolvency and in an effort to stabilize the financial sector. Consolidated bank has an objective of meeting the commercial needs of individual persons as well as organizations. The bank has an independent culture that is dynamic and culturally results oriented. This is in line with the banking and provisions in providing financial services. This also serves the bank well in having a proper comprehension of the business environment that their consumers are in and meeting those demands.

In its initial stages, the bank was limited to the activities of collection of debts of collapsed financial bodies. The central bank of Kenya granted the bank complete license in conducting services of a fully commercialized bank in 2001. The ownership of the bank is fully state owned. This is distributed as follows, National Treasury 51%, the remaining 49% is owned by the 25 different state corporations. The bank has 16 branches countrywide as at of December 2013 (Wikipedia)

1.2 Research Problem

This is the translation into action of a formulated strategy in order to realize organizational goals, successful implementation of strategies has never been a rosy undertaking in any firm. If proper measures are not taken in ensuring that implementation processes are strictly adhering to the set regulations. It can cause a company to collapse. This is because some of the challenges are unforeseen because their sources might be lack of enough resources, poor communication, poor and unmanageable systems, structures, cultures, policy, lack of reward systems, sabotage. However, a clear establishment of the source of the challenges is key in selecting a strategy that can deal with these challenges in case they occur when it comes to strategy implementation.

One of the major flaws that a number of companies make is failure to separate formulation of strategies from their implementation processes. As a result of these, a lot of research must be done on strategic implementation. A company's development of strategy has to be accompanied by its implementation. This is because in the absence of implementation, the said strategy might fail to achieve on its desired goal. A number of research studies have been done on strategy implementation as well as its setbacks.

For instance Ngala (2010) dealt with challenges of strategy implementation at I& M bank Ltd. Nyakundi 2010 dealt with challenges of strategy implementation at City Bank of Kenya. This research therefore wants to explore what challenges publicly owned banks faces in terms of strategy implementation. This is to explore the area of finding out challenges of strategy implementation that knows no bounds of a company's ownership, structure, leadership or formation.

The banking sector in Kenya has been affected greatly by a number of factors such as liberalization policies, globalization, increased competitiveness, dynamic regulations, advanced technologies, ever demanding customers, life cycle of products, among others. Without a viable strategy. It is difficult to deal with these factors; this study therefore seeks to find out the challenges of implementing the adopted strategies at the Consolidated Bank.

1.3 Research Objective

This study sets out two objectives.

1. Identification of the challenges of implementing set strategies at the Consolidated Bank of Kenya.

2. Assess the solutions employed by consolidated bank in dealing with those challenges affecting strategy implementation.

1.4 Value of the Study

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

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

The findings of this study will be useful to students, instructors as well as readers of the banking and other organizational sectors in matters dealing with strategic management as well as implementing of strategies. The findings and recommendations made by this study can be a basis for academic debates, discussions, arguments and further research.

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

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The literature review of this study will be in line with the research questions and the objectives set in this study. The chapter will dwell on the land-mark writings by various scholars concerning the study. The landmark writings are relevant and provide a clear understanding of the topic under this study. It will be relied upon in order to identify the research gap. This existing knowledge will be derived from books, formal articles, thesis as well as dissertations.

2.2 Theoretical Foundation

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

2.2.1 McKinsey 7S Theory

Mckinsey 7s model is one of the models competitive organizations in the dynamic business environment apply during strategy execution and implementation. According to McKinsey's theory, effective strategy implementation should be aligned with the seven variables within the organizational context. The variables are as follows: skills, style systems; structure, staff, strategy as well as shared values. The structure of the organization is one of the key determinants of effective strategy implementation because it ensures effective communication as well as giving continuous feedback to all the relevant stakeholders of the organization in question (Peters & Waterman 1982).

The concept of an organization structure refers to the internal organization of the said organization and its command chain. Effective strategy will assist the said organization to remain relevant and enjoy a competitive advantage over other organizations. The system in this case refers to the activities that are carried out by the employees of the organization in order to ensure that the organization meets its set objectives. Shared values in this sense refer to the organizations core values that form the organizations working culture and employees ethics. Style in this case refers to the management and the leadership that is administrates. Staff refers to those workers employed by the organization. In relation to their capabilities skills refers to the actual knowledge, experience as well as employees competencies that are injected into the company. The 7s framework, thus can be utilized in situations whereby there is need for realignment in order to improve the company's performance, establish the challenges that are likely to emerge in future and determining the best possible way of putting the adopted strategies into practice through implementation (Peters & Waterman 1982).

2.2.2 Resource Based Theory

Resource Based View theory of the firm is one of the concepts applied by elite and modern competitive organizations in the dynamic business environment in the formulation, implementation and evaluation strategies (Thompson et al., 2012). Helfat & Peteraf (2003) gave a definition of the term resources to imply those factors or unique attributes that the firm possesses and controls. These factors are then transformed into end products and services. Capabilities on the other hand according to Zinger (2012), refer to the ability of the firm to avail the sufficient resources and channel them into the production process in a systematic way in order to achieve its goal. This will go a long way in ensuring that the desired goal of increasing productivity levels is achieved because resources forms the backbone of the company's ability to compete and survive in the business environment.

The Resource Based View theory according to Rapert and Sutter (1996), states that the ability of a company to favorably outcompete its rivals lies primarily with the availability and prudent use of the available resources. The theory argues that a successful and consistent high performance of the company against its rivals is possible if and only if the company relies on its domestic attributes as opposed to the foreign factors.

These resources must be identified with key respective and vital potentials that are valuable, rare, imitable and non-substitutable without great effort. A valuable resource is that which helps a company to achieve its main objectives. . This is done through lowering the production costs and improvement of the quality of the products offered. Any resource that a company owns which does not help that company to achieve its objective is a liability to the company. Those resources that are owned and possessed by a few companies are considered to be rare while those resources that are owned and afforded by many firms are not rare because they bring about parity in competition. In this scenario any organization that produces high quality products and services will enjoy an advantage over its rivals at least temporarily.

Priem and Butler (2001) argue that in order for a company to successfully implement a strategy and ensure that it remains on top of the game over its rivals, the company must ensure that its resources are technical and a bit hard to be copied by another company in a bid to out-do each other. The author continues to observe that the presence of resources alone is not enough to make a company to remain on top of the game; instead those resources must be organized and prudently exploited in order to maximally benefit from them. Therefore, its only that company that is able to tap and make use of its rare, valuable as well as imitable resources that is able to achieve a sustained competitive advantage. The author concludes by observing that if a company wants to turn its short term lead over its competitors into a sustainable lead, the company must ensure that its attributes or resources are immobile and differentiated. This means that if the business environment continues to be the same, these resources can help company to increase its productivity levels and maintain the lead.

2.2.3 Higgins 8 S Theory

Higgins (2005) advanced this theory after making an improvement of the former Mckinsey 7s model that came up in 1980.Higgins model was the 8s model. The major objective of the Higgins or the 8S model is to enable managers to execute a company's plan that cuts across different functions in an effective and efficient manner. Higgins argues that managers who are successful and well experienced will spend much of the time on executing the company's plans. This is because the idea of implementing or executing a company's plan is a serious issue that needs the same attention that the formulation of those plans took. Lot of work in the implementation process needs to be done because various functions and resources of the company must be properly aligned with the plans under implementation. Also because the business environment is usually dynamic, the company must reorganize its plans and make them fit the circumstances of the day. This proves to be a tedious process for the managers. This is because it's not a simple exercise for the managers to realign the company’s functions, resources, structures, processes as well as a company’s systems with the new plans that are under implementation.

2.3 Concept of Strategic Implementation

Peace and Robinsons (2007) noted that the idea of implementing and executing a company’s plans is majorly an activity that requires diverse operational activities. This involves managing individual persons as well as the company’s commercial activities. Pearce and Robinson (1998) pointed out that it is essential for an organization to comprehend and adjust to their environments if they have to accomplish their goals and objectives. Few strategies are implemented in the fullness in which they were formulated. Part of the strategy may be therefore recognizing the patterns that seem to have led to success even if these patterns arose by chance rather than as result of planned actions.

Pearce and Robinson (1991) illustrated that the firm’s primary structure, organization leadership, organization culture, individual organization members and ultimately, the particular key managers as being important determinants for successful strategy implementation. This underlines the vitality of establishing the right match between strategy and trends in a firm’s environment. According to Tan (2004) it’s a fact that new plans may be under implementation minus a clear grasping of the factors that influence the process of implementing plans.

Rowe (2008) warns that managers may think that the plans they are implementing are doing very well, but the employees who happen to be the actual implementers may have reservations of the plans that are under implementation. The concerns of these employees may not be taken seriously and not factored in during the process of implementation. However their concerns will be confirmed at the end of the implementation process because the company would not have succeeded in realizing the intended goals that the plans wanted to achieve. In view of this scenario therefore Rowe suggests that the company’s mindset, cultures, way of thinking and structural processes of both the employers and the employees must be changed if the plans under implementation have to succeed in achieving the desired goals. The structures of the company must support each other as well as both the employer and the employees must work together and most often compare notes with each other.

Ngala (2010) notes that the problem of strategy implementation is related to situations and processes that are unique to a particular organization or industry even though some problems may be common to all organizations. Strategy implementation, therefore, is an ever changing process that brings real challenges for many organizations which may include: change in thinking, change of culture, structural changes, and a multiple transformation of both. Any successful plan that has been implemented has not just been on a top-bottom basis, instead there has been a horizontal relationship between the management and the employees who are the implementers. This is because as the author puts it, a corporation can come up with the best idea and deliver the idea to the employees who receive it with enthusiasm. However by the mere fact that the employees have received the plan enthusiastically, that is not a guarantee that they support it to the end.(Rowe, 2008).

Zulfiqar (2010) further stresses the criticality involved in the separation of strategy implementation from strategy execution. This helps top executive management to understand which matters senior managers should be dealing with and which matters they should be delegating to middle and operational managers. In addition, they need to understand what risks are strategic, what risks are operational, and the subsequent complexities involved in the process of expansion and who is to manage them.

Nixon (2010) acknowledged the fact that there can be a good plan. However, if it is poorly implemented, its intended goal will not be attained. It is therefore important for organizations to establish a clear link between the stage of formulating a plan and the stage of implementing the said plan. The stage of implementing a plan therefore demands for consistent hard work and undisrupted focus among the implementors, in addition to these, close cooperation between the employees, the managers and any external resource person.

2.4 Strategy Implementation Practices

Alexander (1985) noted that implementing a strategy means the process of transforming ideas or plans of a company into actions so that they may achieve their intended goals. Thus implementation of plans will have ripple effects in a company and depending on how the leadership of the company manages the resultant change; it will greatly influence the success rate of the plans under implementation. The idea of evaluating a strategy is one of the most critical and important action of determining whether a plan is delivering proper results or not. This area of evaluation has not been deeply researched and documented despite the fact that it's a critical function of assessing a plan. It doesn't limit itself to matters dealing with performance and indicators of performance but also for the purposes of determining whether a company's plan needs a policy adjustment or not. It acts as a signal when the plan is not doing very well. This is so because the environment in which a plan operates is so dynamic in that a plan needs to be adjusted and readjusted so as to remain relevant given the changing environment. Therefore a plan should be a continuous process and not just an event. (Pearce and Robinson 1985).

Bresser and Bishop (2008) argued that the practice of implementing a strategy is a testament that necessary thinking both within the company and outside the company is prerequisite. These cultures incorporates effects of today's decisions, changes the strategies to suit the commercial needs of the day, ensures analytical style of management of the company and ensures that the structures of the company work in harmony through proper controls, internal linkages as well as giving sound directions to the employees. The practice of implementing a strategy requires that a vision and a statement of mission have to be formulated in addition to the idea of analyzing the performance through making of proper choices as current situations are analyzed.

Shirley (1982) observes that when a company implements its plans, its relations with other companies and the external factors are determined. In addition to these the organizational structures of the company in question will be put to test since the support from all the structures of that organization are required so as the plans under implementation are able to succeed. The practice of implementing a company's plans is done differently in many organizations. This is because companies most often define and redefine their mission and as well as vision statements. They do these through seminars that they have organized, engaging various consultants to assist them in formulating plans in order to outcompete their rival companies and survive the ever dynamic business environment. The benefits of a company implementing their plans are many such as; ensures that the consumer is given first priority, improves the quality of management, adoption of different technologies, ensuring more research is done, boosting of the production levels, improving on the quality of human resource, and prudent use of the company's finances. All these strategic plans will go a long way in improving the overall performance of the company.

2.5 Challenges of Strategic Implementation

Strategy implementation often brings about problems that come up from both within the company and outside the company. The kind of difficulties that a company will face when implementing a strategy depends on the type of company and the existing business circumstances. Thomson (1995), states that in all organizations, at all levels, there exists a natural resistance to change. Employees feel threatened with changes of the unknown and they get concerned with loss of jobs or status.

According to Thompson and Strickland (1998), the same is true of the management staff. They point out that organizational culture and change must be the leader's top priority, arguing that if managers see the need for change, give this change priority and use the required time, then the organization will change and strategy implementation will succeed. They continue to advance their arguments that leaders' involvement in implementing the strategies is a bit crucial. According to Kaplan and Norton (2004), major challenges associated with the implementation of plans are as follows; companies setting up non achievable visions and missions, A disconnect between the management, and the employees, a disconnect between the company's goals and the goals of the employees or the individuals, improper resource allocations, unstrategic decisions among others. They do not mention leadership style as a barrier.

In most companies the top level management usually influences the process of implementing a company's strategies (Beer and Eisentate 2000). Galpin (1998) asserts that the difference between a plan which has succeeded and that which has not succeeded lies in the manner in which the company's top leadership trains, relates and attends to the needs of its employees and the customers. Kaplan and Norton (2004) observe that the style of management is a key driver to the success of any plan that is under implementation, and not the evaluation tools. This means that the top level management of the organization is more influential than the evaluation tools.

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

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

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

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

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

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

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

CHAPTER THREE: METHODOLOGY OF THE STUDY

3.1 The Introduction

The chapter introduced sub-topics such as the research design, methods of data collection, data analysis methods that were used in this study. This involves how the major questions of this research will be scrutinized and developed. This chapter was further debunked through definitions of issues such as the population, surveys, protesting the interview guide, as well as the final guide, procedures of data collection, as well as the analysis of the same data used as a framework in this study.

3.2 Research Design

This study adopted the case study as its research design. This means that a careful as well as a complete study of a social unit such as an individual, family, a clan or a tribe is done and the results found represents the whole units or societies. This is according to Kothari's views 1990. This study therefore focused on the challenges that are associated with implementing strategies in organizations and the consolidated Bank was used as the case study.

The findings of this study were expected to provide an insight on how commercial banks should carry out successful implementation of its strategies so as they remain viable in the current turbulent market and sometimes hostile environment. Other scholars such as Yin (1994), Kandie (2001), Koske (2003), Muthuya (2004), Machuki (2005), Alali (2006), Atandi (2010), as well as Miaka (2011) agree that a case study ensures that any study retains a holistic and most characteristics of a phenomenon under the study. This means that the case study can be used to study whole item using a small unit.

3.3 Methods of Data Collection

This study relied mostly on both the primary as well as the secondary sources of data collection. Primary methods will include the use of the questionnaire and the methods included the use of the questionnaire and the interview guide. The interview guide was relied upon because it was in a position to acquire most of the information from various respondents and assist the researcher to have a clear internalization, understanding as well as proper interpretation of the findings of the study. The questionnaire on the other hand will had open-ended questions that gave respondents a leeway in expressing their thoughts, attitudes, as well as views concerning the complex phenomena under study. This helped the researcher access critical information which she had not sought in the study. The interviewees in this study were the head of human resource, retail as well as the SME section head, head of credit section, head of the finance section, head of the risk and compliance section, head of the risk and compliance section, general manager business development and head of operations. The major reason for choosing a few interviewees was to facilitate case in collection of adequate and accurate information that was essential for the research. Secondary sources of data collection included books, journals, publications, articles as well as brochures of the organizations under the study.

3.4 Data Analysis

This study was analyzed using content analysis. This technique was used as a way of categorizing valid as well as replicating various inferences into their rightful context. The information from various interviewees was further evaluated and documented as findings for this study.

The responses in the open ended questions were grouped into categories mutually exclusive and exhaustive. Each question was to be studied separately from all interviewees. This was expected to enhance the chances of getting proper understanding of all the responses concerning each issue at hand. The qualitative method was used for proper comprehension of the topic under study. The method was suitable as it did not limit interviewees on the responses and could generate more information to meet the objectives of the study.

CHAPTER FOUR: ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

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

4.2 The Respondents Profile

The research objective was to determine the problems experienced during the process of implementing the set strategies at Consolidated Bank of Kenya Limited also to determine the ways and means in which the bank has followed to manage these emerging problems. The chapter will delve into the findings of the study and analysis of data that are linked to the study objectives. The chapter will also give room for the discussion of the said findings. The respondents comprised the top level managers of the bank.

In total; seven respondents out of the intended ten interviewees were interviewed. This represented 70% response rate and thus was considered a good result. All the respondents had worked in the organization for over five years.

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

4.3 Strategy Formulation at Consolidated Bank of Kenya Limited

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

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

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

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

The implementation of any organization strategy will only be successful if the employees who are the actual implementers participate fully in the process. This fact was reinforced by five of the respondents, representing 80% of the respondents, who did indicate that one of the ways in which to motivate the employees to work to their best of ability in the strategy implementation process is offer an attractive pay package. The respondents observed that in the case of Consolidated Bank of Kenya Limited, employee compensation and job security is documented in the Human Resource Policy Manual (HRPM). In their view, the salary and benefit scheme of the bank was among the best in the sector in consideration of the amount of work they did; but they felt they still needed much better remuneration for employee motivation.

4.4. Challenges and Responses

In order to ensure that effective plans are put in place, the designing of proper strategies cannot succeed on its own. Instead, it has to be accompanied by proper decision making as far as the structure of the company, the style of rewarding employees, the culture of the company, the available resources and the management of the company. Each plan that the organization adopts must also be in tandem with the demands of the environment that it operates. This is besides addressing other issues that affects the implementation process.

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

4.4.1 Organizational Culture

The respondents agreed that the culture in their organization hindered its success in the implementation of a strategy. The respondents argued that the organization culture was mostly centered on customer focus, teamwork, professionalism and integrity. However, 60% of the respondents agreed that the process was lethargic in the sense of lacking in true customer focus, slow speed of making decisions, responding and dealing effectively with customer issues.

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

The respondents observed that when employees were used to a given way of life or doing things normally new ideas are seen as a threat to the existing culture and will naturally be resisted. This was referred to as shared values by McKinsey and who propagates that the culture that is embedded in the values is one of the key determinants to successful strategy implementation.

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

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

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

4.4.2 Organizational Structure

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

The organization used the top-down approach with little or no buy-in from staff. However, the response structure was found to be slow and in some cases led to the loss of opportunities and also considering that organizational politics was a factor that could not be totally underestimated. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment and communication process are considered. This is equally strengthened by McKinsey who argues that the structure is one of the key determinants of effective strategy implementation because it is what ensures proper communication and feedback to all stakeholders on the process of implementation

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

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

4.4.3 Resources and Capacity

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

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

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

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

With financial resources, it was highlighted that proper planning and prioritizing on the policies is a key factor to be considered in avoiding wastage. It is also important to set aside enough finances for each project while ensuring that staff are properly motivated, recognized and appreciated i.e. through reward and appreciation schemes. The staffs with adequate training on their roles in strategy implementation are nerve centers in boosting the organization competence and qualification to handle demanding tasks. As a result, the respondents noted that when the organization is setting budgets, it ought to incorporate adequate resources to ensure the realization of the set goals and putting in place mechanism of addressing the issue of resource limitation in their role. A fact that is supported by the Resource based Theory that argues that an organization can only be successful and consistent in high performance against its rivals and within itself if it relies heavily on its resources both human and otherwise. Scarcity of the same would imply failure.

4.4.4 Management and Leadership

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

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

It was also found that, rigidity and bureaucracy together with the failure to embrace new ideas and innovational technology in business was noted as a challenge. In addition, some of the managers have been known to lack expected competence to ensure actualization of the strategies. Management resistance to change and new ideas, lack of visionary leadership together with poor leadership skills and knowledge are additional challenges facing the organization. Some of these leadership skills were found to be due to a lack of proper training and this could be remedied through the process of training of those in the management positions. Leadership training sessions were recommended to instill a set of management competencies by the respondents, a fact that the Higgins Theory also advocates for. This was through his argument that Managers ought to be enabled to execute a company's plans effectively and efficiently. This is because it's their responsibility to align the company's function, resources, the structure and processes to the company's end goal that is its Strategy.

In addition, three of the respondents were in agreement that they faced a challenge in implementing and sharing the vision of the board since the same is not shared by all of the staff but instead restricted to a few of the senior staff.

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

4.4.5 Employees

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

The research also found out that the experienced employees of the organization were being head-hunted by other competitors in the industry and thus leading to counter-offers being made by the organization. One of the respondents suggested the establishment of clear succession plans, job rotations, and revision of job descriptions would be required. Salary reviews, harmonization, motivation and proper reward system should be used to stimulate and boost staff loyalty.

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

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

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

4.4.6 Organization's Customers

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

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

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

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

4.4.7 Other Stakeholders

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

The study identified that the major challenges faced in implementation of strategies by Consolidated Bank were Customers as a result of their complexity in their tastes and preferences as well as Industry competitors who were offering similar if not superior services. The managerial team was also identified as a major impediment due to their rigidity in taking feedback on what works for the organization as a strategy and what does not. The top down approach in running the affairs of the institution was equally highlighted. This further explained the lethargy in the employees' participation in the implementation process as they felt they were not involved by management in the process from the formulation stages and therefore could not own an implementation process that they never participated in creating in the first place.

CHAPTER FIVE: SUMMARY, CONCLUSIONS RECOMMENDATIONS

5.1 Summary and Findings of the Study.

In summary, this study reveals that most interviewees are aware of different strategies as well as plans of action undertaken by the consolidated bank in terms of improving itself. The interviewees are also aware of the implementation process of those strategies and plans of action by the bank and the challenges that the bank is facing in terms of executing those plans. The respondents are well knowledgeable about the banks issues because of working for the bank for more than three years and also to the fact that all of the interviewees were engaged in the day-to-day management and operations of its strategy by implementation of the firm. As a result of the above, the researcher was convinced that information given by the interviewees was right because of the reasons explained.

The study also notes that consolidated bank of Kenya limited carries out its operations in a business environment that is strictly monitored by the regulator, too competitive, too complex and dynamic. The bank also has a huge responsibility to its shareholders, customers, employees and communities together with the underlying objectives of the firm which is providing banking services to Kenya. Towards the attainment of this objective, the firm has endeavored to transform its existing infrastructure by wary of adopting new strategies are very key in assisting the bank to achieve its key objectives.

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

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

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

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

The leadership of the bank was noted to be among the focal instruments of ensuring that strategies are effectively implemented and whenever there is no clear or total absence of leadership in a process, chances are possible that the organization might not achieve its objectives. On the issue of communication in implementing strategies at the Consolidated Bank, the study revealed that this idea of proper communication is able to instill cohesion and intertwining of various organs duties within the bank in order to ensure that implementation is properly done. The study also noted that good communication will be able to ensure that feedback or the progress and any arising matters are given to the management on time. Communication will also reduce or minimize on duplication of duties as well as proper coordination of the activities of the various organs of the bank.

These findings rhyme with those of Rapert, Rellianquette and Garretson (2002), concerning the question of the factors that makes implementation of various strategies done by the banks to succeed, the study discovered that these factors included the following namely, proper planning and viable aims and objectives, a good environment that is conducive, prioritization of the implementation, strategies, provision of enough resources, company structures and implementation organs that are flexible, proper control mechanism, building consensus on the agreed strategies, good attitude by the implementers towards the strategies and sound leadership of the organization.

The study therefore discovered that among the challenges that the consolidated bank faces include time challenges whereby implementers have set deadlines to bit. These deadlines are affected by unforeseen issues that keep on emerging; secondly the bank is challenged by delays that are occasioned by the banks outside partners. The kind of support that the partners lend to the bank usually arrives late.

5.2 Conclusion

This concludes from its findings that implementation of the formulated strategies is key to the success of any institution. The study therefore establishes that strategy formulation follows a defined process and involves some organizations employees, management and other stakeholders. The organization has a team of qualified and experienced staff who are committed to their work but at the same time uncertain of their job security. In addition, the researcher felt that it is important for the organization to have in place adequate mechanism of incorporating the views stakeholders especially the ones that will be affected by the implementation of some strategies.

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

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

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

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

5.3 Limitations of the Study

Limitation to any study refers to any issue that is present and affects the researcher for instance among the limitations of this study is that a number of respondents out rightly excused themselves from participating in this study. This affected the study in a great way because they were key respondents.

However the study relied on the response rate which was above average thereby giving confidence in the results obtained from the respondents. Other challenges of the study include busy respondents, and financial constraints experienced by the researcher most of the respondents had to be persuaded to spare some time for the study.

The study greatly relied on the interactions made with the management and other employees of the bank. The study could have benefited more if other stakeholders of the banks could have participated, another constraint was the time factor, since the researcher is also an employee, managing the demands of the study and employee, managing the demands of the study and attending to the core duties of the researcher as an employee was also difficult, the researcher was under immense time pressure.

5.4 Policy and Practice Recommendations

This study would propose the following ideas to the bank; first the idea of implementing set strategies should be a regular and continuous practice as opposed to a one-off event. This means that the management of the bank should instill a culture of regular cheeks, reviews as well as making references to the implemented strategies by the organization.

At the beginning of the strategic plan or the formulation process. All the organs of the bank or the organization should be included, for instance the human resource department should be asked to carry-out an assessment of the employee capacities of implementing the new strategies and providing policy recommendations concerning that issue. This will be adhering to the principles of “first who, then what”. This principle notes that if an organization has the right staff, then the challenges of directing as well as managing the said staff naturally diminishes.

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

5.5 Areas for Further Research

This study confined itself to consolidated Bank of Kenya limited. It should also be done to other firms, organizations as well as commercial banks. A comparison of the results should be made to establish if there are similarities of the challenges facing such firms or banks in their strategy implementing and for bench marking.

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APPENDICES

Appendix One: Interview Guide

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

Part A: General Information

1. Name of the Interviewee (optional)……………………………………..…

2. Name of the department…………………………………………………….

3. How long have you worked in your current position? ……………………………

4. Would you change your current duties given a chance? ………………………

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

Strategy development process in the bank

What duration does the bank's strategy cover?

What approach can you categorize the strategy development process?

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

Challenges and responses to strategy implementation

1. **Resource capability**
   Do you face any constraints on resources that hinder strategy implementation?
   What kind of resources in particular?
   How do you address this issue?
2. **Organizational structure**
   Does structure in your organization pose any challenge to strategy implementation?
   What kind of challenge and how do you deal with it?

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

How does this affect strategy implementation?

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

3. **Organizational culture**

What are the shared beliefs and values by members of your organization? Does this culture pose a challenge in the implementation of strategy?

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

4. **Employees**

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

What role do they play and how does it impact on strategy implementation? Do you at times face resistance from the employees in relation to strategy implementation? How do you deal with it?

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

5. **Customers**

Do customers pose a challenge in the process of strategy implementation? What are some of these challenges and how do you overcome them?

Do you also face the challenge of customers not appreciating new strategies? How do you deal with such a challenge? What other challenges do customers pose in the process of strategy implementation and how do you deal with them?

6. **Leadership and management**

Is leadership a challenge in strategy implementation?

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

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

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

7. **Other Stakeholders**

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

Appendix Two: Introductory Letter

October 2016

Chief Executive Officer,

Consolidated Bank of Kenya Limited

P.O. Box 51133 – 00200,

Nairobi, Kenya.

Dear Sir,

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

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

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

Your co-operation will be highly appreciated.

Yours faithfully,

Margaret Njoki Kimani

MBA Student

Appendix Three: List of Banks

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

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank Kenya
6. CfCStanbic Holdings
7. Chase Bank Kenya(Under Receivership)
8. Charter House Bank (suspended)
9. Citibank
10. Commercial Bank of Africa
11. **Consolidated Bank of Kenya**
12. Cooperative Bank of Kenya
13. Credit Bank
14. Development Bank of Kenya
15. Diamond Trust Bank
16. Ecobank Kenya
17. Equatorial Commercial Bank
18. Family Bank
19. Fidelity Commercial Bank Limited
20. First Community Bank
21. Giro Commercial Bank
22. Guaranty Trust Bank Kenya
23. Guardian Bank
24. Gulf African Bank
25. Habib Bank
26. Habib Bank AG Zurich
27. Housing Finance Company of Kenya
28. I&M Bank
29. Imperial Bank Kenya
30. Jamii Bora Bank

31. Kenya Commercial Bank
32. K-Rep Bank(Now Sidian Bank)
33. Middle East Bank Kenya
34. National Bank of Kenya
35. NIC Bank
36. Oriental Commercial Bank
37. Paramount Universal Bank
38. Prime Bank (Kenya)
39. Standard Chartered Kenya
40. Trans National Bank Kenya
41. United Bank for Africa
42. Victoria Commercial Bank

Representative offices of foreign banks

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

Appendix Four: Abbreviations

CBK – Central Bank of Kenya

CBKL – Consolidated Bank of Kenya Limited

CEO – Chief Executive Officer

CRBs – Credit Reference Bureaus

HR – Human Resource

HRPM – Human Resources Policy Manual

ISO – International Standards' Organization

KBA – Kenya Bankers' Association

KES – Kenyan Shillings

NSE – Nairobi Stock Exchange