

**CHALLENGES FACING ABSA GROUP LIMITED ACQUISITION STRATEGY
OF BARCLAYS BANK OF KENYA LIMITED**

BY

MUNGAI SARAPHINE NJERI

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DECLARATION

This research project is my original work and has not been submitted for a degree in any other University.

Signature

MUNGAI SARAPHINE NJERI

D61/81848/2015

Date

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

Signature

PROF. MARTIN OGUTU

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

Date

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I dedicate this study to my dear husband, Mr. Kenneth Gachie and my beloved children Heman Kamau and Esther Wanjiru, who have shown me unwavering support during the attainment of this degree.

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ABBREVIATIONS AND ACRONYMS

ATM	Auto-Teller Machine
BBK	Barclays Bank of Kenya Limited
CBK	Central Bank of Kenya
LTD	Limited
ABSA	Amalgamated Banks of South Africa
AGL	Absa Group Limited

ABSTRACT

Acquisition Strategy is a term that is not new to many big firms especially in the financial markets. Firms have been using this strategy to diversify their operations into new markets and also as a way to stay afloat especially in the wake of stringent competition Barclays Bank of Kenya as an organization has also not been left behind in this new wave of mergers and acquisitions. Barclays Bank of Kenya has been recently acquired by Absa group limited making it the latest acquisition in the financial market in Kenya. This merger has been largely driven by the Barclays PLC group who is the major shareholder Absa, meaning Amalgamated banks of South Africa Originally, aims at becoming the leading bank in Africa. It is because of this clear strategy that Absa intends to become the largest bank in the world. The purpose of this study was to determine the challenges faced by Absa Group Limited in acquisition strategy implementation and further to determine the measures taken by Absa Group Limited to deal with the challenges of the acquisition strategy. The study has identified some challenges that are threatening the success of the acquisition strategy of Absa Group limited of Barclays Bank of Kenya Limited. The study employed the use of the case study methodology as the study involved only one entity. The study further employed the use of questionnaires n collecting information from respondents. It made use of content analysis to deeply dissect the information provided by the researchers with the main aim of looking for answers to the main objectives of this study. The study has looked at how Absa can effectively look at the challenges that are affecting its acquisition strategy of Barclays Bank of Kenya Limited. It has addressed the issues of organizational structure, employees, organizational culture and leadership as the major factors affecting its acquisition strategy. The study is crucial and has provided a number of insights those managers and leaders in various organizations or similar financial institutions can make use of the insights provided to address issues that they can face in successful strategy acquisition. In the industry, the study provided a precedent in acquisition strategy of a financial institution and better yet a deep dive into the challenges that an entity may face in the implementation of the acquisition strategy. Whereas the business environment in which organizations operate in keeps changing, the study established some key recommendations that Absa group limited ought to consider in their acquisition strategy. The study recommends that communication at all levels should be taken very seriously. This refers to communication to staff members, customers and key stakeholders. The acquisition strategy must also reach the areas considered to be remote or else the strategy will not work. The study also recommends that all efforts must be geared towards a smooth transition so that business operations will not be disrupted. Additionally the efforts must be well coordinated for the implementation of the strategies to work well.

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

In the world today, strategy implementation forms a very crucial and important aspect of all organizations both public and private and also big or small. This is because many organizations have accepted that business performance relies heavily on strategy formulation and strategy implementation. This has therefore meant that managers of businesses and organizations must become aware of the concept of strategy implementation in order to become successful in their activities. Ansoff and McDonnell, (1990) advanced that it through successful strategy implementation that an organization is able to relate to its environment and by doing so it is able to position itself to ensure that it continues to operate successfully. This is however not easily achieved as strategy implementation has its own challenges. Pfeffer, (1996) intimated that strategy implementation is not easy. He advanced that strategy implementation is one of the major challenges that organizations face. Challenges in strategy implementation include and are not limited to heavy costs that can be incurred if implementation is not well done and ultimately failure to achieve the organizations goals and objectives. Kiruthi, (2001) advanced that poor implementation of a strategy may cause it to fail altogether.

Some of the theories that have been put forward include the Mckinsey 7-s framework which proposes that there are seven critical aspects of an organization and these are strategy, structure, systems, style, skills, staff and shared values Peters and Warterman, (1982). This framework analyses the core business activities and seeks to perform those activities in the most ideal manner. The second theory is the resource-based theory which

proposes that the competitive advantage of the organizations is pivoted on the application of its resources (Rapert & Sauter, 1996). Higgins 8 S theory is another theory that emphasizes that the execution of a strategy is as crucial as its formulation (Higgins, 2005)

The Central Bank of Kenya is the main institution which regulates the banking industry in Kenya. It does this through the banking act. It is under the ministry of finance. Currently there are over 52 financial institutions with a majority of them being commercial banks. Barclays bank is one of the major banks as it has both local and international presence. It has a large market share. The bank is currently undergoing a structural change after its African business was sold successfully. The bank is facing a lot of changes due to the sale and will need to rebrand successfully in order to continue operating well.

The sell down of the Barclays Bank of Kenya began in March 2016 and by the end of December 2017, Barclays PLC which is based largely in London had reduced its shareholding in the parent company Barclays Africa Group to a minimal shareholding of less than 15%. With this change, the company was allowed to make changes and the first one being change of names from the Barclays Group Limited, BAGL to Absa Group Limited, AGL. This change was officially approved and the commencement date for the change given as 11TH July 2018. The shareholders approved the change of names and the bank was given until mid- year 2020 to rebrand Barclays Banks in the following African countries Kenya, Uganda, Tanzania, Botswana, Ghana, Mauritius, Mozambique, Seychelles and Zambia.

These changes will require that the bank watches its strategies and most importantly, the implementation of its strategies. Higgins, (2005) emphasized that the execution of the strategy is the most crucial activity in the chain series of strategy formulation and implementation. This further implies that the bank will need to pay more attention to the challenges that affect the implementation of its strategies, deal with these challenges and ensure a winning strategy is used.

1.1.1. Acquisition strategy

Acquisition is a layman term which is used to refer to a situation whereby one company purchases most or all of another company's shares in order to take control. Burki (2003), extended that acquisitions take place when one company purchases another and takes control of some or all of its assets, profits, and employees. The acquisition can be referred to as friendly or hostile takeovers. Acquisition strategy involves finding a methodology for the acquisition of target companies that generates value for the acquirer. Heartfield, (2012) stated that strategy implementation is putting the strategy formulated into practice. This is done through developing of various steps, methods and procedures that will be used to execute the strategy.

A Solid acquisition strategy is an essential component for any business. Otley, (1999), proposed that acquisition strategy implementation is whereby an organization allocates its resources in order to achieve its desired outcomes. This is because of the fact that many businesses around the world are seeking to operate successfully despite the fact that they are carrying out their operations in an environment that is faced with very many challenges. Pfeefffer (1996) highlighted that acquisition strategy implementation is not easy. It is because of various objectives that make firms look for favorable and desired

outcomes that can be and are not limited to cost reduction, increased productivity, higher profits, growth and expansion among others. Thomson (2007) suggested that the success of an organization squarely depends on the way in which its strategies have been implemented.

1.1.2. Challenges of acquisition strategy

Acquisition strategy does not come without its plethora of issues. It is faced with many challenges alongside harsh environments, stiff competition, struggle for survival and operational issues. Whereas the implementation of strategy can be identified as a collection of activities that a firm or an organization must undertake in order for a formulated strategy to work, it encompasses use of resources both material and immaterial that must be well coordinated so as to achieve a desired goal or goals. Acquisition Strategy is pegged on key aspects such as resource allocation, staff competency and organizational leadership. All the above factors have a very big influence on the success or failure of the organization formulated. Thomson (2007) pointed that strategies need to be implemented according to priority. Leadership on the other hand plays a key role in the success or failure of the acquisition strategy. Leadership is the act of leading individuals in a firm towards achieving the organizations goals and objectives (Ogbeide & Harrington, 2011). This means that leadership in an organization plays a great role in determining the success of a company or organization. This is because leaders must provide a clear vision to the employees. They must also ensure that the employees are motivated and are clear in matters regarding their roles otherwise the strategies selected, no matter how good they are will not be successful.

Staff competency can be defined as the traits, attributes or skills that the employees in an organization possess. This definition was proposed by Ongongo (2014). The employees must possess the right skills and attributes in order for the strategy selected to be successful. Skills and traits possessed by employees are very vital as they determine a huge portion of the day to day operations in an organization. From the above insights, it is clear that strategy acquisition strategy must be implemented successfully and such success depends on the human aspects that are involved in management. Viseras, Baines and Sweeney, (2005) emphasized this aspect in his studies. These sentiments are also shared by Noble, (1999) who emphasized that prior to strategy implementation; the members should be involved and engaged in the formulation process so as to secure the success of a strategy.

Another challenge in acquisition strategy is that it is a very collaborative process that has to obtain feedback from the shareholders, customers, employees, regulators and also the group level. This means that a lot of coordination takes place before the acquisition strategy can be implemented. This is because the process of obtaining feedback demands a lot of time in meetings as well as budget to spend on surveys and printing of feedback materials for distribution. A lot of time is further spent on compiling the feedback in order to capture the main concerns of all parties involved.

1.1.3. Barclays Bank of Kenya Limited, Now Absa Group Limited

Barclays Bank of Kenya Limited is one of the major commercial banks in the Kenyan banking industry. The bank is a subsidiary of the South African based Absa Group Limited. The bank is licensed by the CBK, which is the national banking regulator. BBK was founded in 1916 and incorporated locally in 1978 as the Barclays bank of Kenya

limited. In Kenya, the organization has its headquarters at the west end building in Nairobi's Westland's area, on the Waiyaki Highway. The Barclays Bank of Kenya is a large financial institution that has a large asset base of over kshs 259B. It deals mainly with financial products such as loans, credit cards, savings, investments and mortgages as the key value propositions for its customers. As at 2016, the banks had a network of 121 branches and over 240 ATMS in various locations across the country, (www.barclaysbank.com). With such a huge branch network and increasing volumes in operations, the bank relies heavily on strategy formulation and implementation to achieve its objectives.

Absa Group is a subsidiary of Barclays PLC. Barclays PLC announced on 1 December 2017 that the 7% stake set aside earlier for South Africa's Public Investment Corporation (PIC) was transferred to two financial institutions until the PIC achieved regulatory approval to take up the stake in Barclays Africa Group. The transfer signaled the conclusion of the PLC sell-down, leaving the UK Company with under less than a 15% stake in Barclays Africa Group. Barclays PLC indicated that this was its long-term desired ownership level and it planned no further sales at the time.

The sell down of the African market by Barclays PLC in London has caused the Barclays group in Africa to change from Barclays Group Limited to Absa Group Limited. Absa Group limited has a strong presence in the African continent with Kenya as its leading business. It is present in other African countries like Tanzania, Uganda, Egypt, Mauritius, Ghana, Botswana, Zambia and Mozambique.

1.2. Research problem

According to Viseras, Baines and Sweeney, (2005) the success of strategy implementation is dependent on human or people more than it did on the organization itself and its structures. Many organizations have been forced to embrace strategic management in running of their operations. This is due to the fact that the organizations operate in dynamic, hostile and complex environments. The banking sector has also not been left behind in this regard. This is because the banking sector is faced with many challenges such as changes in law, increased innovation, higher expectations in terms of customer experience. Brinkschroder, (2014) pointed out that it is due to many issues that affect the running of an organization that has forced the same organizations to regularly prepare themselves in order to respond to the changes appropriately. Acquisition Strategy does not come without its fair share of challenges. Top on the list is lack of adequate resources, alignment of team members, resistance to change, and also challenges in actual planning of the changes.

To that extent, Barclays Bank of Kenya has not been left behind. The bank has been faced with many challenges and has embarked on the implementation of various strategies in order to stay afloat. One of the challenges is in implementing strategies to enable it to make profits after the interest rates were capped by the central bank of Kenya. The regulator introduced the interest cap and this affected the banks operations and its ability to compete successfully. The bank has faced challenges in implementing its strategy that has affected the value proposition of its products to its customers. The second challenge is the fact that the bank was recently sold to Absa Group limited on March 2018. The sale has affected the customers as they do not understand the change of

ownership. The bank has therefore embarked on strategies to enable its customers to understand this change. The challenge that this has brought about is that the bank has been forced to invest heavily in advertising in order to inform its customers of the change. This has further affected the banks operations as the cash invested in advertising could have been used in other competing strategies.

Kotler (2012) intimated that over seventy percent of all implementation processes fail because of the fact that the firms lack internal set up and ignore a holistic approach in the change process. Additionally, Machuki and Aosa, (2011) added that many firms need to inject more attention on the implementation of the strategic process as this is an internal affair. A similar study was conducted by Patricia, (2014). She investigated the strategy implementation practices at standard and chartered bank of Kenya. Her study mainly focused on factors that influence strategy implementation at standard chartered bank and the strategy implementation practices at standard chartered.

Due to the fact that many studies have sought to look at the implementation processes and the implementation practices of strategies in many organizations, there are very few studies that have sought to establish the challenges that organizations face in implementation its strategies. It is with this in mind that I sought to find out if there are any challenges that organizations face when implementing strategies. The study will focus on Barclay bank of Kenya Limited as the case study. With the many studies on strategy formulation and implementation, very little has been written on challenges facing strategy implementation. This has therefore necessitated this study to look at what are the challenges facing strategy implementation. The study will hereby attempt to answer the question what are the Challenges Facing Absa Group Limited Acquisition Strategy Of

Barclays Bank Of Kenya Limited? And also, what are the measures taken by Absa Group limited to deal with the challenges of acquisition strategy?

1.3. Research objectives

The objectives of the study were to establish the challenges facing acquisition strategy of the Barclays bank of Kenya Limited.

The study was primarily guided by the following objectives.

- i. To determine the challenges faced by Absa Group Limited in acquisition strategy implementation.
- ii. To determine the measures taken by Absa Group Limited to deal with the challenges of the acquisition strategy.

1.4. Value of the study

The study aims at generating useful information in both theory and practice. The findings of the study are vital to all the stakeholders in the banking industry as well as to other companies that face similar challenges in the implementation of their acquisition strategies. The study seeks to establish some insights into the main challenges that Absa group limited has faced in acquisition of Barclays Bank of Kenya Limited.

The findings of the study will also be very valuable to the regulator of the banking industry. This is because it can help in determining and developing some of the guidelines that other financial institutions in the industry can adopt in matters of implementing of its acquisition strategies. The Planners and regulators of the Banking

industry such as the Kenya Bankers Association can also adopt some of the findings that can help other financial institutions in matters of implementation of its strategies.

In practice, the findings of this study can help many other organizations especially the financial institutions. This is due to the fact that many organizations are faced with many challenges when it comes to implementing acquisition strategies. The importance of acquisition strategy implementation in financial institutions cannot be ignored. The study therefore forms a reliable reference point for authors, scholars, researchers and many other interested parties that are involved in the pursuit of literature works in the field of banking.

The findings of the study further contribute to the wide body of knowledge on the challenges that financial institutions face in the implementation of its acquisition strategies. In the financial industry particularly, the challenges Absa group limited has faced in acquisition of Barclays Bank of Kenya Limited.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

Literature review seeks to synthesize a topic of study by keenly evaluating a selection of sources. The following chapter will therefore focus mainly on the readily available literature that has so far sought to address the challenges on acquisition strategy implementation. In addition, the chapter will also attempt to address a review of past empirical studies regarding the aforementioned topic of study. This chapter will also summarize the literature and identifies the various gaps that the study is looking to obtain answers for. It will also have a conceptual framework that will try to paint a clear picture on the subject under study.

2.2. Theoretical foundation

The theoretical framework is the foundation from which knowledge is constructed for a research. It serves as a structure and support for the rationale for the study. The study will be guided by some existing theories that have formed the basis for the challenges facing acquisition strategy implementation studies. The main theories that will be reviewed in regards to the study are Resource Based Theory, Higgins' 8 S Theory, and McKinsey 7 S Theory.

2.2.1 Resource based theory

One of the theories advanced in challenges facing acquisition strategy implementation is the Resource theory. (Thompson et al., 2012) advanced that the resource theory of the firm is just one of the concepts that is applied by many modern and highly competitive organizations in the robust and dynamic business environment in their formulation,

implementation and evaluation strategies. Another definition was advanced by Helfat & Peteraf, (2003) who defined resources as the available factors that an organization has and which enable the firm to convert them into products or services.

He further proposed that capability refers to the ability of the firm to deploy the resources in such a way that enables the resources to be utilized. Zingier (2002) confirmed this observation when he intimated that while resources are the foundation of the organization's capabilities, capabilities are the main foundation of its competitive advantage. Rapert and Suter, (1996), states that the competitive advantage of an organization lies primarily with the application of the organization's resources.

It is a fact that resources are rare. Organizations must thus have this fact in mind and thrive to ensure that they identify and know the potential of the resources that are within their disposal. Resources are only valuable to an organization if and only they can help that organization to increase the value that it offers to its customers. This advantage can only occur through taking appropriate measures to increase differentiation or/and decrease the costs of the production. Resources can lead to an organization's success or downfall. It is therefore inevitable that if organizations want to be successful, they must successfully implement strategies that will enable them to gain competitive advantage.

Having resources in itself is not enough. The resources must successfully be implemented through a strategy that will enable the firm to gain competitive advantage. The resources that the firm has must therefore be organized to capture or obtain the value from them. To this extent it is only the firm that is capable to exploit the valuable, rare and imitable resources can eventually end up achieving a sustained competitive advantage. Priem and

Butler (2001) proposed that in order to transform a short-run competitive advantage into a sustained competitive advantage, organizations will require that they organize their heterogeneous resources in order to achieve a sustainable competitive advantage.

2.2.2. McKinsey 7S theory

Another theory supporting acquisition strategy implementation is the McKinsey 7S model. This theory mainly advances that there are seven main variables that an organization must apply for effective acquisition strategy implementation. The variables are structure, strategy, systems, skills, style, staff and shared values. Peters and Waterman (1982) suggested that structure is one of the key determinants of a successful strategy implementation. According to them, structure tends to promote effective communication and feedback within the organization. They went on to expound that the structure of the organization also relates to the structured chain of command and his influences the implementation of strategies in an organization.

Systems on the other hand refer to the day today activities that are carried out in an organization in order to achieve its goals and objectives (Peters & Waterman, 1982). Also proposed that Shared values refer to the core values that an organization applies. These values are normally evident in the organizations core culture and work ethic. They went on to point out that Style mainly relates to the leadership style adopted in an organization. Staffs of the organization are the employees mandated to carry out different activities within the organization with the aim of achieving the organizations goals and objectives. In order for strategy implementation to be a success, the employees must have certain capabilities that will enable them carry out their activities effectively.

The McKinsey 7S model also recognizes that skills in employees are a vital aspect in strategy implementation. The Skills in this context refer to the competencies that are possessed by the various employees of the organization. The model is also very effective in situations where there is need to improve the organizations performance,

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

2.2.3. Higgins 8 S theory

Higgins, (2005) proposed the 8 S theory as an improvement of the McKinsey 7 S model that was developed in 1980. The 8 S model is aimed at enabling managers to effectively and efficiently manage the cross functional execution of strategies. Higgins advised that success in organizations was as a result of the executives in charge of strategy implementation taking a lot of time to ensure that they implement strategies in a manner that was beneficial and that addressed the needs of the organization.

Higgins, (2005) further stated that strategy implementation revolved mainly on the successful alignment of the key organizational functions or factors that influenced a particular strategy. This was however made difficult due to the volatile and dynamic environment that most business organizations operate in. It is with this challenge in mind that he proposed that strategies must be relooked and reshaped as frequently as possible. In order to operate successfully,

2.3. Challenges of strategy management

Pearce and Robinson (2015), proposed that the implementation of successful plans and policies is a crucial part of strategic management. Strategy implementation forms a crucial part of ensuring that organizations operate successfully. Some of the crucial activities of carrying out strategy implementation successfully are: allocation of ample resources to strategy-critical activities, establishing strategy-supportive policies, instituting best practices and also advocating for programs for continuous improvement of strategy implementation. There are many challenges facing organizations during strategy implementation. In a world where resources are scarce, many organizations struggle with the allocation of resources in the right proportions amongst competing needs. Otley, (1999) proposed that strategy implementation is whereby an organization allocates its resources in order to achieve its desired outcomes.

As a challenge in strategy implementation, resources are scarce and organizations must make tough decisions when allocating resources. It must decide how to allocate resources to the most pressing needs while cutting back on others. Some of the challenges are in deciding how much to allocate for activities such as marketing, branding, systems to others like customer service and staff training. Important to note is the fact that all the decisions that the organization makes must be implemented in a smart manner otherwise the strategy will fail. This observation was made by Kiruthi, (2001) when he advanced that poor implementation of a strategy may cause it to fail altogether.

Another challenge in strategy implementation is staff competency. Staff competency refers to the abilities of the workers to demonstrate flexibility and required skills to carry out specific tasks that have been assigned to them. To that extent, information and

analysis on the ability to perform certain tasks is very key, Gibbons and Roberts, (2013). Many organizations have come to the realization that in order to be successful, they must continuously analyse the capability of their staff members. This analysis can be done through formal and informal training of the workforce in an organization. This is a continuous process as the businesses operate in dynamic environments that are susceptible to many internal and external factors that affect their performance as an organization.

Many organizations therefore face challenges in strategy implementation due to the skills and competency of its staff members. This reality has therefore forced many organizations to invest heavily in firstly attracting and keeping the best talent in the market by offering competitive remuneration in order to attract and maintain the most competent of staff members.

Obomate (2016) advanced that employees may leave if after training and development, the benefits are less or similar as compared to other organizations. Secondly organizations have been forced to heavily invest in training of its staff members to ensure that they possess the required skills and capabilities of performing their duties. Hrebiniak (2013) advanced that for strategies to be successful, organizations must make sure that they attract and maintain staffs that have capabilities of fulfilling challenges of competition in the market.

This has led to the establishment of the various training institutions that serve as training School which are very hefty investments. Thirdly, organization's also carry out job rotations of the staff members in different departments to ensure that skills and

competencies are transferred and maintained within departments. This mainly aims at safeguarding its operations by ensuring continuity. Organizational leadership to a larger extent influences the, organizational structure, and organizational culture. Strategy implementation will only be successful if the leadership of the organization is well aligned to steering the organization towards achievement of its goals and objectives. As advanced by (Ogbeide & Harrington, 2011), leadership in an organization plays a great role in determining the success of a chosen strategy.

In all organizations and at all levels, there exists a natural resistance to change. This observation was advanced by Thomson (1995), where he states that Employees feel threatened with changes of the unknown and they get concern with loss of jobs or status. Changes in my organization are met with resistance initially as all employees feel anxious and somewhat stressed. This is true especially where the changes have not been made clear to the affected staff members. Economic loss, inconvenience, uncertainty, and break in normal social patterns are just some of the reasons that staff members usually refer to when there are proposals to implement new strategies. It is therefore very critical that the leadership of any organization first looks at addressing issues that will affect staff members and address them critically prior to the formulation and implementation of any new strategies in an organization.

2.4. Dealing with challenges of strategic management

In order for one to understand the challenges of acquisition strategy, one has to understand the approaches to strategy implementation. There are five main approaches to strategy implementation according to Bourgeois and Brodwin, (1984). These are strategy Commander Model, Change model, Collaborative model, Cultural model, and Crescive

model. Each of these models suit different organizations and it is important for an organization to choose the model that will work best.

The commander model seeks to address the strategic position only, and it works by guiding the leadership of the organizations by charting a firm future. It is effective when the leadership of the organization uses economic and competitive analyses to plan resource allocations in order to achieve their set goals. The change model works by emphasizing on how the organizational structure, incentive compensation, control systems and other critical factors and can be used to facilitate the implementation of a strategy, (Bourgeois & Brodwin, 1984). The collaborative model works by using group decision-making that is mainly at senior level and usually involves top management in the formulation process to ensure commitment. The fourth model uses the corporate culture while the final model mainly works by the drawing of conclusions by managers as they make various decisions through their daily activities.

Lehner, (2004) looked at implementation tactics as an organizational behavior. He suggested that strategy implementation is an activity that is dependent on the environment. He further suggested that strategy implementation is dependent on organizational variables. He suggested that the study conducted by Bourgeois and Brodwin (1984) did not link behavioral patterns to implementation tactics.

Lehner, (2004) believed that the earlier studies by Bourgeois and Brodwin in (1984) did not link the concept of tactics to other organizational behaviors .On the basis of the study of Bourgeois and Brodwin (1984), Lehner (2004) proposes that there are five main implementation tactics and these are, collaboration, command, change, culture and crecive market. He suggested that the change and Command tactics are somewhat interdependent. He also proposed that collaboration and market tactics should be used wisely.

Mintzberg, (1993) advanced that all organizations are different in terms of their organizational leadership. He further proposed that the theory should seek to understand that there is no one best way approach towards organizational leadership. This is mainly because organizational leadership should aim to reflect the organizations current goals and strategies.

He went on to advance that the leadership of the organization mainly is one of the factors that affects the flow of information in an organization. He confirmed that the leadership of the firm is the one that is responsible for collaboration and coordination in the organization. (Miller,2002). Grant (2003) proposed that in order for organizations to function well, central decision making as well as adherence to the set guidelines and procedures is key to leadership and hence organizations must look into ways of coping with bureaucracies that come about with operations of large firms.

2.5. Summary of Literature and Knowledge gaps

There exists quite a number of Studies that have already been done on the topic of strategy implementation. Some of the studies have been done by Ngeche (2017) who focused on chase bank and also Abuor (2015) whose study focused on consolidated bank. The main emphasis of all the studies conducted is that it is important to understand the challenges of strategy implementation that faces many organizations. Most of the scholars have outlined a number of benefits for all organizations that have invested heavily in trying to understand the challenges that face the implementation of their strategies. The scholars also attempted to identify the relationship strategy implementation and financial performance of organizations.

These studies however haven't focused much on the challenges of acquisition strategy implementation faced by organizations. They have not explained adequately the motive behind commercial institutions in outlining the challenges of acquisition strategy implementation by the organizations. This is such a crucial aspect as it influences greatly the performance of these financial institutions. Many of these institutions have come to the realization that it is not only important to formulate good strategies when it comes to acquisition, Kiruthi (2001), but that they must also have a good understanding of the challenges that they face in acquisition strategy implementation in order to come up with adequate solutions to the underlying issues and thereby boosting performance. This observation therefore highlighted a research gap as there was need to study on the challenges of acquisition strategy implementation in organizations and specifically, Barclays Bank of Kenya Limited, now known as Absa group limited

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The following chapter focused mainly on the research design, study population, the sample design, Data collection techniques and techniques of data analysis. This involved the process of answering the major questions of this research, how it was scrutinized and analyzed.

3.2. Research design

Research design used in this study is a case study. The study population was only one entity, the Barclays Bank of Kenya Limited having only one entity of study population, the study took the form of a case study. Bromley, (1990) proposed that a case study is a systematic inquiry into an event or a set of related events and it mainly aims to describe and explain the phenomenon of interest.

The results of this study will be used to provide an insight on how commercial banks ought to carry out successful acquisition strategy implementation. Similar studies have been conducted by Ngeche, (2017) and Abuor, (2015). The studies looked at chase bank and consolidated bank respectively. Other studies that have used this method are Kandie, (2001), Olali, (2006) Miako, (2011) amongst others.

3.3. Data collection procedures

Data Collection was done through the use of a structured questionnaire. The questionnaires were distributed to respondents to fill under close supervision by the researcher and the same were collected and analyzed once completed. The study aimed to get respondents from three senior management staff in the head office departments and also three employees from the branch network.

The questionnaires were mainly divided into two main sections. The questionnaires aimed at establishing information on personal information of the respondents such as age, sex, and level of education and the length of service of the respondents. The second section focused on questions that sought to establish the challenges facing Absa group limited acquisition strategy of Barclays bank of Kenya limited and the measures that they have put in order to deal with the challenges. The questionnaire mainly relied on the open-ended questions. This was done so that the respondents would be able to give as much information as possible and also to delve deeper into issues that the researcher might have missed.

3.4. Data analysis

The data collected in this study was mainly qualitative data. That being the case, the data collected through the questionnaire was analyzed and content analysis technique was applied to answer the research questions. Baulocomb, (2003) proposed that content analysis uses a set of categorizations for making valid and replicable inferences from data to their context.

This offered a systematic and qualitative description of the objectives of the study. Content analysis in this case aimed at deducing information that was collected through the use of the open-ended questions that were in the questionnaire. The researcher will be sought to get as much information as possible from the respondents.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter is aimed at outlining the findings from the field. It seeks to presents the data analysis and interpretations of the information that was collected through the questionnaires that were distributed by the researcher addressing the topic of study, i.e. the challenges facing Absa group limited acquisition strategy of Barclays Bank of Kenya limited. The data was analyzed using content analysis. Acquisition Strategy is a major issue in management and for this reason the questionnaires were administered to six key management staff in the bank. I interviewed two managers in each level that is, senior management, middle level management and junior management in the bank.

The response rate achieved during the administration of the questionnaires was 100%. This was because of the researcher put in frantic efforts to find the managers despite their busy schedules. The researcher achieved this through regular phone calls and follow up on appointments by the researcher to the management staff targeted for the study. The management staff engaged was two senior financial crime managers, two middle level managers from risk operations and two junior managers from the branch network. This was so as to get varied views on the challenges facing Absa group limited acquisition strategy of Barclays Bank of Kenya limited.

4.2 Demographic profile of the interviewees

The researcher included questions on the questionnaires that sought to address the demographic information of the interviewees. Aside from the names of the individual interviewees, the interviewer sought to establish the position held by the respondents so as to ascertain their competence and conversance of acquisition strategy in order to address the questions on the challenges facing Absa group limited acquisition strategy of Barclays Bank of Kenya limited. From the findings, the managers were either in senior management, middle level management and junior management.

On the question of how long the respondents had worked in the organization, the researcher found that the managers had worked for a period of not less than five years and most of them had risen in the bank through internal promotions. On how many staff members the managers had, the researcher found that this ranged between four and twenty-six staff members. The study was based on the banks head office quarters as well as the branch network. This is mainly because Strategy implementation is mainly done from the head office and cascaded downwards to the individual departments and widely to the branch network because of customer involvement and engagement under the leadership of departmental heads. On the question addressing the level of education, the researcher found that the minimum education qualification held by the respondents is a bachelor's degree.

4.3. Challenges facing Absa group limited acquisition strategy of Barclays Bank of Kenya limited

The second section of the questionnaire sought to seek answers on the different challenges facing Absa group limited acquisition strategy of Barclays Bank of Kenya limited. This section addressed issues on how resources, structure, culture and employees affect acquisition strategy implementation in the Bank. The questions sought to find answers on mainly what kind of challenges the respondents faced and how they tackled the challenges under each challenge raised by the respondents.

4.3.1 Resource allocation

The respondents admitted that resources posed a major challenge in acquisition strategy implementation. They unanimously agreed that the resources are scarce and must be applied in a prudent manner in order to achieve the organizations goals and objectives. Some of the resources the managers pointed out to be under their control were budgetary resources, systems and people. Resources are scarce compared to the many needs that the departments within the organization have. The capacity of the resources was also pointed out as an issue as the departments had a lot to deliver with minimal resources. The budgetary resources refer to the amount of money that the departments had been allocated in order to carry out their objectives. The managers pointed out that compared to all the needs that the departments had, the amount of money allocated was nearly never enough to accomplish their set objectives. They were therefore faced with the heavy task of choosing amongst competing needs which strategies to implement as they had to put other strategies on hold pending budgetary allocations that were adequate to complete the tasks.

On human resources, the interviewees confirmed that the bank having adopted a leaner structure was forced to run their departments with very few staff members allocated to them. This posed a great challenge as the few staff members were still expected to carry out the full load of the departments with no exceptions. The managers reported that this lack of enough employees posed a challenge as the few employees allocated to departments were overworked. On questioned how they tackle the challenges on resource allocation, the managers intimated that they have adopted a few coping mechanisms that have enabled them to work with the minimal resource allocations. On quizzed on how they manage budgetary allocations, the managers highlighted how they were able to motivate their employees to come up with ways of doing things differently. In this way, they have been able to come up with cost cutting measures on the not so important needs and channeling the funds to new initiatives.

On questions on how they handle staff and employee shortages, the respondents pointed out that they have been able to come up with new ways of working whereby they request for additional staff on a temporary basis. This has led to the organization getting to a win-win position by getting staff members who work for a period of six months and revert back to their departments when the work load subsides to manageable levels. The managers have also adopted the strategy of getting interns who are not expensive to pay while at the same time allowing the departments to continue achieving their goals. It is clear from the respondents that there are a lot of challenges with resources allocation in the organization and that the managers must find other ways of working with minimal resources while at the same time achieving the organizational goals and objectives.

4.3.2. Organizational structure

The respondents mirrored the fact that in any organization, the organizational structure is designed to breakdown the strategy of an organization in a way that it can be broken down to the strategic units and functional departments of the entire organization with a view to achieve the organizational goals and objectives. The respondents intimated that the organizations structure in some cases has posed a great challenge to strategy implementation. It was observed that the vertical structure that Barclays Bank had adopted from Absa group limited, though good for controlling the activities of the organization, has a negative impact on the decision making process of the organization. It was also noted that the organizational structure presented a reputational risk with regards to acquisition strategy implementation. Respondents argued that the organization is made up of too many reporting lines in its new structure and that these reporting lines created major hindrances to actual realization of most formulated plans.

Another challenge that the respondents pointed out is that the organization used the top-down approach that had little or no buy-in from the staff members who are also key stakeholders. This top down approach has proven to be very slow in making decisions and has led to the loss of very many opportunities as Absa group limited must be involved in every decision making process. Organizational politics is also another factor that the respondents brought out as a part of the organizational structure. They all agreed that the organizational politics is a challenge that cannot be overlooked. The politics in the organization to a greater extent affected the implementation of the strategies formulated. This in turn proved that the politics whether negative or positive had a major influence and all this boiled down to the communication that was in the organization.

When asked on how they can cope with the challenge of the organizational structure, the respondents suggested a number of steps that had been taken to remedy the situation which included, firstly a review of the structure of the organization. They suggested that the organization try to include the staff members as early as possible in the strategy formulation and implementation process. This is in order to make them feel appreciated and valued and therefore note that their ideas are being accepted and implemented. They also suggested that the communication channels of the organization be opened up to ensure that there is free flow of information from top downwards backwards. This was to enable the management be aware of how the strategies are being received and implemented. Another suggestion that was proposed by the respondents is that the organization needs to adopt a leaner and more effective strategy than the one that it has now.

4.3.3. Organizational culture

When asked what the respondents understand by the term organizational culture, most of them referenced to the fact that they were referring to the shared belief and values of the organization. When I questioned them on how these affected the implementation of strategies in their departments, they pointed out that the culture definitely hindered the implementation of the strategies in the organization. When asked on how the culture posed a challenge, three interviewees representing 50 percent indicated the organization has a management committee that was very slow in approving the implementation of new strategies for fear of the same strategies not working out. They highlighted that this fact made things very difficult and that unless the committee is in agreement, then the decisions will not be implemented in good time. This culture caused a major delay and it

has resulted in lost opportunities that have cost the organization. They further pointed out that the decision making powers rested with very few individuals within the organization who were not fully conversant with everything especially on specific projects that require specified knowledge and hence this culture that only an individual can provide an approval for strategies to be implemented proved to be a major challenge.

When questioned on how they deal with the challenge of the organizations culture, the respondents pointed out that they have made several suggestions especially on platforms that are provided by the bank such as the employee opinion surveys and town hall meetings where they have called for empowerment of other level of managers and especially in country managers with special approvals to be sought from Absa group limited on international matters to make decisions that they see fit and implements them. They also called for the reconstitution of the management committees to enable the organization work efficiently without the need to get the buy in of all committee members as this culture has only elongated the process and made it difficult to implement strategies in a fast and more efficient way. The process is made worse where the committees especially on product approvals must be sought from Absa group limited who do not have full knowledge of local trends.

4.3.4. Employees

The respondents pointed out that the employees of the organization have posed a major challenge to the implementation of the acquisition strategy. One of the ways that the employees do this is through resistance to change. The interviewees pointed out that the employees resist the implementation of the new strategies mainly because they fear that the implementation of the suggested strategies pose a threat to their jobs. They intimated

that employees do not always see the strategies as ways of looking for efficient ways of running the operations of the organizations but rather as strategies that are aimed at eliminating them and bringing newer ways of working.

This realization was sighted by the respondents as a major challenge in their departments. They also pointed out that skill set possessed by the employees was another challenge when it came to the implementation the new strategies. This is because with many of the changes that have been done in the departments most of the time requires a new skills set that the existing employees do not possess. They are therefore forced to recruit externally for some of the positions in order for the new strategies to work well. With this fact as a reality, the employees feel shortchanged as the new hires are usually paid way above them and hence most of them feel that there is need to resist any new strategies being implemented for their own sake.

When asked how they deal with this issue, most of the respondents said that they try as much as possible to conduct trainings and involve the current employees in the strategy formulation process so that they can feel that their suggestions have been fully accommodated. They also said that they try to upgrade most of the existing employees skills set by offering to pay for external training in order to upgrade them with the required skills set.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter mainly highlights the summary of the data findings, the conclusions that were drawn from the findings and the recommendations that were drawn from the research objectives which is to determine the challenges facing Absa Group acquisition of Barclays Bank of Kenya Limited by Barclays Bank of Kenya Limited and also to determine the measures taken by Absa group limited in dealing with the challenges of acquisition strategy.

5.2 Summary of the findings

In summary, the study established that strategy implementation is largely a management issue in that it requires conscious efforts in the coordination of resources in an organized manner in order to achieve a much-desired outcome. The study found that strategy implementation is a very important aspect to the bank in the sense that it is one of the avenues that I gives the bank a competitive advantage. The study established that, for the acquisition to be successful, the management will have to focus its efforts towards the management of its staff members. To this extent, the management will need to look into skills of the employees and focus on sealing the gaps that their staff have. This can only be done successfully through proper training of employees. The study established that the Absa group will need to do a lot more in order to attract and retain a healthy workforce.

Leadership must also be looked into. This is to ensure that there are the right leaders at every department. Leadership is looked at as an important aspect as it is through leadership that the vision and mission of the organization is carried and adequately disseminated. Leadership in this case of the acquisition will ensure that no gaps are left in the transition. All stakeholders are adequately informed and engaged to ensure a smooth transition. The organizations structures must be reviewed in order for the acquisition strategy to work. This is because the current organization seems to have a lengthy and beauracritic structure that has caused delays in decision making it impossible for management to run effectively. The study found that the review of the organization structure is key in the sense that Absa group limited is looking to establish a much leaner and effective structure in its African markets while keeping a keen eye on the bottom line costs of the organization.

5.3 Conclusions

From the study, the researcher was able to conclude that first and foremost, acquisition strategy is a key management issue and that the bank must focus on eradicating the challenges that it faces in order for strategy implementation to be flawless otherwise even the best of strategies will not work. For the implementation to work successfully the organization must look into resource allocation and ensure that its resources are allocated effectively. The bank must also address the issue of organization structure and culture as a pertinent issue affecting its implementation its acquisition strategies. It must further ensure employees are adequately involved in the process of the acquisition strategy implementation. The bank must look into the factors that are affecting each of the above

highlighted issues, look at the suggested solutions and ensure that the strategies they formulate are adopted flawlessly.

5.4 Limitations of the study

Limitations in this study is a term that is used to refer to the factors that hindered the researcher's ability to get inadequate responses or information that would otherwise been different from what the researcher wanted.

The first limitation that the researcher faced while carrying out this study is the fact that time allocated for the research was limited. This fact is attributed to the fact that the targeted respondents are involved in the core management of the bank and are extremely busy. The limitation was that the interviewees were mainly interrupted as they had either urgent teleconferences to attend to and in other times they had meetings scheduled for a better part of the days and hence getting the interviewees to spend more time expounding on their responses was quite difficult.. Another limitation experienced by the researcher is financial limitations. The study was limited to the bank's headquarters in Westlands and two of the city center branches. This decision was made by the researcher mainly because strategy implementation is an activity that takes place at the bank's headquarters and the directives are later cascaded to the rest of the branches.

Another limitation is that the researcher did not have enough resources to engage the leadership of Absa group so as to get a firsthand insight of the issues and challenges that they are facing with the acquisition strategy. This information would have been very useful noting that the issues highlighted are Kenya only whereas the acquisition strategy is affecting a number of African countries.

5.5 Recommendations

From the discussions and conclusions drawn in this chapter, the study recommends that for the bank to continue being successful in its activities, the bank must make deliberate efforts in its implementation of strategies.

It must also focus due efforts towards eradicating the main challenges that it faces in implementation of the strategies that it formulates in order for the organizational goals to be achieved. The bank must also look into the highlighted factors above that affect the implementation of its strategies for it to be successful.

5.6 Areas of further research

The researcher recommends that in order to establish the importance of the study, a similar study should be conducted in banks that are similar or within the same tier for purposes of comparison as the challenges faced by other banks could be different. The researcher also recommends that the study can be applied to other financial institutions that are not necessarily banks. This is mainly for purposes of benchmarking and drawing conclusions that can be used to enhance success of the banks operations.

5.7 Implementation of policy and practice

Barclays Bank being a multinational bank, it is faced with many challenges and especially in the implementation of its strategies. The results of the study are important in that they may have an impact on highlighting the challenges faced by the bank in the implementation of its strategies as well as the factors that affect the implementation of the banks strategies. The study has clearly outlined the challenges and also looked into how the various departments dealt with the challenges that they were facing. The study

pointed out that there is need to allocate more funds, time and other resources so as to achieve smoother implementation of the bank's strategy. It has also looked at how employees, the culture and structure have contributed to the challenges that it faces in implementation of its strategies.

The results would also be significant not only in the banking industry as a whole but also in similar financial institutions. The challenges outlined can give insight into the pit falls that the companies must avoid in order to have effective strategy implementation.

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APPENDICES

Appendix I: QUESTIONNAIRE

SECTION A: PERSONAL INFORMATION

1. Name of the Interviewee
2. Name of the department.....
3. How long have you worked in the organization?
4. What is your current position?
5. How many staff members do you have?

SECTION B: CHALLENGES FACING ABSA GROUP LIMITED ACQUISITION STRATEGY OF BARCLAYS BANK OF KENYA LIMITED

1. Do you face any constraints on resources that hinder acquisition strategy implementation?
2. What kind of resources in particular?
3. How do you tackle this issue?
4. Does structure in your organization pose any challenge to acquisition strategy implementation?
5. What kind of challenge and how do you deal with it?
6. What other challenges are caused by structure and how do you deal with them?
7. What are the shared beliefs and values by members of your organization?
8. Does culture pose a challenge in the implementation of strategy?

9. In your view, what challenges are brought by culture and how do you overcome them and still ensure the culture of the organization is maintained?
10. Do employees play any role in the process of acquisition Strategy implementation?
11. What role do they play and how does it impact on acquisition strategy implementation?
12. Do you at times face resistance from the employees in relation to acquisition strategy implementation?
13. How do you deal with it?
14. What are the challenges that you face with employees in the process of acquisition strategy implementation and how do you overcome them?

Appendix II: Introduction Letter

October 2018

The Human Resource Manager.

Barclays Bank of Kenya Limited

P.O. BOX 30120 - 00100

Nairobi.

REF: RESEARCH PROJECT FOR MBA- MUNGAI SARAPHINE NJERI

I am currently an MBA student at the University of Nairobi, school of Business.

I am carrying out a research project to assess the Challenges faced by Absa Group Limited in its acquisition strategy of Barclays Bank of Kenya Limited.

The research work will be based on Barclays Bank of Kenya Limited and this will mainly involve interviewing members of the senior management as well as branch management.

I humbly seek your approval to carry out the above study at your institution through the use of questionnaires. Enclosed is an introductory letter from the University of Nairobi.

Thank you in advance.

Yours sincerely,

Saraphine Njeri Mungai.