

**CHALLENGES OF STRATEGY IMPLEMENTATION AT K-REP
BANK OF KENYA LIMITED**

BY

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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD
OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION,
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.**

NOVEMBER, 2013

DECLARATION

This research project is my original work and has not been submitted to any other University for the award of degree.

Signed.....Dated.....
.....

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

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DEDICATION

This research work is dedicated to Sakina my dear wife and friend and to my lovely children Omar, Sadik, Habiba and Yasin who gave me all the support I required throughout all the time of my study

ACKNOWLEDGEMENTS

I am grateful to a number of persons who gave me the support to enroll and complete the MBA course. Special thanks to my family for their encouragement and support. I am specifically grateful to my wife Sakina for her support and constantly reminding me that there was work to do throughout my demanding job and MBA schedule.

Special thanks go to my Supervisor Mr Alex Jaleha, for his adequate constructive advice, professional guidance, coaching, constructive criticisms, encouragement and support. The knowledge was practical and valuable.

I am grateful to the University of Nairobi community for providing an adequate and enabling learning atmosphere as well as for granting me the opportunity to undertake the MBA, where I gained valuable and enriching experience. I wish all of you the very best in your endeavors to provide high quality education.

I am deeply appreciative of staff, management and leadership of K-Rep bank Kenya Limited who were kind enough to spare their precious time to participate in this research. Their responses and thoughtful insights enhanced my understanding of the k-rep operations. Had it not have been due to their co-operation and participation, this research would not have taken off. Allah bless the respondents who sacrificed their time for the interview in spite of their very busy schedules.

Finally, I take this opportunity to thank all those who participated directly or indirectly, towards the successful completion of this research project, your contributions were significant in their own special way and I say to you all, thank you.

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LIST OF ABBREVIATIONS AND ACRONYMS

IT	- Information Technology
K-Rep	- Kenya Rural Enterprise Programme
SWOT	- Strength Weakness Opportunity Threat
HR	- Human Resources
NGO	- Non Governmental Organization
(K)	- Kenya
MBA	- Master of Business Administration
MFI	-Micro Finance Institution
KBA	- Kenya Bankers Association
AML	- Anti Money Laundering
FRC	- Financial Reporting Centre
ICT	- Information and Communication Technology

ABSTRACT

Strategies are critical in organization functioning, but whereas most organizations have good strategies, successful strategy implementation remains a major challenge in the strategy process. The Strategy implementation is the action of translating strategy into actions and involves change. The notion of strategy implementation might be seen quite straight forward on the surface yet in the contrary, transforming strategies into actions is far more complex, difficult and challenging. The research project was a case study on K-Rep bank. The objectives of the study were to identify the challenges encountered in implementing their strategies and establish measures being taken by the bank to cope with these challenges faced during strategy implementation. In order to achieve these research objectives, primary data were collected using interview guide by administering personal interviews targeting mainly those interviewees who are charged with the responsibility of implementing strategies at K-Rep bank while secondary data were obtained from the company strategic plan and financial reports. The study established that most of the challenges of strategy implementation at K-Rep emanated from both internal and external stakeholders. To a large extent , the study found out that the corporate strategy itself, organization politics, structure and culture, government decisions, inadequate resources, inadequate communications, uncontrollable factors, resistance to change as the major challenges encountered during implementation of strategies .he study found out that the Bank had put in place measures to mitigate the challenges it was facing to implement strategic plans including having a customer centric approach, education to customers, employees, increase in loan insurance, investing in Research, adjusting budgetary provisions, information dissemination and provision of non cash dividends to shareholders. The study recommended that the management should in built a practice of continuous reviews and carry out an audit on Human Resources and Information Technology. The study provides the bank with useful information on how to successfully implement their strategies in future by adopting appropriate styles and to come up with effective monitoring and control systems to mitigate challenges associated with strategy implementation.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Organizations today have resorted to developing strategies, but successful implementation remains a very big challenge since the environment in which organizations carry out business keeps changing (Robinson & Pearce, 2009). As a consequence, organizations have tried to implement new strategies in order to remain relevant in the business. Strategic management is an ongoing process that evaluates and controls the business and the industry in which the company is involved, assesses its competitors, and then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by new strategy to meet changed circumstances, new technology, new competitors, a new economic, social and political environment. Thompson & Strickland (2007) concluded that there is strategy consistency when the actions of an organization are consistent with the expectations of management, the market and context. Strategy is the direction and scope of an organization over long term, which achieves advantage for the organization through its configuration of resources within a challenging environment (Johnson & Scholes, 2002).

Kombo (2008) states that a firm's prosperity depends on its competitiveness, which is based on the productivity with which it produces goods and services. Sound macroeconomic policies and stable political and legal institutions are necessary but not sufficient conditions to ensure a prosperous performance with competitiveness rooted in microeconomic fundamentals. This is through the sophistication of company operations and strategies and the quality of the microeconomic business environment in

which companies compete and thus crucial in understanding of the microeconomic foundations of competitiveness is fundamental to national economic policy.

Organizations compete on the available resources and any deficiency in resources might hinder it in its strategy implementation (Bernet 1991). Additionally, for effective strategy implementation, the organization should have the ability of a firm to develop dynamic capabilities that will enable it in pursuing emerging opportunities and implementation of its strategies (Winter 2003). Moreover, the organization management should be well versed with the turbulent environment and design structures that will fit with the changing environment for their strategies to be successfully implemented. Organizations are open systems and will continuously be influenced by people, communities and external environment (Pearce & Robinson 2009). The management should create an environment that connects employees to the organization's mission and that makes them feel comfortable.

For organizations to be successful in implementing their strategies, they need to take into account the Contingency theory view, its Dynamic capabilities theory and operate as an open system (Johnson & Scholes, 2002). Organization need to consider its internal and external competencies to match the environment in which it is carrying out business.

K-Rep first developed a 10 year strategic plans in 1989 when it changed its business from making grants to NGOs to lending to the NGOs. In 1999, it developed a 10 year strategic plan which involved converting it into a commercial bank. When it became a commercial bank, two key strategic issues came up namely; how the bank needed to be commercially viable and institutionally self-sustaining thus affecting its current

micro-banking mission and market niche, and the potential complementary and contradictions in the respective missions of K-Rep bank (K-Rep- Bank Annual Report 2011).

In 2010 the bank developed a five year strategic plan that was to address operational issues like how the bank will mobilize savings, how it will improve efficiency while maintaining quality and how the bank will ensure sustainability became issues of concern. The study therefore seeks to establish the challenges facing K-Rep as they implement their strategic plan (K-Rep- Bank Annual Report 2010).

1.1.1 Strategy Implementation

Strategy implementation is an important management process for the success of businesses. It is the translation of plans into organization actions so as to achieve strategic goals and objectives. This is done through merging organization resources and skills and environmental opportunities risks it faces. The development and implementation of strategies by an organization to chart the future path to be taken will enhance the competitiveness of such firms operating in a competitive environment. However, many firms develop good strategies to counter and adapt environmental challenges but suffer a weakness in the implementation of the same strategies. Strategy implementation focuses on the distinct relationship between implementation and other organization variables. It entails a process of converting the formulated strategies into viable operations that yield the organization's targeted results (Johnson & Scholes, 2002). According to Miller & Dess (1993) Strategy implementation means a suite of necessary action and selection to executing a strategic plan.

Ansoff (1999) describes implementation as the execution of tactics both internally and externally so that the organization moves in the desired strategic direction. Thus, implementation is the process of translating strategic plans and policies into results. Although the literature on strategy implementation is growing, it is not so well developed as the literature on strategy formulation.

Further, strategy implementation is within the framework of an environment which is by and large unpredictable, many organizations are forced to become more flexible and adaptive to change. A greater use of strategic planning tools for internal and external analysis would certainly facilitate improved organizational learning and enhance strategic thinking even while following an emergent approach.

However, according to Mintzberg (1998), empirical research discounts this, highlighting that realized strategy tends to be only 10 to 30 percent of the intended strategy. This is mainly because unpredictable events, such as the introduction of new regulations or technologies, will regularly act to force the original strategy off its course. All in all, most viable strategies in today's business world should have customized elements of prescriptive and emergent characteristics in order to manage the complexities of their business and still triumph over changing circumstances. Strategy formation which places a lot of weight on existing capability strengths is thought to be a secure basis on which a firm should define itself and optimize its position, particularly in times of rapid and turbulent change.

The sustainable approach implies that strategy development is always deliberate and that strategies are realized according to plan. According to Miller(1992),

prescriptive approach to planning fails short in allowing for any learned elements to be absorbed into the strategy and so can limit an organization's ability to respond flexibly in today's rapidly changing environment.

Strategy implementation does not end without any challenges given that business is conducted in a dynamic environment. According to Beer & Eisenstat (2000), the six silent killers of strategy implementation are top –down or complacent upper management, unclear strategy and conflicting priorities, ineffective senior management team, poor vertical communication, poor coordination across the organization and inadequate middle manager and supervisor management skills.

According to Musyoka (2011), strategy implementation can pose challenges arising from sources that are internal and external to the organization. The particular challenges that will face strategy implementation will depend on the type of strategy, type of organization and prevailing circumstances while Durden (2001) concluded that strategies often fail because the market conditions they operate in change before the strategy takes shape. Banking products life cycles are shorter, disruptive technologies emerge with greater frequency, and financial markets are unstable.

1.1.2 The Banking Industry in Kenya

The Banking industry plays a crucial role in the growth of the Kenyan economy. It is governed by the Banking Act, Companies Act, Central Bank of Kenya Act and various prudential guidelines issued by the Central Bank of Kenya. Banks have come together under Kenya Bankers Association (KBA), which serves as a lobby for

banking sector interest. It addresses issues affecting members. According to Central Bank of Kenya 2011 annual report, asset base increased by 20.2% and pre-tax profit increased by 20.5%. This was due to adoption of cost effective delivery channels and regional expansion.

There has also been an expansion in the legal and regulatory framework including appointment of Anti- Money Laundering (AML) Advisory Board. This is meant to provide guidance in defining strategy direction of Financial Reporting Centre (FRC). The CBK further emphasized the need to cope with changing business environment and having a reliable ICT platform(CBK annual report and statement 2011).

Banks are critical facilitators of economic activity through channeling of savings from depositors to borrowers, creating loans from deposits and engaging in money creation. According to CBK report 2011, diversification into other financial services is expected as consumers increasingly seek one stop financial supermarket. The main challenges facing the banking sector today include the Financial Act 2008, bill which took effect on 1 January 2009 that requires banks to hold a minimum core capital of Ksh. 1 billion by December 2012. The implementation of this requirement posed a challenge to some of the existing banks and some were forced to merge to comply (Central Bank of Kenya annual report 2011).

1.1.3 K-Rep Bank

K-Rep was established in Kenya in 1984 by World Bank to provide grants and technical assistance. In 1989, it changed its strategy from making grants to NGOs to lending to the NGOs. In 1994, K-Rep decided to transform its microenterprises credit

program into commercial bank to achieve institutional and financial stability, balance management time and gain access to additional sources of capital and offer additional financial services. K-Rep bank was established by the K-Rep Group Limited, a Kenyan development agency involved in microfinance, research, advisory services and a host of other development initiatives.

In 1999, when it became a commercial bank, there were two key strategic issues to be put in place namely; how the bank needed to be commercially viable and institutionally self-sustaining thus affecting its current micro-banking mission and market niche. Additionally, operational issues like how the bank will mobilize savings, how it will improve efficiency while maintaining quality and how the bank will ensure sustainability are also being worked on.

The bank's current strategy is to create value for the customers and also to maintain positive impact to the community. They have placed sustainable development at the heart of business strategy as it contributes to adding value and ensuring continue to success. They strive to study the undercurrents of change that shape the world and determine the impact and success on sustainability objective. The signal of change likely to define sustainability over the future includes social, economic technological and political changes (K-Rep- Bank Annual Report 2011).

1.2 Research Problem

Organizations have over time come up with new strategies in order to meet their customer demands and remain competitive in business. Implementation processes differ depending on the nature of the strategic problems that the institution faces.

According to Beer and Eisenstat (2000), there are six reasons why various strategies developed by firms were not implemented effectively. They include management issues of leadership, teamwork and strategic direction and not in the commitment of people and their functional competence. According to Johnson and Scholes (2004), the implementation of appropriate strategies remains one of the most difficult areas of management. Substantial energy and resources must be given over to devising a strategic plan.

Mintzberg (1998) noted that the plan rather than the implementation comes in for scrutiny, because it is less problematic to analyze. Reducing the gap between strategy formulation and implementation has since been experienced as challenging.

K-Rep bank in its endeavor to implement its strategic plan 2010-2014, it faces a host of challenges ranging from high interest rate, inflation and unstable currencies in addition to the current declining loan portfolio, high staff turnover, poor financial position and reduced capital base, (K-Rep annual bank reports for 2010 & 2011). Moreover, advances in internet electronic banking and improved communication have presented new challenges in banking businesses. K-Rep bank is not an exception and thus they have to review their strategy implementation planning.

Various studies have focused on strategy implementation and challenges of strategy and challenges of strategy implementation. For instance Aosa (1992) focused on strategy and found out that formulation and implementation within large private manufacturing companies in Kenya takes longer time, experience uncontrollable business environment inadequate resources and lack of clear description while Njagi (2010) carried out a study on challenges of strategy implementation at Equity Bank of Kenya .

Githui (2008) focused on Barclays Bank Kenya Limited to document the challenges for implementing strategies within Barclays, and concluded that modification, efficiency, building a high performance organization, outperforming competition, the economic and political situation, the influence of foreign exchange rates, customer's expectations and demands from regulators are the key challenges for banks. Muthuri (2010) carried out a study on challenges of strategy implementation at National Bank of Kenya.

Kiplagat (2008) carried out a study on challenges of strategy implementation at Kenya Revenue Authority, Nyangweso (2009) carried out a study on strategy implementation challenges at Co-operative bank and Ochieng (2011) carried out a study on challenges of strategy implementation at Ecobank Kenya Ltd.

It is therefore evident that studies have been carried out on Commercial banks, however K-Rep bank is of different context in terms its dynamic capabilities, financial strength, current market share, loan portfolio, customer demands, its operations and its general strategic focus. Thus “What are the challenges of strategy implementation at K-Rep bank Limited?”

1.3 Research Objectives

The research sought to ascertain the following objectives :

- i) To establish the challenges of strategy implementation at K-Rep bank Ltd.
- ii) To determine the measures used to overcome the Strategy implementation challenges.

1.4 Value of the Study

The study findings will help K-Rep bank (K) management and other Micro Finance Institutions to appreciate the challenges involved during strategy implementation and ways of addressing them in the ever changing environment. This will enable K-rep bank and other financial institution to be more competitive in the banking industry.

The findings of the study will assist in policy developments by bank regulators given the challenges facing banks. For instance Central Bank will use the findings to know if the bank's leadership is a challenge to its strategy and then come up with a policy on how to improve leadership positions in banks. In addition, the study findings will help the Government to formulate proper policies and laws to regulate the operations of Micro Finance Institutions in Kenya.

The findings of the study will be useful to future academicians and researchers in terms of contributing to the body of knowledge in the area of challenges to strategy implementation and form a basis of further research as it fills gaps for past studies and gives recommendations for future studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter will focus on literature review. It will detail the various theories underpinning the study, strategy implementation, challenges of strategy implementation and measures of dealing with strategy implementation.

2.2 Theoretical Underpinnings of the Study

According to Mintzberg et al. (1998), strategy is a plan, a ploy, a pattern, a position, and a perspective. Plan is defined as a consciously intended course of action, or a guideline to deal with a situation. Ploy means a specific "maneuver" intended to outwit an opponent or competitor. While plan and ploy refer to intended strategies, that is, looking forward, pattern is a stream of actions or consistency in behaviour over time, or, looking back. Strategy as a position looks outside an organization, seeking to locate the organization in its environment, whereas strategy as a perspective looks inside the organization and inside its members' heads, referring to a shared way of perceiving the world. This study is also informed by a number of theories including contingency theory, dynamic capabilities and open systems theories.

One of the key proponents on strategy implementation is the Contingency theory. This is a class of behavioral theory that says there is no best way to organize a corporation, to lead a company or to make decisions. It holds that the appropriateness of different strategies is contingent on competitive settings of business. According to the theory, the best way to organize depends on the nature of environment to which the organization must relate. The best action is dependent upon the internal and external situations. The contingencies include technology, Suppliers, consumer

interest groups, customers, competitors, government regulations and trade unions (Lutans, 2011) .

According to Morgan (2007), organizations are open systems that need careful management to satisfy and balance internal needs and to adapt to environmental circumstances, there is no best way to organize, the appropriate form depends on the kind of task or environment one is dealing with, management must be concerned with achieving alignment and good fits and different types of organizations are needed in different types of environment, Musyoka, (2011).

The Dynamic Capabilities Theory examines how firms integrate, build and reconfigure their internal and external competencies to match the turbulent environment. It assumes that firms with greater dynamic capabilities will outperform firms with smaller capabilities. The theory aims to understand how firms use dynamic capabilities to create and sustain a competitive advantage over other firms by responding to and creating environmental changes (Teece 2007).Capabilities are a collection of high level, learned, patterned repetitions behavior that an organization can perform better relative to its competitors(Winter 2003). Dynamic capabilities refer to internationally changing product, production process and market served by the firm (Winter, 2003). Dynamic capabilities are learned and stable patterns of behavior through a firm systematically generates and modifies its way of doing things so that it becomes more effective (winter, 2003). It relates to efficient explorations and implementations of new opportunities.

The other key proponent on strategy implementation is the Open Systems Theory that attempts to explain organizational behavior by analyzing the structure of the organization. Open Systems Theory (OST) is a modern systems based management

theory designed to create healthy, innovative and resilient organizations and communities in today's fast changing and unpredictable environment. Open systems have open and active adaptive relationships with its external environment. It is as a result of those organizations that were trying to adapt to rapid change in the business environment relating to technological, economic and social changes. It studies an organization by analyzing its structures, its individuals and its technology within its surrounding environment. Open systems relate the environment, inputs, throughput, output and feedback (Morgan, 2007).

Open system is a state of the art systems based changed management body of knowledge designed for today's turbulent and unpredictable environment. People are open systems and through their actions, they influence and change their external environment and are constantly being influenced by changes in the external environment. The aggregated effect of this influential change between people, their organization, communities and the external environment is known as socio ecological change. In today globalized and networked world socio-ecological change is relentless and increasingly exponential.

The Contingency theory, dynamic capabilities theory and open systems theory determine the ability of an organization to implement its strategic plan. Implementation of strategic plans requires environmental scanning and accumulation of dynamic capabilities over years. The organization management has to take into consideration the effects of environmental factors since firms are open systems. The theories are important since they explain the appropriateness of pursuing different

strategies under different environments, different capabilities and organization contingencies.

2.3 Strategy Implementation

It's defined as a way in which an organization should develop, utilize amalgamate the structure, control systems and culture to follow strategy that will lead to competitive advantage and better performance (Pearce and Robinson, 2007). It is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals.

An organization structure allocates value developing tasks and roles of employees and states how this tasks and roles can be co-related so as to maintain efficiency, quality and customer satisfaction- the pillars of competitive advantage. The organization control system equips managers with motivational inventory for employees as well as feedback on employees and organization performance (Beer and Eisenstat, 2000). Strategy implementation involves organization of the firm's resources and motivation of the employees to achieve set objectives. The selected strategy is implemented by means of programs, budgets and procedures. According to Chakravarthy and White (2001), Strategy implementation is a process by which strategies and policies are put into action through the development of programs, budgets and procedures.

The steps in implementing a strategy includes developing an organization having potential of carrying out strategy successfully, disbursement of abundant resources to strategy essential activities, creating strategy encouraging policies, employing best policies and programs for constant improvement, linking reward structure to accomplishment of results and making use of strategic leadership (Husey, 1998).

This involves articulating the mission, objectives and intent of the strategy to all staff, planning, acquiring and allocating organization resources and managing impact on staff and external environment, creating the right organization structure, establishing appropriate organization systems, developing a management style that is supportive of organization culture and takes a proactive approach to culture change and considering strategy at three organization levels(corporate, business and functional).

Strategy implementation follows from selection and optimization of the organization's current strategy. Implementation at the corporate level considers factors such as how structural changes are to occur, approvals of budgets and finance plans for major acquisitions and developments, changes in business names, establishment of new departments and appointment of change agents. At the business level, strategy implementation is concerned with the redesign of departments, coping with enlargement of or contraction of budgets, changes in geographical responsibilities and staff numbers, planning improvements and change programs to align with corporate level goals and selection and retrenchment of staff. At functional level, analyze the elements of the chosen strategy to identify which functional areas of the business unit need to change their current operations and identify the changes that need to occur within the functional areas to implement the given strategy (Alexander, 1985).

The main steps in strategy implementation includes developing an organization having potential of carrying out strategy successfully, disburse abundant resources to strategy essential activities, create strategy- encouraging policies, employ best

practices and programs for constant improvements, link reward structure to accomplishments of results and make use of strategic (Kombo , 2008).

The factors to be in place for successful implementation of strategy includes sufficient space / allowance must be created in the work environment to relieve staff from normal activities and to participate in the required change, the implementation process must be integrated into the organization's operations (time schedules for meetings, planning and deliverables) so that it becomes a legitimate organizational process and having acquiring appropriate resources to enable the strategy to be implemented (Cole, 2002).

Strategy implementation is not a single decision or action but a cluster of structured and sustained activities over a period of time. It is not the leadership that implements strategies but people. The management needs to consider whether they have the right people, do they have the competencies and are they motivated? The next item is communication. People can only adopt a strategy if they know about it and understand it. You need to consider whether all the staff knows about what strategy is why it has been adopted and if it has been communicated in a way that it comes alive. The company management needs to consider whether they have the right measurements for the new strategy and if the measures are leveraged to guide the implementation (Pearce& Robinson, 2009).

In addition, you need to change the day-to-day activities of your staff members and have a culture that supports and fosters. There should also be congruence between what you say you are going to do (strategy implementation) and what you are doing (the processes). Expected behavior also needs to be reinforced so that they are

continuously repeated. Equally you need to constantly review the progress to make sure the right actions are being taken to deliver the right results (Pearce & Robinson, 2002).

Every day brings new demands to manage risk, achieve operational excellence and satisfy the divergent interests of stakeholders. To help you implement those challenges, there is a need for prudent strategy implementation to achieve success in operations, regulations and growth drivers. In strategic management process, after formulating, implementing is the most important stage. Implementing strategy is the connecting loop between formulating and control. In fact what integrates strategies is successful implementation of them (Alexander, 1985).

The ability to implement a cost leadership, differentiation, or focus strategy is dependent on a firm's ability to develop a specific set of competitive methods. This becomes the basis for the achievement of above average industry performance. Some contend that firms can follow both cost leadership and differentiation strategies simultaneously but the application differs from one organization to the other (Pearce & Robinson, 2003).

It should be noted that Porter (1980) found that firms cannot focus solely on a cost leadership or differentiation strategy to the exclusion of other strategies. He contends that cost leaders must devote some resources to differentiation activity, and those that pursue a differentiation strategy cannot do so to the detriment of their cost structure. Prior research has identified hybrid strategies, which are those with simultaneous emphasis on both cost and differentiation competitive methods (Wagner

&Digman,1997). These classifications may have been inconsistently interpreted and applied from study to study (Wagner & Digman, 1997).

2.4 Challenges of Strategy Implementation

Whereas most organizations develop very good strategies, successful implementation remains a major challenge because translating strategy into action is far complex, difficult and expensive. The challenges range from technology, human resource, organizational structure, globalization of business, culture, leadership, policies and reward system. Hill (2009) conducted a study that suggested that organizations that implement good practices covering a range of managerial aspects, and who are achieving organizational results are likely to be closer to satisfying their staff.

Durden (2001) showed that technology plays a key role in the implementation of strategy. There is inadequate research into technology strategies and change through the introduction and use of new technology that is consistent with global electronic banking services from formulation of strategies, to planning approaches, to physical implementation of technology in organizations.

There has been a shift in focus from Information Technology being conceived as a means of improving the efficiency of processes to being used as a strategic tool in the hands of management, and enabling re-engineering and transforming the ways organizations do business. Information technology is no longer considered as merely a supportive tool for existing organizational processes, but is perceived as an integrating technology for initiating business changes and shaping structures in organizations, to align them to business needs.

The level of strategy implementation depends on the degree of participation by employees in planning and on acceptance of the goals and set targets. It has become a widely held premise that people provide organizations with an important source of sustainable competitive advantage that the effective management of human capital, not physical capital, may be the ultimate determinant of organizational performance (Pearce & Robinson, 2003). Accordingly, Kithinji (2007) suggests that it is instrumental for banking firms to harness the productive potential of their employees in order to achieve superior performance.

The intense competition in banking services results in continuous innovations and marketing in order to satisfy the customers. Banking products life cycles are shorter, disruptive technologies emerge with greater frequency, and financial markets are unstable. Innovations require more resources and any limitation can affect a firm's implementation of its strategic plans. Innovations can give a firm a competitive advantage. Without continuous product or service improvements, profitability is often jeopardized. This may present a serious threat to most organizations but may serve as an opportunity to others (Johnson & Scholes 2002).

In a competitive environment, one essential contribution of a strategic leader is to provide and share a clear vision and purpose for the organization (Thompson & Strickland, 2007). Leadership is the key to effective strategy implementation. The right managers must also be in the right positions for effective implementation of a new strategy if the right results are to be achieved (Hill, 2009).

Another challenge faced in strategy implementation is organizational structure. The organization structure should derive in a way that it can respond to pressures to

change from the environment and pursue any appropriate opportunities which are spotted (Chandler 1962). Structure according to Thompson & Strickland 2003, is the means by which the organization seeks to achieve its strategic objectives and implement strategies. Understanding market structure is key determinant to successful strategy implementation (Young, 1999). Organizations require structural change to reorganize resources and competencies into configurations that can deliver the required competitive advantage.

Globalization of markets for products and services are another challenge in strategy implementation. As firms become global, firm's entering the markets require strategies and realignment as they expand across borders. This globalization provides opportunities for but differences in regulation and information symmetry costs have not made cross-border activity easy for banks. Firms wishing to succeed in global business environment must make appropriate Human Resource investments to acquire and build employees (Kombo, 2008).

The success of any strategy depends on the involvement of all staff at whatever level they contribute to the organization performance. The non- involvement will result in resistance to the new changes that can derail the strategy implementation. The lack of understanding of a strategy and inability to connect strategy formulation and implementation has an impact on successful implementation (Kombo, 2008).

Culture is asset of assumptions that organization members share in common. According to Aosa 1992, organization culture must be compatible with the strategy being implemented and if not the, it will lead to high organization resistance to

change and de-motivation. Organization culture helps in nurturing and disseminating the core values. For successful implementation of new strategy, the support of the style of doing things will be paramount (Pearce & Robinson, 2009). Organization cultures like low levels of skills, divisionalism, low levels of cohesion and strong internal political influences inhibit strategy implementation.

The implementation of strategy depends on the role of individual members of the organization. Musyoka (2011) organization rewards are powerful incentives for improving employee and group performance. Reward system should align the actions and objectives of individuals with objectives and needs of the firm's strategy. Negative sanctions like withholding of financial and intrinsic rewards for poor performance will encourage managers efforts (Robinson 2007, Thompson et al 2007). The prevailing economic conditions for instance the high inflation and interest rates can cause challenges in the strategy implementation. This is because it will increase the cost of borrowing due to high interest rates and cost of acquiring Human resources meant for implementing the set action plans.

The other challenge to strategy implementation is having an overwhelming plan where the goals and actions generated in the strategic plan sessions are too numerous because the team failed to make tough choices to eliminate non critical actions. Employees don't know where to begin.

Getting so much engaged in the day to day business by those charged with strategy implementation can be a challenge to strategy implementation. Where owners and managers, consume their daily operating problems, lose sight of long term goals out of ordinary. The plan is then treated as something separate and removed from management processes.

Lack of empowerment can pose a challenge to strategy implementation. Although accountability may provide strong motivation for improving performance, employees must also have authority, responsibility and tools necessary to impact relevant measures. Otherwise, they may resist involvement and ownership (Cole, 2002).

The other challenge to strategy implementation is organization politics. These are tactics those involved in strategy engage to obtain and use power to influence organization goals and change plans to further their interests (Hill, 1999). The challenge organizations face is that the internal structures of power always lags behind changes in the environment because the environment changes faster than the organization responds.

2.5 Measures to Mitigate the Challenges of Strategy Implementation

For a firm to be able to handle strategy implementation successfully, it should embrace approaches that will minimize /address the implementation challenges. For strategy implementation to be successful, top managers must demonstrate their willingness to give energy and loyalty to implementation process (Kombo, 2008).

One reason why most strategies fail is the vagueness of the assignment of responsibilities (Pearce & Robinson 2007). Cross functional relations are representatives of an implementation effort. Over bureaucracy can end up in a disaster for the implementation. To avoid these problems, there should clear assignment of responsibilities regarding implementation activities.

For successful strategy implementation, firm leaders must take early and aggressive action to institutionalize the strategy within the firm. The top management must demonstrate visible ownership of the strategy and communicate it clearly. They should seek input and support from opinion leaders. This will assist in generating buy-in among members leading to greater support for the strategic plan and the changes inherent in its execution. When employees do participate in the strategy execution, they feel more valuable especially when they see results coming from their action (Thompson & Strickland, 1997).

To support effective implementation of the strategy, the firm needs to have the right leadership, governance and operational structure. The organization structure should be in line with the strategy to be implemented (Pearce & Robinson, 2002).

Underestimation of strategy implementation time can be complex during execution. It is always difficult to estimate an appropriate time limit. The best way will be to work with line managers to work on the extra time required for unexpected incidences that might occur (Musyoka , 2011).

A key component of success in implementation involves holding leaders and employees accountable for actively driving and supporting execution. Assessments are crucial in ensuring that action is taken and progress is made on strategy execution (Pearce & Robinson, 2009) .

Engage all levels of your company in the strategy planning process. Information flow from the lowest levels of the company up to the decision makers brings valuable enterprise information to the decision planning process. Top management must fully be aware of how the company operates and how change will affect operations (Kithinji, 2007).

Communicate the need and how decisions were made to fill that need. Employees and all stakeholders must understand why the strategy is being put in place and its goals. Change often causes paranoia among employees. Making them feel they are an important part of the change process and educating them about the details will help to create enthusiasm and cooperation instead of paranoia (Pearce & Robinson, 2002). Obtain buy-in by all key employees and stakeholders involved in implementation, no matter how brilliant top management thinks the new plan is, if production department thinks it is unworkable, they will resist change and the plan will likely fail (Cole, 2002).

Contact information sessions or training to achieve a comfort level with new strategic processes and procedures. This is the time to make any necessary changes to the plans as gaps and mistakes appear. Information sessions often elicit helpful suggestions from staff and line employees (Pearce & Robinson, 2002).

Implement the new strategy with fanfare. It is important that all levels of employees are enthusiastic about the change and feel as though they have been rewarded for their help in bringing it about. There must be a broad understanding of when the change begins, so create a launch date or schedule that everyone knows and can easily follow (Guth & Macmillan, 1986).

The other measure organizations can use to mitigate challenge of strategy implementation is continuous review of organization policies. These are specified guidelines, methods, procedures, rules, forms and administrative practices established to support and encourage work towards stated goals. There is need to use new, revised policies to establish standard operating procedures which will facilitate strategy implementation (Johnson & Scholes, 2004). Connected policies help enforce strategy implementation by channeling action, behavior, decisions and practices that promote strategy implementation. Policies should be regularly reviewed to be aligned to current strategy (Davis, 2003).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the methodology to be used in the research. It discusses the study research design, the method to be used to collect, study population and the techniques of data analysis.

3.2 Research Design

The research design was a case study. A case study is an in-depth investigation of an individual, institution or phenomenon of a particular unit under consideration (Kothari, 2004). The study was used to identify the challenges of strategy implementation at K-Rep bank of Kenya and at the same time establish how it has responded to strategy implementation challenges.

In this light therefore, a case study design was deemed the best design to fulfill the objectives of the study as the results were expected to provide an in-depth in understanding how the bank responds to the strategy implementation challenges.

3.3 Data Collection

The study made use of primary data which was collected through a face to face interview guide with the researcher at the K-Rep bank Limited, Nairobi and Secondary data. The interview guide had a mix of questions, with open ended and specific responses to a range of questions (Mugenda & Mugenda, 2003).The interviewer listed down all the responses given by each of the five interviewees in two categories, namely the challenges of strategy implementation at K-Rep bank and measures the bank has taken to address the challenges.

The interviewees were Senior Managers from different department and one Branch Manager. These included officers in charge of Finance & Administration, Audit & Enterprise Risk Management, Information Technology and Operations and Human Resources.

They were considered to be key informants for this research because of their involvement in strategy formulation and implementation. In addition the departments in which the intended respondents work in are the key developers and implementers of the banks strategies. The secondary collected from the bank strategy evaluation reports for 2011 and 2012, Bank Strategic plan, bank organization chart, minutes of senior management on strategy implementation progress.

3.4 Data Analysis

The data obtained from the interview guide was analyzed using qualitative analysis. Qualitative data analysis made general statements on how categories or themes of data are related (Mugenda & Mugenda, 2003).

The qualitative analysis was done using content analysis. Content analysis is the systematic qualitative description of the composition of the objectives or materials of the study (Mugenda & Mugenda, 2003). It involves observation and detailed indepth description of objects, items or things that comprise the object of study. The variables that were used in the analysis were broadly classified into two: challenges of strategy implementation and dealing with strategy implementation challenges.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings, analysis and discussions with regards to the objective and discussion of the same. The research objectives were to determine the challenges of strategy implementation at K-Rep bank and establish how the bank had been able to overcome strategy implementations challenges.

The interviewees comprised the top level managers of the bank and the researcher interviewed five respondents out of the intended seven interviewees. All the interviewees had worked in the organization between five to fifteen years. It was therefore felt that the interviewees were knowledgeable enough on the research subject matter and help in the achievement of the research objective.

4.2 Challenges of Strategy Implementation at K-Rep Bank

K-rep bank faces a number of challenges in implementing its strategies. The study established that different factors that have hindered effective implementation of the strategy. The challenges ranged from: declining loan portfolio, reward system, employees, shareholders, lack of feedback and & monitoring system, bank customers, intense competition, , poor financial position, high staff turnover, technology, organizational culture, reduced capital base, organizational structure, in adequate resources and frequent changes in management.

It was established that the culture in their organization hindered its implementation of strategy. The cultural factors that were identified by the respondents included resistance to change and the fear of the unknown. Three of the respondents,

representing 60%, indicated that there is a certain number of senior staff members that are used to 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 interviewees established that the when employees were used to a given way of life or doing things normally new ideas are seen as a threat to the existing culture and will naturally be resisted. The customer's influences on the implementation of the organization strategy were also noted as a challenge. The bank has known its customers to desire high level of service quality and also abhorring high level of expectation. Thus in some circumstances, noted the respondents, the high expectations from the customers hindered changes in strategy of the organization because of the fear of losing some of the customers.

The interviewees identified the decline in loan portfolio as hindrance to the bank's strategy implementation. The loan factors that were identified by the respondents included the increased number of non-performing loans, reduced capital base, the effects of post-election violence where most customers closed their businesses. Four of the respondents, representing 80%, indicated that the factors had affected the bank in terms of loaning out to as many small business persons as possible. One interviewee indicated that that the declining loan portfolio was occasioned by the post-election violence where most loanees took off and their location could not be identified while others their business premises where burned down.

The interviewees established that the organizations structure in some cases had 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 development or implementing the organizations strategies. It was observed that the vertical structure that has been adopted by the organization though goods for controlling the activities of the organization, has impacted its decision making process. Its response structure was found to be slow and in some cases lead to the loss of opportunities.

The respondents indicated that resource constraints hindered strategy implementation. Human resource capacity in terms of qualifications, competence and numbers were identified as a major constant. Further, financial and time resources were 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.

The interviewees established that competition constraints strategy implementation. Completion in terms of frequent changes in banking products and globalization were identified as a major constant. Today many institutions have been licensed as banks and others as micro finance institution. Respondents indicated that the rivalry created by the free entry and increased number of banks in business forces K-Rep to stretch its resources in order to remain competitive in the business.

The researcher also wished to determine from the respondents if employees were a challenge to the process of strategy implementation. To this extent, the respondents were of the opinion that indeed employees were 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. The respondents said employees play roles including formulation of strategic objective and execution of 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 implanting 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. 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.

Customers pose a challenge to the process of strategy implementation. The respondents noted some of the challenges as the introduction of some loan products asset financing which were not sustainable. 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.

The researcher also wished to identify the challenges brought about by other stakeholders in the process of stakeholders in the process of strategy implementation from the respondents. Issues like the alignment of strategies in line with other stakeholder's expectations, especially the shareholders are a challenge. 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.

Technologies possess a challenge to the process of strategy implementation. All respondents noted the bank drive to cope with the changes in technology for efficient processes and to be consistent with global electronic banking, the institution needs to a lot in terms of internet and branchless banking that requires considerable large amounts of resources to maintain in terms of capital and human resources. To facilitate these changes, implementation of other strategies will be put on hold or postponed.

K-rep like any other financial institution operates within the applicable laws governing the country and the industry. Corporate governance is core to its operations in maintaining standards on business ethics, anti- money laundering requirements, involvement in corporate social responsibilities and conflict of interest in line with international business standards.

Four interviewees established that the Finance Act of 2008 requiring banks to hold a minimum capital of 1 billion by December 2012, made the bank to forfeit implementation of other strategies in order to comply with the requirement.

On the question of what other problems the respondents faced in strategy implementation, the respondents noted that economic change, technological advancement, political changes and the change of guiding policies by the regulator bodies e.g. CBK. In addition, unaligned organizational systems together with stiff competition were pointed out as major problems which were a big setback to strategy implementation.

4.3. Measures undertaken to mitigate the challenges of strategy implementation

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

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.

The researcher also wished to get from the interviewees how they overcome 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.

One of the interviewees established that whenever the bank took the employees through the benefits of changing a particular strategy, they encountered less challenges in its implementation. In addition, the process where not only the staff but also the customers could feel part and parcel of the process. As a result, the interviewees indicated that customer centric approach together with education and innovation were core to overcoming the challenges.

As regards to the question of how values and beliefs of the organization could be enhanced, the interviewees established that teamwork, and partnership in product

development and innovations would go a long way in enhancing co-operation 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 challenges to the process of strategy implementation.

Three of the interviewees established 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 partner posed a big challenge that required a lot of innovation to be overcome. Continuous training and development programs have been initiated to help in building capacity to change the institution culture.

The interviewees also did establish that the increase in loan insurance, education to customers / staff, more stiff requirements for guarantors and engaging the services of credit controllers were key ways to overcome most of the challenges realized in strategy implementation. Respondents indicated that for management of loans, the main credit controller is based at the head office and all the branch loan officers double up as credit controllers. The credit controllers submit loan performance reports on a weekly and monthly basis for review by senior management. Two of the respondents noted that the management has learned from passed mistakes of managing loans during times of elections.

All the interviewees established that, it is important in designing the structure that will make it operational where key aspects such as empowerment and communication process are considered. They suggested a number of steps that had been taken to remedy the situation which included, yearly revision of structures in line with

business 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 stage.

Further when asked about other challenges in strategy implementation which is brought about by the way the structure was organized, the respondents pointed out that some roles and functions were not clearly structured and that they lacked the supporting structure. In addition the management failure to take initiative in creating and sustaining a favorable environment within the firm that could incorporate all the stakeholders in the implementation process was identified as a major challenge.

The interviewees 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. Effective communication in the reporting lines within the structure is key for effective strategy implementation.

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, proper planning and prioritizing on the policies as key factors to be considered in avoiding wastage. It is also important to set aside enough finances for the project while ensuring that staff are motivated and recognized i.e. through reward and appreciation schemes. The staffs with adequate training in their roles in strategy implementation are core in boosting the organization competence and qualification 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.

As far as the competition is concerned, Respondents indicated that the bank was investing in research and development where rebranding in terms of products and competence of staff in meeting customer needs as well as well as prioritizing on the policies is key. Intense competition from specialized micro finance service providers has taken over market share from the bank forcing it to increase its efficiency.

All the interviewees established that the factors had affected the bank in terms of expansion, market share and implementation of other bank strategies. The interviewees suggested that the bank should invest a lot in marketing of their current products, new technological advancements and diversification strategies in order to win customer loyalty and remain competitive in provision of services. Effective monitoring and evaluation (M & E) of the strategies during implementation was suggested to be upheld.

The interviewees outlined some of the ways on how to overcome resistance to change which 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 interviewees further added that dissemination of vision through constant communication was paramount in overcoming resistances as the employees would feel part of the process. The organization has adopted a top-down approach in its strategy development.

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 product, holding introductory 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.

Four interviewees established that the challenges K-Rep bank faced with their customers on the issues of implementing the strategies, the interviewees indicated that they faced the challenges of not only aligning products in line with the customer needs but also of increasingly sophisticated clients who gave out companies vital information to the competitors. Despite the various challenges the interviewees 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 in order to grow its customer base.

In dealing with the challenge on strategy implementation brought by new regulation in the banking industry, the interviewees established that the bank dealt with it by requesting shareholders to inject in more capital and adjusted budgetary provisions for the year 2012.

The bank dealt with the challenge posed by advancements in of technology through increases on budgetary approval for investment in technology that have offered the bank a drastic reduction in operating costs, enhanced customer relations, created competitive forces, have value adding services and products , impact positively on the society and improved quality of management information reporting.

In cases of strategy implementation challenges brought by shareholders, the interviewees suggested that shareholders could be given non cash dividends inform of bonus shares, share splitting and also ensuring that the stakeholders understand the timelines of a given strategy. The interviewees further recommended introduction of rights issue to enable shareholders increase their shareholding by offering shares at discounted price.

4.4 Discussion

The results of this research suggested that for effective strategy implementation, several factors need to be put into consideration. The first most important factor for effective strategy implementation was the involvement of all stakeholders at the

strategy making process itself. A great majority of the respondents reported that organizations needed to come up with strategy formulation that is supported with an action plan for effective strategy formulation process and implementation. The strategies should be limited based on available resources. The organization structure, culture, employees, customers and shareholders, according to all the respondents, should be put into consideration for effective strategy implementation. This concurs with the findings of Kiplagat (2008).

Engagement and involvement of all staff in the strategy formulation was a prerequisite for effective implementation. Managers surveyed accorded great importance to the employee involvement for effective strategy implementation since. The results reflected that the respondents respectively believed that this factor was responsible for the management engagement to win the support of employees and own up the process which is extremely important for strategy implementation. This agrees with the findings from the study done by Beer & Eisenstat (2000).

Customers are the sole purpose why organization is in existence and therefore, any new strategy implementation should be in line with customer requirements given the available resources. Thus involving customers at all levels of the implementation process is key for effective decision-making, guidance and support. Organizations need to assess the factors which contribute towards effective customer satisfaction in implementation process. This confirms the finding by a study done by Muthuri (2010).

The most significant opportunity to improve the rate of success of strategy implementation was employee motivation. When incentive plans are tied to successful implementation of strategies, managers come to see improved performance as a necessary and normal part of their jobs. Without this linkage, staffs get demoralized and lose the work ethics. Therefore, organizations should design effective rewards and incentive schemes for motivating their people to contribute their best to the implementation process. This agrees with the finding from the study by Githui (2008).

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

This chapter summarizes the findings, conclusions and makes recommendations as per the research findings. It also includes suggestions for further research, research gaps and contributions to the body of knowledge.

5.2 Summary of Findings

In summary, the study revealed that the interviewees are aware of the strategies adopted by K-rep bank in its implementation process and the challenges that the organization is facing in the process of achieving its objectives. As a result of the above, the researcher felt that the results obtained from the respondents reflects the true position as in the organization.

K-rep bank has responsibilities to shareholders, customers, employees and communities together with the underlying objective of the firm which is providing banking services to the small businesses in Kenya. Towards the attainment of this objective, the firm has endeavored to modernize its infrastructure through the employment of new technologies and maintain a workforce that is motivated and willing to steer the organization towards the attainment of the same objectives

The organization strategy is clear and concise and can be understood by the employees though the organization adopts a top-down approach in its strategy development. As a result the employees feel that they need to be involved more by the top managers especially in strategy policies that affect them. As a result of the non-involvement of the employees in the development of the strategies, implementation of these strategies has faced challenges such as staff being hesitant to act.

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: inappropriate organization structure, technology, reward system, inadequate resources, capacity of staff, un-adaptive organizational culture, varied needs of stakeholders / customers and high expectation of the stakeholders. It was also noted that organization structure should be restructured to facilitate quick response than is currently witnessed.

On the role that communication plays in the process of strategy implementation at K-Rep bank, the researcher found that proper communication of strategic awareness can act as a cohesive force and succeed in connecting those with ultimate responsibility for formulation of organization's strategy with those directly implement policies. Communication is pervasive in every aspect of strategy implementation, and it is related in a complex way to organizational processes, organizational context and implementation objectives which, in turn, have an impact on the implementation process and also enhances timely feedback on the progress and challenges met in the process of strategy implementation.

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

On other factors leading to strategy implementation success at the bank, the researcher found that factors leading to strategy implementation success includes clear aims and planning, a conducive climate, giving implementation priority, having abundant resources, an appropriate structure and implementing flexibly, advancements in technology, organizational structure, control mechanisms, strategic consensus, leadership and positive attitude towards strategy implementation success.

The study found that the bank faced the challenges of strategy implementation time being underestimated in and thus most of the implementers have a deadline that is merely an approximation.

5.3 Conclusion

Strategy implementation process is very vital for efficient functioning of any organization in the business world today. From the findings, 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 and therefore established that strategy formulation follows a defined process and involves some organizations employees, management and other stakeholders.

Engagement and involvement of all staff in the strategy formulation was found to be a prerequisite for effective implementation. Managers surveyed accorded great importance to the employee involvement for effective strategy implementation since. The results reflected that the interviewees established that this factor was responsible for the management engagement to win the support of employees and own up the process which is extremely important for strategy implementation.

The organization has a team of qualified and experienced staff who are committed to their work. In addition, the researcher felt 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. This agrees with findings by Pearce & Robinson (2003).

On its part, K-Rep bank limited has been able to a large extent achieve the objective of its strategy implementation process which was aimed at reaching out to many small businesses in the provision of banking services. This can evidence by the growth in earnings since it went fully to commercial banking. However, it has acknowledged that there is room for improvement to reach out to many in the society.

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, customers, stakeholders are accommodated for each to feel part and parcel of the process. Further, effective monitoring and evaluation (M & E) of the strategies during implementation was found to be critical. An organization should 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, external consultant will be recommended that will give independent and

guidance towards the achievement of the same organization objectives.

Despite the great strides that the K-Rep bank has achieved within the a short time that it has been in the banking business, there is still room of improvement and growth considering that there are still many Kenyan who do not have access to banking services. Further expansion especially in the rural areas need to be taken because it has been proved that the unbanked populations in the rural areas have greater potential to change the fortunes of a bank.

5.4 Recommendations for Policy and Practice

The study recommends that strategy implementation should not be viewed as a one-off process; the management should inbuilt a practice of continuous review. At the start of the Strategic Plan process, it would be prudent to include an Information Technology and Human Resource audit to assess the capacity of the infrastructure and give recommendations.

To improve on technological advancements, the bank needs to train key staff on administration of the systems, review the job allocations, reward system and the organization structure. The bank has generally realized great achievement in terms of revenue growth; customer base as well as increasing its market share.

However, there are still untapped opportunities in the market and hence they should increase their strategy to cover more customers especially in the rural areas. The bank in its future strategic plan, it has equally to consider the challenges brought about by environmental factors since the world has become a global village and your surrounding could impact negatively on your operations.

5.5 Limitations of the study

A limitation for the purpose of this research was regarded as a factor that was present and contributed to the researcher getting either inadequate information or responses given would have been totally different from the researcher expectation.

Some interviewees refused to be interviewed. This reduced the probability of reaching a more conclusive study. However, conclusions were made with this response rate. The small size of the sample could have limited confidence in the results and this might limit generalizations to other situations. Most of the respondents were busy throughout and had to continuously be reminded and even persuaded to provide the required information.

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

The research design was a case study limited to one organization. Thus generalizing it to other organizations operating under different environment, leadership and resource abilities can be misleading.

5.6 Suggestions for Further Research

The study confined itself to K-Rep bank. This research therefore should be replicated in other companies that recently move to commercial banking such as Credit Bank Limited in the country as well as other commercial banks and the results compared so as to establish whether there is consistency among the challenges facing such firms in their strategy implementation and for benchmarking. Also, future researchers in this field should increase the sample to have greater confidence level in the results and limit generations to other situations.

Additionally, future researchers should also interview organization customers, shareholders and other stake holders to find out their impact on strategy implementation challenges. Also the method of collecting data could be changed from a case study to a survey and establish the results thereof.

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Appendices

Appendix I: Interview Schedule

1. Which department are you in?
2. What is your job title?
3. How many years have you worked in the bank?
4. Do you have laid down procedures for strategy implementation process in your section?
5. Do you have regular feedback and monitoring system concerning strategy implementation?
6. In your opinion, were the available resources (physical, financial, technological and Human resources) adequate for strategy implementation?
7. What are the specific challenges the bank is facing in strategy implementation?
8. What measures has the bank used to mitigate the challenges?
9. Are your reward systems tied to ability to implement strategies?
10. What suggestions would you make regarding the challenges in strategy implementation process to the bank specifically and the entire industry in general?
11. Do you experience any uncontrollable factors in the external environment that adversely impacted on strategy implementation?
12. Is there a system of monitoring strategy implementation? Who does it and how frequent?

Appendix 11: Letter of Introduction

Ali Shikuta
University of
Nairobi
School of
Business
P.O Box 30197
Nairobi.

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH DATA

I am a student registered for MBA program at the University of Nairobi, specializing in Strategic Management currently undertaking a research on **“Challenges of Strategy Implementation: A case study of K-Rep bank Ltd”**

This research questionnaire focuses at structure and process of strategic implementation within your bank. Confidentiality shall be highly observed.

Thank you in advance,

Yours faithfully

SHIKUTA ALI

Mobile phone No.0734-667 025