ABSTRACT

When the important role that commercial banks play in the economy is considered, their survival becomes evidently critical. In order for them to survive, the sector needs to ensure that they carry out formulation and implementation of viable strategies successfully. Johnson, Scholes and Whittington (2008), define strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. The Central Bank of Kenya (herein CBK) annual report published in 2012, lists 43 commercial banks categorized by their market size index; 6 large, 15 medium and 22 small peer groups. Virtually all the commercial banks in Kenya have been aggressively opening new branches, all which point to a predisposing factor towards strategy failure by virtue of the ‘new venture’ criterion as mapped out by Finkelstein. The banks have diversified their product offerings and explored alternative delivery channels like agency banking, mobile and internet banking. Various factors and challenges influence strategy implementation in commercial banks in Kenya. A survey design was used in the study. This research design was used because the study mostly involved use of non-numerical data of descriptive nature collected through a questionnaire. The study used both probability and non-probability sampling techniques to create a sampling frame for commercial banks. Stratified sampling was one of the probability techniques used in order to avail equal chances of selection to banks in different categories of large, medium and small cluster group. The researcher used a sample size of 33.3% out of the accessible target population. This study was done against a backdrop of limitations of time and finances. The research outlined communication, leadership, timing and change management as most significant factors that influence strategy implementation by commercial banks in Kenya. Commercial banks also face challenges in change management, pursuing competing activities and incompetence among the implementers. The study has upheld the Stakeholder theory as well as the Resource Advantage theory, the two key theories that underpinned this study.