

**STRATEGY IMPLEMENTATION CHALLENGES AT COMMERCIAL BANK  
OF AFRICA, KENYA**

**BY  
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**DECLARATION**

This research project is my original work and has not been presented for an award of any degree in any other University.

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

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## **DEDICATION**

To my beloved Mum, Janneys Wambui for your love, support, care and encouragement.

## **ACKNOWLEDGEMENT**

I am humbled to God for His abundance grace throughout my studies and for bringing me this far.

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## ABSTRACT

Organizations are faced with challenges of strategy implementation. Despite the experience of many organizations, it is a challenge to turn strategies and plans into individual actions, necessary to produce a great business performance. The study aimed at determining the challenges of strategy implementation at Commercial Bank of Africa, Kenya. The study is important to policy makers; the findings of this study would be important to strategic management bodies in various ministries in formulating policies that govern strategy implementation. To the academicians the study contributes to the body of knowledge which benefits scholars and researchers and simulate further research in this field of strategy implementation. The study was guided by the following theories; Institutional theory, Resource-Based View Theory and Stakeholders Theory. This research was conducted through a case study in analyzing challenges of strategy implementation at Commercial Bank of Africa, Kenya. A survey was deemed to be appropriate for this study because it brought out the unique challenges that impact strategy implementation. Primary data was collected using an interview guide which was administered to retail managers, branch operations managers, customer experience officers and private banking officers of Commercial Bank of Africa or their equivalent in Nairobi branches. An interview guide was used as it enables oral administration of questions in a face-to-face encounter therefore allowing collection of in depth data. Descriptive statistics is a technique used in presenting and organizing data that include: tabulation, diagrams, graphs and certain numerical procedures all which aim at summarizing the material in a form which display its distinctive features that aid analysis. The study found that strategy implementation process at Commercial Bank of Africa, Kenya, is faced with numerous challenges including, poor organizational structure, inadequate finances, time and human resources, bureaucracy in organizational structure and culture. Strategy formulation process forms the direction and foundation for smooth implementation of organizations strategic plan. Strong culture promoted the implementation of strategic plan. Resource allocation is a central management activity that allows for smooth strategy execution. The study recommends that banks should involve and communicate to all stakeholders especially employees when formulating clear strategic plan that provides vision and mission, identifies the organization's external opportunities and threats, determines internal strengths and weaknesses, and establishes long-term objectives to follow.

## **ABBREVIATIONS AND ACCRONYMS**

<b>CBK</b>	Central Bank of Kenya
<b>PBT</b>	Profits before Tax
<b>CBA Group</b>	Commercial Bank of Africa Group
<b>NPLs</b>	Nonperforming Loans
<b>LGMA</b>	Local Government Modernization Agenda
<b>RBV</b>	Resource-Based View
<b>LGMA</b>	Local Government Modernization Agenda
<b>HELB</b>	Higher Education Loans Board
<b>AMREF</b>	African Medical and Research Foundation

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Strategy is important for organizations in searching and securing competitive advantage. Once developed, strategy has to be implemented. Strategy implementation is important to an organization because it means the firm is now actualizing what has been planned. It will involve people and the complexity of the job require due consideration to ensure the strategy laid down by the management is well implemented (Bateman & Zeithaml, 2013). In order for strategy implementation to be successful, there is a combination of aspects that will be involved. According to Chetty (2010), there are factors that should be put in place for an organization to be confident that the implementation will be excellent. They include commitment of the top executive commitment, clear and timely communication and generating engagement at all levels. The success of the strategy implementation process will also be hinged on delegating roles to different people who have the capacity to carry out the necessary activities and selecting key people to be in charge of different tasks crucial to the success of the implementation process (Bennet, 2011).

Institutional theory has been used to explain how institutions are required to adopt a certain structure of working in order to perfectly implement their strategies amidst competition in the market. Therefore, it becomes necessary to come up with innovative structures which are necessary for the improvement of the technical efficiency in the working environment (Dincer, 2006). Bourgeois and Brodwin (1984), argues that a five model structure could be used to categorize strategy implementation. On the other hand, the resource based theory states that the different resources which a firm has acquired are

considered to be the inputs that will be used to boost the firm's production process. The inputs are classified into physical capital, human capital and organizational capital (Currie, 2009).

Most banks in Kenya have remained to be victims of poor strategy implementation in terms of lack of a clear plan stipulating the timelines for implementation. Consequently, they have ended up with poor performance. Currently, banking institutions in Kenya face a dynamic, fast paced, competitive environment not only on a local but on a global scale (Koske, 2013). In this case, they should come up with a plan to develop and implement the strategy meant to add value to the banks and make the shareholders proud. However, the mere formulation is not important as this will not guarantee its success. This is because banks can only be able to grasp the success they desire if they first fix their strategy formulation and implementation. The review by Koske, (2013) is aligned to the need for a strategy to be implemented in order to enhance the quality of the management systems. In this case, financial institutions will require to enhance their financial operations in terms of enhancing their budget expenditure.

### **1.1.1 Concept of Strategy**

According to Gupta and Govindarajan (2011), strategy is an integrated plan that unites different units in a bid to form a comprehensive concept on how a certain task will be carried out. In the process, it becomes easy to eliminate the challenges and make use of the available resources in a bid to achieve the set objectives of the implementation process. Strategy has remained a core concept among people in managerial positions and scholars since the late 1900s. The importance of this concept has been underscored by various leading management scholars and practitioners. Newman (2008), states that lack

of strategy will put a firm in jeopardy because there will be no clear plan to be used or a roadmap to be followed in order to finally achieve the desired results. They further states that strategy is a management game plan for the activities that a business will carry out. Strategy provides direction on how objectives will be achieved. This is because the objectives are the focus of performing all the activities a firm will engage with the help of a strategy. Therefore strategy is argued to be a tool used by the management in achieving set goals and objectives.

Strategies go first through planning then implementation processes. Different writers have defined the concept of strategic planning from several points of view. Christensen and Donovan (2010), argues that the process of planning on how to implement a strategy has a time range of 3-5 years. Bennet (2011), on the other hand explains that the process of strategic planning is involved with coming up with a clear distinction between the capabilities a firm can explore and the kind of risks to mitigate. In their definition, Newman (2008), view strategic planning as the level of decision making that will decide the direction of the company with a focus of ensuring the long term financial health and perform of a firm is perfectly in shape.

### **1.1.2 Strategy Implementation**

According to Johnson and Scholes (2010), strategy implementation describes activities which are carried out with an aim of managing the executing of a set strategic plan. Strategy implementation process is easily the most complicated and time consuming part of a strategy management process. Successful strategy formulation is not a sure way to give a guarantee that the laid out plan will be implemented successfully. According to Newman (2008), a large part of time of a manager is devoted to execution, i.e. detailed

programming, motivation and controlling. Difficulty in strategy implementation is partly occasioned by obstacles or impediments to the implementation process. Hrebainik (2009), highlights that different difficulties engulf the whole process. The difficulties include delayed execution of certain activities and the dynamics of involving many personnel. Another challenge is the poor strategy formulation and disagreements within the management power structure and even inadequate sharing of information.

Christensen and Donovan (2010), argued that the process of implementing the set strategies is dependent on three conditions. The first condition is to ensure the management has a clear understanding of the importance of what is to be done. On the other hand, there is need to take the necessary measures that are intended for the purposes of achieving the set goals. In the end, there is also need for the necessary steps not to be influenced by external forces such as political forces or other market forces. As a first step in ensuring the successful implementation of the firm's strategy, Hussey (2010), noted that firm leaders must take early and aggressive action to institutionalize the strategy within the firm. The managing partners, chairman, and other key leaders must demonstrate visible ownership of the firm's strategy, communicating clearly with stakeholders about the details, value and importance of the strategy to the firm. Members of management should also seek input and support from key opinion leaders and rainmakers early-on and request their help in championing the strategy to other stakeholders within the firm.

### **1.1.3 Challenges of Strategy Implementation**

According to Hrebainik (2009), strategy implementation remains to be a challenge to different organizations. Hussey (2010), also argues that strategy formulation,

organizational culture, and resource allocation as major obstacles to strategy implementation. It is also crucial to acknowledge that ineffective coordination of implementing activities, unskilled employees, and poor training among junior employees, and failure to have a clear guide on the responsibilities to be carried out. The support of the management is also crucial to the success of a strategy implementation. According to Cocks (2010), an organization will be at risk of failing if it does not communicate its strategy to the employees because the result will be poor or ineffective execution.

Nutt (2009), carried out a study on strategic decisions in organizations based in the United States and Canada. The study found that half of the strategic decisions failed to attain their initial objectives because of the hitches incurred during strategy implementation process. On the other hand, Dincer (2006), summarized the following as the main problems of strategy implementation in an organization. The study indicated that problems such as unanticipated problems, poor communication and even lack of coordination can lead to failed implementation. The study also identified that when preparations are poor, the leadership has problems and people are quitting the organization, the strategy implementation will be problematic. It is also important to avoid having conflicting priorities, internal conflicts, poor commitment, unclear strategies, lack of stakeholders' commitment and inadequate resources.

#### **1.1.4 Commercial Banks in Kenya**

The central bank of Kenya regulates the commercial banks and mortgage finance Institutions in Kenya pursuant to the provisions of the banking act and the Regulations and Prudential Guidelines issued thereunder. They are the dominant players in the Kenyan Banking system and closer attention is paid to them while conducting off-site and on-site surveillance to ensure that they are in compliance with the laws and regulations (Ofunya, 2015). The Kenyan banking sector comprising of forty-three banks registered total net assets of Ksh. 2.7 trillion as at 31st December 2013. There are twenty-six local private commercial banks with Ksh. 1.7 trillion net assets accounting for 61.4% of the total assets.

There are fourteen commercial banks owned by foreigners with Ksh. 900 billion and accounted for 34% of the total net assets. The remaining three are local public commercial banks with Ksh. 100 billion which is 4.6% of the sector's total assets. (CBK, 2013). According to Obulutsa and Merriman (2014), commercial banks` performance in Kenya over the last decade has not been impressive. Several reforms have been implemented in the financial sector since 1990s aiming at increasing performance, stability, productivity, financial access and efficiency. However, bank profitability on average has been erratic. In the period 2008- 2013, increases in Profits before Tax (PBT) has been below 20% on average terms.

#### **1.1.5 Commercial Bank of Africa**

Commercial Bank of Africa Group (CBA Group) is an established bank that deals with provision of financial services in East Africa. It is headquartered in Nairobi, Kenya, with

branches in Kenya, Tanzania and Uganda. CBA is the largest privately owned Kenyan bank. It was founded in 1962 with its first office being set up in Dar-es-Salaam, Tanzania (Herbling, 2013). CBA originally commenced business as a subsidiary of a Swiss-based consortium bank which has great interest in financial issues around the African content. In 1980 the bank acquired the shares from all the different of the other partners, and thus the bank became a fully constituted subsidiary of Bank of America. As a sole subsidiary, the bank was able to enjoy an investment of over 16% of shares which have been by different companies.

In the year 1984, the Bank of America made an about turn by signing an agreement to sell majority of the shares it had held previously to investors here in Kenya. Instead, the bank would now retain the minority shares. However, it would continue to help in managing the bank but it would eventually make another landmark decision of selling the remaining shares to local investors. CBA has a branch network of more than 40 branches in Kenya, Tanzania and Uganda. NPLs have of late has become one of the major challenges to the bank (Ngigi, 2015). The annual report and financial statement (2010) indicates that approximately Kshs2.4 billion was non-performing loans in the period ending 2009, out of which the bank had made specific provisions of approximately Kshs 1.5 billion.

## **1.2 Research Problem**

In this era of dramatic change, global alliances, and a variety of environmental pressures, the potential for strategy implementation failure is very real. Strategies are not valuable if they are developed and not implemented. Crafting and executing strategy is the heart and soul of a managing business enterprise. Kostova (2008), assert that once strategies

have been developed, they need to be implemented otherwise excellent strategies would continue to be of no good. Inadequate planning and communication are major obstacles to successful implementation of strategies.

The ever changing consumer needs, innovative financial products, deregulation, information technology upgrades, and the onset of multiple delivery channels are reshaping the banking industry in Kenya. To remain competitive in the new landscape, commercial bank of Africa has continued to expand its product lines, implementing new strategies and add new delivery channels to develop more effective marketing systems and techniques, and enhance the service quality levels. As Mbaabu (2012), noted that Commercial Bank of Africa best-formulated strategies fail to produce superior performance for the firm due to poor implementation. Many valuable strategies are faced with problem and failure in the implementation stage. Basically, the main challenges in the strategic management lie in the implementing of the strategies rather than in developing stage (Ngigi, 2015).

Several studies have been done on the strategy implementation in various organizations. McAdam, Walker and Hazlett (2011), investigated on how strategy is related to implementation under the umbrella of the Local Government Modernization Agenda (LGMA) in England. The study suggested that the performance could be measured in line with the emerging legislation. Ruth (2013), studied challenges of strategy implementation at Mazars Kenya, the results indicated that the industry forces especially competition, changes in economic conditions greatly influence strategy implementation in Mazars Kenya. Similarly, Teresa (2013) focused on strategic plan implementation in non-governmental organizations in Kenya. The findings show that the process of

ensuring the operational strategies are working hand in hand with the available resources is a sure way to be sure of successful operational strategy implementation.

A study by Ochieng (2008), on the factors that were considered important for the improved implementation of information systems as a strategy in commercial banks found that resource allocation was the main determinant. On the other hand Oanda (2013), investigated challenges of strategy implementation in Private Security Companies in Kenya, and found out that the most frequent challenges in strategy implementation among the Kenyan private security firms studied were; the implementation of strategy took more time than originally allocated. From the studies, little has been done on evaluating strategy implementation challenges in Commercial Bank of Africa. Therefore, this study seeks to answer the question: What are the challenges of strategy implementation at Commercial Bank of Africa, Kenya?

### **1.3 Research Objective**

The study was guided by the following objective;

To investigate the challenges of strategy implementation in Commercial Bank of Africa, Kenya.

### **1.4 Value of the Study**

The regulator and policy makers may use this study to understand how banks carry out their strategy implementation and the factors that will impact the process and may be in a better position to assist them overcome the challenges by identifying best practices, developing appropriate policies or any other way possible. This study would

help shade light on the roles of different stakeholders in strategy implementation and how synergy could be built to ensure successful strategy implementation.

To the management of the Commercial Bank of Africa, the study would be important since it helps them to know the challenges regarding to strategy implementation and thus strategize on ways to overcome them. It could also help potential investors in areas related to the banking industry in getting useful information on the challenges faced in this sector and critical success factors in strategy implementation.

To the academicians the study will make a huge contribution to the body of knowledge which will benefit scholars and researchers and simulate further research in this field of strategy implementation. Researchers could also be able to borrow from the findings of this study and may even further the study by varying the various variables used in order to get more precise results. This study will add to the existing body of knowledge on this very important topic of strategy implementation. To this extent it will be beneficial to future academic researchers who may wish to understand the challenges faced by different institutions when carrying out this process.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents a review of the literature related to the challenges of strategy implementation as presented by different researchers, scholars, analysts and authors. The chapter also provides the theories underpinning the study.

### **2.2 Theoretical Foundation**

This section examines the different theories that were used to inform the study on the challenges of strategy implementation. The study was guided by the following theories; Institutional theory, Resource-Based View Theory and Stakeholders Theory

#### **2.2.1 Institutional Theory**

Institutional theory was developed by Scott (1995), in his work on institutions and organizations. The theory focuses on issues regarding social structure in terms of the way people should or act in different situations. The theory explains how structures in the social set up end up becoming the guidelines that are respected by people in order to guide their way of doing things (Scott, 2004). In the argument of institutional theory it shows the relationship between the social structure and how they end up becoming rules. The theory is focused on how the social structure diffuses from the social structure to other avenues and they end up being adopted. In this regard, the theory emphasizes that when the social structure changes, the norms and routines that people observe in their daily activities will also change definitely.

The theory argues that social set up among people provide the crucial guidelines on how they will interact with each other in an organization as emphasized by (McAdam & Scott,

2009). The regulatory structures that are observed in the management of an organization will involve a clear guideline on how certain activities should be carried out. The theory therefore makes an assumption that an organization will easily conform to the environment where it is operating. However, the theory does not address all the guidance that is necessary in an organization. In this regard, it becomes hard to understand the way Non-Governmental Organizations should be governed and how their dependence on external funding should be used to show how the organization is adapting to the environment the company is based (McAdam & Scott, 2009).

The theory is relevant to the study since institutional environment can strongly influence the strategy implementation. This is because an organization can be less affected by the market pressures. It is thus necessary for organizations to adopt the innovative structures that can be used to improve technical efficiency. Consequently, the new ways of doing things are to be adopted in order to enhance the implementation and thus avoid the failure to adopt the strategy as it was outlined. According to Kostova (2008), it is important to continue insisting on the implementation of the strategy in order to see the desired results.

### **2.2.2 Resource-Based View Theory**

The resource-based view (RBV) was coined by a man known as Wernerfelt in 1984. He argues that customers can receive more value in the products they purchase as a result of competitiveness. Therefore, a firm will strive towards using the resources it has acquired in order to create a competitive advantage (Borg & Gall, 2009). Other theorists also explain that success in different organizations or even failure is based on the resource-based theory. Therefore, it is important for the organizations to maximize on what they already have in order to achieve a sharp competitive edge (Gupta et al., 2011). According

to resource based theory, the different resources in an organization are the various inputs into the organization with an intention of using them as resources or assets. However, the resources are in different clusters and thus can be grouped different types of capital such as physical, human and organizational (Currie, 2009).

According to Currie, (2009), the organization views the resources it has as the source of the ability to perform different tasks and accomplish certain set goals. However, each organization is unique and should not be viewed as one that has resources similar to another organization. This is because the resources will also be used to accomplish unique needs inn every organization. The increased competition among companies in a market environment that is faced by a number of problems, it becomes easy to understand the concept of resources. This is because resources will try to review their capabilities every time and perceive them as resources that must be used in order to boost their productivity and competitiveness.

Companies will also drive their interest and shape their projects in ways that will boost maximum use of the resources (Currie, 2009). This theory argues on the level of how the management of an organization is committed to see the success of a company though strategy implement is hinged on strategy implementation. It also continues to argue that many organizations are already suffering from this tragedy yet they have a good strategies in place that have not been implemented.

Therefore, the resource-based view (RBV) is critical in this study is that it brings out strategic management of resources which affects strategy implementation in Commercial Bank of Africa. Resources in Commercial Bank of Africa are in different forms such as

financial and physical. It also has other resources including the human resource capital and the technology used as a platform for different transactions. Consequently, the bank is able to come up with different products and even deliver them to client at a cheaper cost. Another step into classifying the assets includes categorizing them into financial or physical assets (Cocks, 2010).

### **2.2.3 Stakeholders Theory**

Stakeholder's theory was coined by Edward Freeman in the year 1984. The theory first appears in the book titled Strategic Management. The theory is based on the assumption that organizations should have a set of rules, morals and regulations that should be followed if the company is to prosper. It also gives a guideline on how the management should relate or handle the different stakeholders of the company. This is because different people who have an interest in the group will have special and unique needs, which needs to be addressed at a specific time, by a specific person and in a specific way. In the process of handling the stakeholders and serving their needs, the stakeholder's theory advocates that the organization must focus on what is really important and what adds value to clients and to the organization.

Charles (2003), argues that it would be important for an organization not to focus on the needs of all the stakeholders. In the argument, he explains that some needs can be overlooked or they can be perfectly balanced with other needs. Therefore, in the process of dealing with conflicts on what should be done in order to promote the interest of all the stakeholders without straining, he recommends that dialogue will be important. Therefore, it becomes easy to avoid the conflicts with the stakeholders who have different needs. In the process, the company will be able to enjoy great support but it will not

strain its financial resources. In the process, there will be conflicts in the organization and the stakeholders will be satisfied and happy.

The theory is important to the study because it shows that people who are engaged in the process of implementing a strategy do not do so with an intention to only benefit the company. However, they get engaged because they know at some point they get rewards (Mansell, 2013). He further explains that although this concept may not be outspoken, there is need to ensure a company understands how it works because it will be crucial in the process of running different operations in a company. The theory thus deals with a bit of the management function of organizations with a classical application being in commercial banks. This is because it can be used to realign the attitudes and structures which will be used in the process of enhancing performance.

## **2.3 Challenges of Strategy Implementation**

To achieve success you will need to both formulate a good strategy and flawlessly execute that strategy. All too often, organizations dedicate substantial internal and external resources to a strategy development process, but ultimately, fail to move the firm in the direction identified or realize the benefits of their investment because of challenges of strategy implementation.

### **2.3.1 Communication Process**

Communication remains to be the backbone of every strategy implementation process. This is because if the people who are involved are to fully understand what should be done, proper communication must be carried out. The company is thus required to use various channels of communication in a bid to ensure the stakeholders who will be

involved in the implementation process clearly know the various activities to be carried out (Beer & Eisenstat, 2010). Beer and Eisenstat also explain that despite focusing on the strategy implementation alone, a company needs to take time and invest in having a clearly constituted plan of action on what it should do in order to make all the stakeholders aware of what is to be done. This will thus become a prerequisite to the success strategy implementation.

According to Skivington and Daft (2011), when the employees are not well instructed, they create an assumption of what should be done. When the responsibilities are not clear, people will create their own ideologies on how the job should have been done. It is thus crucial to state that the company is mandated to ensure all the employees get a full and clear instruction of the strategy to be implemented. On the other hand, Michlitsch (2000), explains that if a company wants to realize success, it must invest fully in making people aware of what they should do. The details may take a series of training and even have a financial impact. However, many companies overlook this critical step and just imagine that people know what should be done. On the contrary, they end up losing more money and resources such as crucial time because the people who are implementing the programs do not understand them well. Wheelen and Hunger (2005), explains that when an organization has no direction, it will make people to work in the way they deem best or even integrate personal preferences in a corporate environment. This has led to decline in customer satisfaction and lack of market competitiveness.

### **2.3.2 Organizational Culture**

In every organization, there is a way of doing things that is unique from other companies. The belief systems, the commonly-held attitudes and beliefs always form what is called

the organization culture (Sackmann, 2013). In the process, it becomes easy to view the organization as a whole and not a constituent of individuals who are separately doing things on their own. The behaviors and values are thus shared across the organization making it easy for people or other corporates to easily identify with the company due to its unique features. Pearce and Robinson (2006), explains that the common belief systems that an organization's employees have defines the organizational culture.

According to Johnson and Scholes, (2009), the common behavior or values in an organization could also be in terms of how the organization leadership is structured. This could be in terms of how the company employs people, how they make decisions and how authority flows in the company. Raps (2014), explains that it is important for the executive management not to assume that the employees have the same perceptions like them. It is thus crucial for the company to make deliberate efforts to make the right steps in making the employees informed. On the other side, there is need to ensure the company's management in terms of commitment in terms of making their employees aware of what should be done. This is because when the employees know what should be done, they will even improve on it. Thus, it is crucial for a company to ensure it does not leave the employees to think on their own in terms of what they should do in every step of way. Rather, they should be careful to ensure everyone understands the steps to be made. In the process of sharing the knowledge, it will be easy to transfer the tradition and thus encourage employees to learn the requirements of every task or project.

### **2.3.3 Organization Structure**

According to Sackmann (2013), an organization structure is part and parcel of its internal capability and therefore has the potential of either facilitating or impeding

successful strategy implementation. Structural designs typically begin with a clearly explained organizational chart. In the process, it becomes clear to show the different roles and responsibilities that managers should carry out and structure of the authority in the organization. This includes division of work, the design of different tasks and collaborations that should be carried out in case a task is involving many people or departments. Oanda, (2013), identified three organizational structure variables namely; formality, complexity, and centralization Newman (2008), came up with five which have varying levels of what will be considered to be formal, complex or critical to an organization. They encompass the different types of rules and bureaucratic ways that should be followed or even any form of autocracy. The structural design on the other hand, helps in bringing people together with a goal of ensuring effective strategy implementation.

The people who are to be held responsible for the implementation of the strategy include the top management and all other levels of management in a company. In the process, it becomes easy for the company to clearly identify the different skills that should be involve in a bid to ensure the strategy is implemented successfully. In this case, the management is responsible in harnessing the strengths of the employees by ensuring that they remain committed to doing what they are experts in (Johnson & Scholes, 2009). The problem of assigning unclear responsibilities to different employees should also be stemmed in a bid to ensure the people who are entrusted to carry out different tasks are to perform maximally. In this case, the structure of the organization should be aligned with the strategy that is already in place in order to avoid collision of roles. This means that different units should be organized in a way that will ensure the company is able to

perform perfectly well with all its units being well-coordinated. This will enhance the focus of the organization in ensuring that the company is well coordinated with a vision of achieving the set strategy.

#### **2.3.4 Resource Allocation**

Resource allocation also plays a major role in the process of strategy implementation. Hussey (2010), argues that, it is imperative to ensure that the people who carry out the action have the skills and knowledge, Lack of adequate skills, knowledge and capabilities to implement the strategy can be an issue if the employees have an incomplete understanding of the concepts they are trying to implement. According to Hussey (2010), people are the key strategic resource that a company can pride in while on its journey to achieving success. Therefore, it will be important for the company to first understand the kinds of people it has on board. In the process, it will be easy to assign duties to the right people. This is because when the tasks are carried out by the right people they will be perfect and no mistakes will be incurred. However, it is important for the company to ensure it is engaging the employees in developing their capacities while also allowing the employees to try out what they believe they are good at.

It is also crucial to appreciate the different human resource capacities that can be used to enhance the strategy implementation process. Physical resources are also to be appreciated because they make a huge contribution to the success of a company (Hussey, 2010). Therefore, the company has a task of ensuring it makes the resource allocation process a success in terms of ensuring the resources are mobilized for the purposes of enhancing the implementation of the set objectives. However, a number of factors

commonly prohibit effective resource allocation such as the poor financial allocation, lack of a clear strategy, the internal conflicts especially within the management and even lack of sufficient knowledge on what should be done and how critical it is to an organization.

## **2.4 Empirical Literature**

McAdam, Walker and Hazlett (2011), investigated the relationships between strategy implementation and operations in local government improvement efforts under the umbrella of the Local Government Modernization Agenda (LGMA) in England. They found that performance measurement and management at the strategic level is, for the most part, driven by emerging legislation and the need for compliance rather than improving service effectiveness. Similarly, Kraaijenbrink (2010), studied challenges and solutions of strategy implementation in Netherlands and that Strategy is the main direction of an organization, which is set at the top and has major importance for the survival of an organization. Often managers think that an outstanding strategy alone will guaranty the duration and competitive advantage for their organization

Similarly, Magambo (2012) looked at Challenges of strategy implementation in public corporations in Kenya. The study established that inadequate funding and untimely disbursement of resources was a hindrance to the effective implementation of strategies in public corporations. On the other hand, Ruth (2013), studied challenges of strategy implementation at Mazars Kenya, The results indicated that the industry forces especially competition, changes in economic conditions greatly influence strategy implementation in Mazars Kenya. Similarly, Teresa (2013), focused on strategic plan implementation in non-governmental organizations in Kenya. The findings show that aligning operational

strategies with resource availability enhances success in operational strategy implementation, and strategic resource allocation mechanisms avail the requisite equipment.

A study by Ochieng (2008), on the factors that were considered important for the successful implementation of information systems as a strategy in commercial banks found that resource allocation was the main determinant. On the other hand Oanda (2013), investigated challenges of strategy implementation in Private Security Companies in Kenya, and found out that the most frequent challenges in strategy implementation among the Kenyan private security firms studied were; the implementation of strategy took more time than originally allocated. On the other hand, Madegwa (2014) investigated the factors affecting strategy implementation in government Parastatals, Case of national cereals and produce board of Kenya and found that to ensure strategy is implemented as intended, senior executives must not spare any effort to persuade the employees of their ideas.

## **2.5 Research Gap**

Machuki (2005), looked at the challenges to strategy implementation at CMC Motors Group. Koske (2013), studied strategy implementation and its challenges in public corporations using the case of Telkom Kenya Ltd. Awino (2010), looked at the effectiveness and` problems of strategy implementation of financing higher education in Kenya by the HELB. Muthuiya (2014), studied strategy implementation and its challenges in nonprofit organizations in Kenya using the case of AMREF. Shimechero (2010) reviewed challenges of strategy implementation at Centre for African Family Studies. Teresa (2013), focused on strategic plan implementation in non-

governmental organizations in Kenya. Ruth (2013), studied challenges of strategy implementation at Mazars Kenya, the results indicated that the industry forces especially competition, changes in economic conditions greatly influence strategy implementation in Mazars Kenya. From these studies, little has been done on challenges of strategy implementation at Commercial Bank of Africa Kenya hence the research gap.

**Table 2.1: Summary of Research Gap**

<b>Author and Year</b>	<b>Topic of study</b>	<b>Area of study</b>	<b>Findings</b>	<b>Research gap</b>
McAdam, Walker and Hazlett (2011),	Relationships between strategy implementation and operations in local government improvement efforts under the umbrella of the Local Government Modernization Agenda (LGMA) in England.	Strategy implementation and operations	performance measurement and management at the strategic level is, driven by emerging legislation	The study did not investigate the strategy implementation challenges
Magambo (2012)	Challenges of strategy implementation in public corporations in Kenya.	Challenges of strategy implementation	Inadequate funding and untimely disbursement of resources was a hindrance to the effective implementation	The study did not incorporate influence of communication and organization structure as challenges in the study
Ruth (2013),	Challenges of strategy implementation at Mazars Kenya	Challenges of strategy implementation	The industry forces especially competition, changes in economic conditions greatly influence strategy implementation in Mazars Kenya	There is need to investigate organization structure, ineffective communication and organizational culture as challenges of strategy implementation
Teresa (2013),	Strategic plan implementation in non-governmental organizations in Kenya	Strategic plan implementation	aligning operational strategies with resource availability enhances success in operational strategy implementation	The study seeks to come up with a clear view that there is a growing need to investigate challenges of strategy implementation in the banking industry
Ochieng (2008),	Factors considered for the successful implementation of information systems as a strategy in commercial banks	Implementation of information systems as a strategy	resource allocation was the main determinant	The study did not look at the challenges facing implementation process
Oanda (2013),	Challenges of strategy implementation in Private Security Companies in Kenya	Challenges of strategy implementation	The implementation of strategy took more time than originally allocated.	There is need to investigate organization structure, ineffective communication and organizational culture as challenges of strategy implementation

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter provides a discussion of the outline of the research methodology that was used in this study. It focuses on the research design, data collection and data analysis and data presentation.

### **3.2 Research Design**

This research was conducted through a case study. A case study is an in-depth investigation of an individual, institution or phenomenon and the primary purpose is to determine factors and relationships among the factors that have resulted in the behavior under study. A case study is important for analyzing information in a systematic way to arrive at useful conclusions and recommendations (Cooper & Schindler, 2006).

Case study method enables a researcher to closely examine the data within a specific context. In most cases, a case study method selects a small geographical area or a very limited number of individuals as the subjects of study. Creswell and Clark (2007), explains that case studies, in their true essence, explore and investigate contemporary real-life phenomenon through detailed contextual analysis of a limited number of events or conditions, and their relationships.

### **3.4 Data Collection**

Primary data was collected using an interview guide which was administered to retail managers, branch operations managers, customer experience officers and private banking officers of Commercial Bank of Africa or their equivalent in Nairobi branches. An interview guide was used as it enables oral administration of questions in a face-to-face encounter therefore allowing collection of in depth data.

This involved in-depth discussion through individual meetings with the managers. With these questions, a respondent's response may give an insight to his feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back (Kothari, 2004).

### **3.5 Data Analysis**

Kothari (2004), defined qualitative data analysis as working with data, organizing it, breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is to be learned, and deciding what one will tell others. Qualitative data requires some creativity, for the challenge is to place raw data into logical meaningful categories, to examine them in a holistic fashion, and find ways of communicating this interpretation to others.

The qualitative data collected was analyzed using content analysis technique. According to Mugenda and Mugenda (2003), the main purpose of content analysis is to study the existing information in order to determine factors that explain a specific phenomenon. According to Kothari (2004), content analysis uses a set of categorization for making valid and replicable inferences from data to their context. The responses from different respondents were compared and summarized according to the objectives of the study. Content analysis was the best method of analyzing the open-ended questions because of its flexibility and allows for objective, systematic and qualitative description of the content of communication (Cooper & Schindler, 2006).

## **CHAPTER FOUR**

### **DATA ANALYSIS, INTERPRETATIONS AND PRESENTATION**

#### **4.1 Introduction**

This chapter discusses the interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive statistics have been used to discuss the findings of the study.

#### **4.2 Challenges Affecting Strategy Implementation Process in CBA**

The study started by analysing the overview of the challenges encountered in implementing strategies. From the oral explanations given, Interviewees, mentioned that CBA encountered various challenges in strategy implementation process among which include, strategy formulation, organizational culture related challenges, resource related challenges(human financial, technological) and organizational structure related challenges.

##### **4.2.1 Period of Service with Commercial Bank of Africa**

Interviewees were requested to specify the period they had worked in Commercial Bank of Africa. Description results obtained show that all the interviewees had served the bank for a considerable period of time which implies that they were in a position to give credible information relating to the challenges encountered by the bank in strategy implementation process.

##### **4.2.2 Responsibilities undertaken by interviewee at Commercial Bank of Africa**

Interviewees were requested to specify their roles and responsibilities in Commercial Bank of Africa. The study further revealed that interviewees worked under various

capacities among which include, bank managers, credit officers, sales managers, operational managers, bank tellers, retail managers and ICT officers. These findings show that Interviewees working with various managerial levels were equitably involved in this research.

#### **4.2.3 Impact of Strategy Formulation on Strategy Implementation**

Interviewees were requested to specify how strategy formulation influenced strategy implementation in Commercial Bank of Africa. From the oral reports given, the study learned that strategy formulation helps the Commercial Bank of Africa to set vision and mission; it also helped the Bank's to identify external opportunities and threats, determine internal strengths and weaknesses and thereby establish long-term objectives. Interviewees further reported that employee were not involved during strategy formulation process, vagueness related with CBA strategy limited implementation efforts dramatically

#### **4.2.4 Influence of Organizational Culture on Strategy Implementation in CBA**

Interviewees reported that organizational culture influences strategy implementation process in Commercial Bank of Africa. The study revealed that sharing culture makes interaction, communication, and knowledge transfer possible improving strategy implementation. Strong organizational attitude plays a key role in the implementation of a strategy. Interviewees further reported that CBA corporate culture gives employees a sense of how to behave and act and hence influencing employees to strengthen strategy implementation. Senior executives provided the necessary guidance to the lower managers on strategic plan implementation and that top manager's shape the organisational behavior by the development of a culture of shared beliefs.

The study revealed that Culture within an organization can serve many purposes, including the unification of members within an organization and help create a set of

common norms or rules within an organization that employees follow. Commercial Bank of Africa requires strong cultural values to meet the changing organizational needs. The study revealed that the bank require a stable culture, one that will systematically support strategy implementation, foster a culture of partnership, unity, teamwork and cooperation among employees. Unified cultures approach strategy implementation and affect implementation in a positive manner by aligning goals. When culture aligns with strategy implementation, an organization is able to more efficiently operate in the global marketplace. Culture allows organizational leaders to work both individually and as teams to develop strategic initiatives within the organization.

#### **4.2.5 Effect of organizational leadership on strategy implementation**

The study revealed that organizational leadership significantly influenced strategy implementation. Results obtained also show that leadership acts as the catalyst that makes all other elements at Commercial Bank of Africa work together. Leaders at Commercial Bank of Africa motivate employees to increase dedication to organizational goals. Commercial Bank of Africa has visionary leaders who create enabling environments and that leadership style leads to sustained competitive advantage. The findings are in line with research findings by Hambrick & Cannella (2014) organizational leadership has positive influence on attainment of anticipated results.

The study further revealed that proper leadership style comprises of planning, organizing, staffing, directing and controlling for the purpose of accomplishing a goal. Team leaders shape collective norms and coordinate collective action, transactional leaders help organizations achieve current strategic objectives better and effective leadership styles facilitate smooth implementation of strategic plan at Commercial Bank of Africa. Leaders at Commercial Bank of Africa also help in formulating and communicating new strategic

directions. The findings concur with the research findings by Okumu (2013) that leadership is crucial in using the process factors and also in manipulating the internal context to create a context receptive to change.

#### **4.2.6 Role Played By Organization Structure on Strategy Implementation**

On influence of organizational structure on strategy implementation, Interviewees reported that organizational structure determines what actions are feasible and most optimal. The study further revealed that good organizational structures involve taking account of where Commercial Bank of Africa finds itself in terms of the external market and its internal organizational structure. Superior structure promotes cultural values; cultivate integration and coordination as it seeks to strengthen relationship of individuals and tasks. Jones (2007) notes that from this relationship emerge norms and rules contributing to improved communications and common language that improves team performance. Contrary to Jones, Turner (2006) points to structure as primary reason why organization struggle with cultural change as these structure often box people in old styled formations which are not aligned to new business philosophies.

#### **4.2.7 Effect of Organizational Beliefs on Strategy Implementation**

Interviewees reported that organisational beliefs and strategies are connected. Organisational beliefs dimension plays a vital role in all aspects of an organization as they determine the success and failure of an organization. Reports show that the organizational beliefs reflected the way in which employees set objectives, manage resources and perform tasks. The study further revealed that Commercial Bank of Africa can only achieve success by constantly sending clear signals about their priorities, beliefs and values. Commercial Bank of Africa should develop strong organisational beliefs as well as strategies that are suitable to the culture in order to be strengthened.

#### **4.2.8 Effect of Downsizing on Strategy Implementation**

Interviewees were requested to indicate the effect of downsizing on strategy implementation in Commercial Bank of Africa. Results obtained show that downsizing leads to significant cultural change and normally lead to disruption of informal networks. In Commercial Bank of Africa downsizing is considered a fairly costly strategic decision, the process of downsizing have major psychological and emotional effect on the employees. The employee loose morale and efficiency to work better. Downsizing also has a social effect on both those who remain in the organization and those who leave. For these reasons Commercial Bank of Africa should make sure that it address the right issues in right ways before it jettison jobs and further explore alternatives for its operations before it opts to downsizing as a corporate strategy.

#### **4.2.9 Influence of Resource Allocation on Strategy Implementation**

Interviewees reported that resource allocation influenced the implementation of strategic plan at Commercial Bank of Africa. The findings agree with Douglas Huber, et al (2008), who found out that strong positive correlation between resource allocation and success in strategic plan implementation. Results obtained show that that organizations must be able to integrate knowledge from inside and around the organization, lack of adequate resources namely funds, machinery /equipment, human capacity, skills and experience hampers implementation of strategic plan at Commercial Bank of Africa. The findings are in line with research findings by Otley (2011) that budgets should be developed to allocate the needed resources to cater for internal activities critical to strategic success.

The study further revealed that financial resources are very crucial in influencing strategy implementation processes at Commercial Bank of Africa. Resource allocation is a central management activity that allows for strategy execution at CBA. The findings concur with the resource-based view (RBV) of Wernerfelt (1984) that organization should provide

adequate resources required for successful performance implementation of strategic objectives.

#### **4.2.10 Influence of employee skills on Strategy Implementation**

Interviewees were requested explain how employee skills affect strategy implementation at Commercial Bank of Africa. Oral reports obtained affirmed that employee skills are key strategic resource; therefore, it is essential for organizations to effectively utilize the know-how of their employees at the right places. The above findings call for borrowing of management tactics in Resource-Based View theory which literates that organization depends on resources for their survival.

#### **4.2.11 Influence of Technological Resources on Strategy Implementation**

Interviewees were requested explain how technological resources affect strategy implementation at Commercial Bank of Africa. The bank remains dedicated in adapting and changing based on business demands and advancements in the industry. Commercial Bank of Africa relies on technology for day-to-day operations. Therefore Organizational structure must adapt to these changes by restructuring departments, modifying position requirements or adding and removing jobs, sometimes employees at Commercial Bank of Africa often require training on new software programs or equipment in order to match with the industry standard.

#### **4.2.12 Influence of Internal Conflicts on Strategy Implementation**

Interviewees were requested explain how internal conflicts influenced strategy implementation at Commercial Bank of Africa. From the oral reports given, the study leaned that internal conflicts prohibit effective resource allocation and that strategic management enables resources to be allocated according to priorities established by annual objectives. Reports given show that there were mainly three types of conflict that

existed at CBA, they mainly include task conflict, interpersonal conflict and procedural conflict. Reports given show that Commercial Bank of Africa had a great challenge in developing an effective conflict control plan to identify conflicts at its initial stage.

#### **4.2.13 Influence of Top management on Strategy Implementation**

Interviewees were requested to explain how top management influenced strategy implementation at Commercial Bank of Africa. Interviewees reported that top managers must demonstrate their willingness to give energy and loyalty to the implementation process. Lack of top management backing has been the main inhibiting factor for strategy implementation. The top management's commitment is one of the most important factor that determines success in strategy implementation, that top management of Commercial Bank of Africa must be accountable to their (stakeholders). Good governance is the basic form of accountability, good governance must have a formal structure, and that top management at Commercial Bank of Africa must promote the highest professional and ethical standards, exercise responsible resource management and mobilization in strategy implementation process.

#### **4.2.14 Influence of economic conditions on Strategy Implementation**

Interviewees were requested explain how economic conditions influenced strategy implementation at Commercial Bank of Africa. Results obtained show that the current economic environment in which the bank operates changes constantly and significant changes in the direction of the economy over the course of the year often require the management of the bank to change the strategies especially on resource allocations. Oral reports obtained show that economic slowdown forces the bank to slow the implementation of its expansion strategy. Normally this is done by delaying hiring new employees included in the annual personnel forecast, delay equipment purchases or other capital expenditures that were part of banks long-range development strategy.

#### **4.2.15 Influence of government policies on Strategy Implementation**

Interviewees were requested explain how government policies influenced strategy implementation in Commercial Bank of Africa. Interviewees reported that the CBA's strategy was anchored on CBK regulatory provisions that provided a clear guide on the conditions one must fulfill to be granted a license to conduct banking, financial or mortgage business. Results obtained show that government policies play an important role as far as strategy implementation is concerned and that compliance with CBK regulatory provisions in day-to-day operations influenced strategy implementation and performance.

#### **4.2.16 Influence of Employee Attitudes on Strategy Implementation**

Interviewees were requested explain how employee attitudes influenced strategy implementation in Commercial Bank of Africa. The study revealed that all employees should be involved in the various stages of strategy implementation process. If strategy implementation is to succeed and achieve long-term objectives, all employees must be involved in design and implementation and in defining their own contribution. Employee involvement in formulation of the strategies in the strategic plans is very important for it helps to provide invaluable support during the implementation of the activities. Reports obtained reveal that involving and attending to the concerns of employees establishes the organization image as fair, ethical and transparent, and increases the likelihood of success in the implementation process.

#### **4.2 Discussion of the Findings**

Investigation results on challenges faced by Commercial Bank of Africa in implementing strategies, show that Commercial Bank of Africa encountered various challenges in strategy implementation process. These challenges include; strategy formulation, organizational culture related challenges, resource related challenges (human, financial

and technological) and organizational structure related challenges. Barney, (2007), argued that strategy formulation process allows an organization to position itself effectively within its environment to reach its maximum potential, while constantly monitoring that environment for changes that can affect it so as to make changes in its strategic plan accordingly. The study revealed that strategy formulation helps the Commercial Bank of Africa to set vision and mission; it also helped the Bank's to identify external opportunities and threats, determine internal strengths and weaknesses and thereby establish long-term objectives. Results further revealed that employee were not fully involved during strategy formulation process; vagueness related with CBA strategy limited implementation efforts dramatically.

The study established that culture within an organization can serve many purposes, including the unification of members within an organization and help create a set of common norms or rules within an organization that employees follow. Commercial Bank of Africa require strong cultural values to meet the changing organizational needs. Commercial Bank of Africa require a stable culture, one that will systematically support strategy implementation, one that fosters a culture of partnership, unity, teamwork and cooperation among employees. When culture aligns with strategy implementation, an organization is able to more efficiently operate in the global marketplace. Barney, (2007),

The study revealed that organizational leadership significantly influenced strategy implementation, results obtained show that leadership acts as the catalyst that makes all other elements at Commercial Bank of Africa work together, leaders at Commercial Bank of Africa motivate employees to increase dedication to organizational goals, Commercial Bank of Africa has visionary leaders who create enabling environments smooth implementation of strategic goal and that leadership style leads to sustained competitive

advantage. The findings are in line with research findings by Hambrick & Cannella (2014) organizational leadership has positive influence on attainment of anticipated results.

The research established that proper leadership style comprises of planning, organizing, staffing, directing and controlling for the purpose of accomplishing a goal. Team leaders shape collective norms and coordinate collective action, transactional leaders help organizations achieve current strategic objectives better, effective leadership styles facilitate smooth implementation of strategic plan at Commercial Bank of Africa that leaders at Commercial Bank of Africa help in formulating and communicating new strategic directions. The findings concur with the research a finding by Okumu's, (2013) leadership is crucial in using the process factors and also in manipulating the internal context to create a context receptive to change.

Reports obtained show that organizational structure determines what actions are feasible and most optimal. Good organizational structures involve taking account of where Commercial Bank of Africa finds itself in terms of the external market and its internal organizational structure. Superior structure promotes cultural values; cultivate integration and coordination as it seeks to strengthen relationship of individuals and tasks. Jones (2007) notes that from this relationship emerge norms and rules contributing to improved communications and common language that improves team performance. Contrary to Jones, Turner (2006) points to structure as primary reason why organization struggle with cultural change as these structure often box people in old styled formations which are not aligned to new business philosophies.

The research established that organisational beliefs and strategies are connected. Organisational beliefs dimension plays a vital role in all aspects of an organization as they

determine the success and failure of an organization. Organizational beliefs reflected the way in which employees set objectives, manage their resources and perform their tasks. Interviewees reported Commercial Bank of Africa can only achieve success by constantly sending clear signals about their priorities, beliefs and values. Commercial Bank of Africa should develop a strong organisational beliefs as well as strategies that are suitable to the culture in order to be strengthened by it.

The study established that downsizing leads to significant cultural change and normally lead to disruption of informal networks. In Commercial Bank of Africa Downsizing is fairly costly strategic decision, the process of downsizing have major psychological and emotional effect on the employee. The employee loose morale and efficiency to work better elsewhere. The findings are in support of the research findings by Pearce and Robinson (2006) that downsizing also has a social effect on both those who remain in the organization and those who leave. For these reasons Commercial Bank of Africa should make sure that it address the right issues in right ways before it jettison jobs and further explore alternatives for its operations before it opts to downsizing as corporate strategy.

Reports obtained show that resource allocation influenced the implementation of strategic plan at Commercial Bank of Africa. The findings further agree with Douglas Huber, et al (2008), who found out that strong positive correlation between resource allocation and success in strategic plan implementation. Organizations must be able to integrate knowledge from inside and around the organization, lack of adequate resources namely funds, machinery /equipment, human capacity, skills and experience hampers implementation of strategic plan at Commercial Bank of Africa, lack of sufficient knowledge prohibit effective resource allocation. The findings are in line with research

findings by Otley (2011) that budgets should be developed to allocate the needed resources to cater for internal activities critical to strategic success.

The study further revealed that financial resources are the major determining factors of strategy implementation processes at Commercial Bank of Africa, resource allocation is a central management activity that allows for strategy execution, the findings concur with the resource-based view (RBV) of Wernerfelt (1984) that organization should provide adequate resources need for successful performance implementation of strategic policies indispensable

Study results obtained show that employee skills are the key strategic resource; therefore, it is essential for organizations to effectively utilize the know-how of their employees at the right places. The above findings call for borrowing of management tactics in Resource-Based View theory which literates that organization depends on resources for their survival; therefore, for any organization to achieve milestones outlined in strategic objectives, resources are.

The study learned that internal conflicts prohibit effective resource allocation and that strategic management enables resources to be allocated according to priorities established by annual objectives. Reports given show that there were mainly there types of conflict that existed at CBA, they mainly include task conflict, interpersonal conflict and procedural conflict. Reports obtained show that Commercial Bank of Africa had a great challenge in developing an effective conflict control plan to identify conflicts at its initial stage.

The research established that top managers must demonstrate their willingness to give energy and loyalty to the implementation process, lack of top management backing has been an inhibiting factor for strategy implementation at the Commercial Bank of Africa.

Top management's commitment is a very important factor that determines success in strategy implementation. The study also established that top management of Commercial Bank of Africa must be accountable to their stakeholders; good governance is the basic form of accountability, good governance must have a formal structure, and that top management at Commercial Bank of Africa must promote the highest professional and ethical standards, exercise responsible resource management and mobilization in strategy implementation process.

The research further revealed that the current economic environment in which the bank operates changes constantly and significant changes in the direction of the economy over the course of the year often require the management of Commercial Bank of Africa to change the strategies especially on resource allocations and that economic slowdown forces the bank to slow the implementation of its expansion strategy.

The study also revealed that all the employees should be involved in the various stages of strategy implementation process. If strategy implementation is to succeed and achieve long-term objectives, all employees must be involved in design and implementation and in defining their own contribution. Employee involvement in formulation of the strategies in the strategic plans is very important for it helps to provide invaluable support during the implementation of the activities. The findings concurs with Sackmann (2013) who contents that attending to the concerns of employees establishes the organization image as fair, ethical, and transparent, and increases the likelihood of success in the implementation process.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objective of the study. The study focused on challenges affecting strategy implementation process in Commercial Bank of Africa.

#### **5.2 Summary of the Findings**

##### **5.2.1 Internal Communication Processes**

Results obtained show that Communication remains to be the backbone of every strategy implementation process. The study learned that Communication during strategy formulation helps the Commercial Bank of Africa to set vision and mission; it also helped the Bank's to identify external opportunities and threats, determine internal strengths and weaknesses and thereby establish long-term objectives. Reports obtained show that employee were not involved during strategy formulation process, vagueness related with CBA strategy limited implementation efforts dramatically. The findings are similar with the research by Sadler, (2010) that Warwick, 2011). Institutions with super communication capacity have better chances in improving the success in strategy implementation process.

Effective selection of communication channels would lead to an increase in effectiveness of strategy implementation process at Commercial Bank of Africa, top managers must demonstrate their willingness to give energy and loyalty to the implementation process, non-redundant communication channels promotes accountability during strategy

implementation process and that strong communication media are central to the process of knowledge sharing, dynamics of choice of communication media is based on intended purpose. The findings concurs with the research by Daft, Lengel and Trevino (2009), communication, and operating systems enable the managers and members to carry out their strategic roles effectively.

### **5.2.2 Organization Culture**

Reports obtained show that organizational culture influences strategy implementation process at Commercial Bank of Africa. Sharing culture makes interaction, communication, and knowledge transfer possible improving strategy implementation. Strong organizational attitude plays a key role in the implementation of a strategy, in an organization influence implementation of strategies. These findings concurs with the research findings by Sackmann, (2013) that corporate culture gives employees a sense of how to behave and act and hence influencing employees to strengthen strategy implementation, senior executives provided the necessary guidance to the lower managers on strategic plan implementation and that top manager's shape the organisational behavior by the development of a culture of shared beliefs.

The study revealed that culture within an organization can serve many purposes, including the unification of members within an organization and help create a set of common norms or rules within an organization that employees follow. Commercial Bank of Africa require strong cultural values to meet the changing organizational needs. Commercial Bank of Africa require a stable culture, one that will systematically support strategy implementation, one that fosters a culture of partnership, unity, teamwork and cooperation among employees. These findings concur with the research findings by

Pearce and Robinson (2006) that when culture aligns with strategy implementation, an organization is able to more efficiently operate in the global marketplace.

The study established that the current workplace culture (at Commercial Bank of Africa) promotes healthy competition at the workplace, The culture represents certain predefined policies which guide employees and give them a sense of direction at the workplace, the work culture goes a long way in creating the brand image of the organization and that the culture at Commercial Bank of Africa brings all the employees on a common platform. These findings are in with the research findings by Johnson & Scholes, (2009) that Culture allows organizational leaders to work both individually and as teams to develop strategic initiatives within the organization.

### **5.2.3 Organizational Structure**

Reports obtained show that structural design helps in bringing people together with a goal of ensuring effective strategy implementation; organizational structure determines what actions are feasible and most optimal. Interviewees reported that good organizational structures involve taking account of where the bank will find itself in terms of the external market and its internal organizational structure. The structure of Commercial Bank of Africa seeks to achieve its strategic objectives and implement strategies. Commercial Bank of Africa has proper and appropriate structural policies in place to support strategy implementation. These findings are in with the research findings by Porter, (2001) for the organization to deliver its plans, the strategy and the organisational design must be woven together seamlessly.

The study established that show that Commercial Bank of Africa culture directs how activities such as task allocation, coordination and supervision is to be achieved in the realization of organizational objectives. Commercial Bank of Africa helps to better

manage change in the marketplace, including consumer needs, government regulation and new technology. Organizational structure at Commercial Bank of Africa enables the distribution of authority. The linear structure of functional and product organizational structures at Commercial Bank of Africa allow supervisors to better evaluate the work of their subordinates. These findings are in support of the research findings by Aragón-Correa, & Sharma, (2003), it takes the right design for a strategy implementation to succeed.

#### **5.2.4 Resource Allocation**

Reports obtained show that resource allocation influenced the implementation of strategic plan at Commercial Bank of Africa. Organizations must be able to integrate knowledge from inside and around the organization, lack of adequate resources namely funds, machinery /equipment, human capacity, skills and experience hampers implementation of strategic plan at Commercial Bank of Africa, lack of sufficient knowledge prohibit effective resource allocation. The findings are in line with research findings by Otley (2011) that budgets should be developed to allocate the needed resources to cater for internal activities critical to strategic success.

The study further revealed that financial resources are the major determining factors of strategy implementation processes at Commercial Bank of Africa. Resource allocation is a central management activity that allows for strategy execution, the findings concur with the resource-based view (RBV) of Wernerfelt (1984) that organization should provide adequate resources need for successful performance implementation of strategic objectives.

Reports obtained show technological resources affect strategy implementation in Commercial Bank of Africa. The bank remains dedicated in adapting and changing based

on business demands and advancements in the industry. Commercial Bank of Africa relies on technology for day-to-day operations. Adoption of ICT necessitates that organizational structure adapts to changes by restructuring departments, modifying position requirements or adding and removing jobs. Therefore employees often require training on new software programs or equipment. The findings agree with Douglas Huber, et al (2008), who found out that strong positive correlation between resource allocation and success in strategic plan implementation.

### **5.3 Conclusion**

Based on the proceedings reports, the study concludes that internal communication has a significant effect on strategy implementation process; communication remains to be the backbone of every strategy implementation process. Effective communication helped the bank to set vision and mission through knowledge sharing. The study also concludes that failure to involve employee during strategy formulation process limited the implementation efforts dramatically and that development of consistent communication channel would better chances in strategy implementation process.

The study concludes that organizational structure is a key pillar in implementing a carefully formulated strategy. Organizational structure of any organization plays a crucial role in the successful implementation of strategies, structural design helps in bringing people together with a goal of ensuring effective strategy implementation.

The study concludes that organizational culture has significant influence on strategic implementation process. Strong and unified cultures will approach strategy implementation and affect implementation in a positive manner by aligning goals. When culture aligns with strategy implementation, an organization is able to more efficiently operate in the global marketplace.

The study concludes that resources have a significant effect on the implementation of strategic plan at Commercial Bank of Africa. Lack of adequate resources (financial, technological, human and capital) hindered the implementation of strategic plan at Commercial Bank of Africa; the research concludes that the real value of any resource-allocation program lies in the resulting accomplishment of an organization's objectives. Poor management of allocated resources also slowed down the process of strategic plan implementation.

#### **5.4 Recommendation**

The study recommends that Commercial Bank of Africa should formulate clear strategic plan that provides vision and mission, identifies the ministries external opportunities and threats, determines internal strengths and weaknesses, and establishes long-term objectives to follow.

Strategy formulation and implementation within Commercial Bank of Africa must be align and supported by systems, policies, procedures and processes within the organization, this will help to achieve success in implementation process.

Commercial Bank of Africa needs to have a clear organizational structure. This will help to override conflict of roles, enhance clarity and enhance delegation of responsibilities which will enable employees work towards their targets efficiently.

The study also recommends that the management of Commercial Bank of Africa need to formulate strategies which will guarantee effective communication between parties engaged in the implementation process.

The top management of Commercial Bank of Africa should continually cultivate on cultural integrity within the organization. Positive culture will allow the organizational leaders to work both individually and as teams to develop strategic initiatives within the

organization. Given this importance the study recommends that organizational culture should be build top down, the managers being the role models and pillar in its cultivation.

The study recommends that Commercial Bank of Africa should have a more centralized structure in place before the strategy implementation commences. This will make implementation process more feasible and that Commercial Bank of Africa should be developed to allocate the needed resources to cater for internal activities critical to strategic success.

### **5.6 Suggestions for Further Studies**

The study focused on challenges of strategy implementation challenges at Commercial Bank of Africa, Kenya. The study proposed that similar study should be carried out on exploring the relationship between organizational policies and strategy implementation process. Communication is one of the key requirements for effective strategy implementation. Therefore, studies should be done on the influence of communication channels on strategy implementation in Commercial Bank of Africa in Kenya. Future studies should also explore the possibility of strategic capabilities moderating the competitive advantage-superior performance relationship. While this study did not investigate the possibility that strategic capability could be a moderator, the strong conceptual underpinning of strategic capability justifies the exploration of this issue further.

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## APPENDICES

### Appendix i: Letter of Introduction



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DATE 02/10/2017

**TO WHOM IT MAY CONCERN**

The bearer of this letter MR. SIMON MUKHURI KAMANDE  
Registration No. D61/77009/2014

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

  
**PATRICK NYABUTO**  
SENIOR ADMINISTRATIVE ASSISTANT  
SCHOOL OF BUSINESS



## **Appendix ii: Interview Schedule**

1. How long have you worked in Commercial Bank of Africa?
2. Give a brief description of your responsibilities in Commercial Bank of Africa?
3. Does Commercial Bank of Africa have challenges in implementing strategies? explain
4. Could you please explain how you view strategy implementation?
5. What is the influence of strategy formulation on strategy implementation in Commercial Bank of Africa? Explain
6. What role does organizational culture play on strategy implementation in Commercial Bank of Africa? Explain
7. Does organization leadership affect strategy implementation in Commercial Bank of Africa? Explain
8. What is the effect organization structure on strategy implementation in Commercial Bank of Africa? Explain
9. How do organizational beliefs affect strategy implementation in Commercial Bank of Africa? Explain
10. Does downsizing affect strategy implementation in Commercial Bank of Africa? Explain
11. What is the influence of resource allocation on strategy implementation in Commercial Bank of Africa? Explain
12. How do employee skills affect strategy implementation in Commercial Bank of Africa? Explain
13. Do technological resources affect strategy implementation in Commercial Bank of Africa? Explain
14. Do internal conflicts influence strategy implementation in Commercial Bank of Africa? Explain

15. What is the role of top management commitment on strategy implementation in Commercial Bank of Africa? Explain
16. Do changes in economic conditions influence strategy implementation in Commercial Bank of Africa? Explain
17. How do government policies influence strategy implementation in Commercial Bank of Africa? Explain
18. What is the influence of employee attitudes in strategy implementation in Commercial Bank of Africa? Explain
19. What challenges are facing strategy implementation in Commercial Bank of Africa? Explain
20. How do you see the future of Commercial Bank of Africa? Explain

### Appendix iii: List of Commercial Banks in Kenya

<b>Bank Name</b>
1 African Banking Corporation Ltd
2 Bank of Africa (K) Ltd
3 Bank of Baroda (K) Ltd
4 Bank of India
5 Barclays Bank of Kenya Ltd
6 CFC Stanbic Bank (K) Ltd
7 Charterhouse Bank Ltd
8 Chase Bank Ltd
9 Citibank N.A. Kenya
10 Commercial Bank of Africa Ltd
11 Consolidated Bank of Kenya Ltd
12 Co-operative Bank of Kenya Ltd
13 Credit Bank Ltd
14 Development Bank of Kenya Ltd
15 Diamond Trust Bank (K) Ltd
16 Dubai Bank Ltd
17 Ecobank Kenya Ltd
18 Equatorial Commercial Bank Ltd
19 Equity Bank Ltd
20 Family Bank Ltd
21 Fidelity Commercial Bank Ltd

22 First Community Bank Ltd
23 Giro Commercial Bank Ltd
24 Guaranty Trust Bank Ltd
25 Guardian Bank Ltd
26 Gulf African Bank Ltd
27 Habib Bank A.G. Zurich
28 Habib Bank Ltd
29 I&M Bank Ltd
30 Imperial Bank Ltd
31 Jamii Bora Bank Ltd
32 K - Rep Bank Ltd
33 Kenya Commercial Bank Ltd
34 Middle East Bank (K) Ltd
35 National Bank of Kenya Ltd
36 NIC Bank Ltd
37 Oriental Commercial Bank Ltd
38 Paramount Universal Bank Ltd
39 Prime Bank Ltd
40 Standard Chartered Bank (K) Ltd
41 Trans - National Bank Ltd
42 UBA Kenya Ltd
43 Victoria Commercial Bank Ltd
<b>Source: Central Bank of Kenya (December, 2016)</b>