STRATEGY IMPLEMENTATION PRACTICES AT THE KENYA POST OFFICE SAVINGS BANK

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

NOVEMBER, 2014

DECLARATION

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D61/60165/2013

This Research project has been submitted for examination with my approval as a University supervisor.

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DEDICATION

This research project is dedicated to my remarkable mother Ms. Anne Wairimu, my dear brother Beethoven Karimi and to my best friend Sebastian Nduva.

ACKNOWLEDGEMENTS

First and foremost I thank my Almighty Father for his guidance, provision and strength throughout this course, His grace and mercies are forever sufficient.

I sincerely thank my mother for her prayers, support, patience and encouragement. You are truly the definition of inspiration and love. I thank my brother for his understanding and encouragement. I appreciate and thank my best friend for his support, understanding, and patience with my tight time schedule. I am truly indebted to my friend Jane Kieya for her encouragement and reminder that there was an end goal to be achieved.

I would also like to thank my supervisor, Dr. Vincent Machuki for his guidance and positive criticism that has led to the successful completion of this research project. Finally, special thanks to the University for providing a flexible MBA programme and quality delivery of education.

God bless you all immeasurably.

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ABSTRACT

Strategy implementation is the execution of tactics both internally and externally so that the organization moves in the desired strategic direction. Kenya Post Office Savings Bank like many other organizations in the public sector adopted strategic management in its operations in the year 2005. The research sought to establish the strategy implementation practices of the organization and the factors that influence strategy implementation in the organization. To achieve these objectives interviews were conducted through use of interview guides, with interviewees being from key departments involved in strategy implementation. The responses were captured and analyzed through content analysis. The study established that strategy implementation at Kenya Post Office Savings Bank includes distribution of ample resources to strategy essential activities, creating and employing strategy supportive policies and programs for continuous improvement, continuous monitoring and evaluation of strategy and linking reward structure to achievement of results. The organization also adopts the push approach of operationalizing strategy of implementing pre-defined strategy with step by step activities getting closer to the organizational objectives. Institutionalization is achieved through proper training, creation of awareness and development of procedures that guide implementation ensuring that new strategy becomes business as usual. Factors that encourage strategy implementation include good leadership, staff involvement in strategy formulation, continuous monitoring and evaluation of strategy implementation. The hindering factors of strategy implementation include lack of adequate resources, poor communication of strategy, and lack of commitment to strategy by management, employee attitude, resistance to change, slow decision making, legal and political constraints and distorted reward structure. It is recommended that the organization consider all staff involvement in strategy formulation, clearly communicate strategy to all cadres of staff, strengthen commitment of management to strategy, review the reward structure and strive towards a change in the organizational culture. Future research should be done as a survey of different organizations to enable comparison and target the other stakeholders like the customers. This study's findings have put forth recommendations to the management of the organization, policy makers, and employees. It has also provided supporting evidence to key theories of strategy implementation thus contributing to the body of knowledge.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Strategic management involves identifying the organization's current mission, objectives, and strategies, analyzing the environment, identifying the opportunities and threats, analyzing the organization's resources, identifying the strengths and weaknesses, formulating and implementing strategies and evaluating the results (Robbins and Coulter 1996). Strategic management is a cycle comprising strategy formulation, strategy implementation, monitoring and evaluation of strategies. Strategy implementation is the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives (Kotler 1984). Strategies are implemented through the development of specific policies and procedures intended to meet the goals created by organizational management. Success of the business venture is highly dependent on successful strategy implementation. This is the action stage of the strategic management process.

Strategy implementation in any organization should consider key theories that guide its practices, the environmental dependency theory, the institutional theory and the McKinsey 7S theory. For implementation of strategies successfully, organizations need to take into account the contingency theory view, dynamic capabilities theory and operate as an open system. Environment dependency theory is the study of how the external resources of organizations affect the behavior of the organization. In institutional theory North (1991) defines institutions as humanly devised constraints that structure political, economic and social interactions. These constraints create rules that ensure order in a market or society. The McKinsey 7S Model advanced by Peters and Waterman (1982) involves seven interdependent factors that should be aligned.

Kenya Post Office Savings Bank (KPOSB) adopted strategic management in the year 2005 (Kihwele, Koigi and Wright, 2006). It began with three year strategic plans up to the year 2010. After 2010, the organization adopted five year strategic plans with the first spanning from the year 2011 to 2015. This plan articulates Kenya Post Office Savings Bank's broad objectives and outlines measures to be implemented to achieve the set objectives. The planned actions and activities are expected to augment the government development agenda, enable effective exploitation of resources and help transform the financial services sector in its efforts of turning Kenya into a prosperous and middle income country in which all Kenyans enjoy a high quality life, in line with Kenya Vision 2030. This study seeks to understand the strategy implementation practices and the factors affecting strategy it.

1.1.1 Strategy Implementation

Strategy implementation is described by Ansoff (1999) as the execution of tactics both internally and externally so that the organization moves in the desired strategic direction. Strategy implementation is an iterative process of implementing strategies, policies, programs and action plans that allows a firm to utilize its resources to take advantage of opportunities in the competitive environment (Harrington, 2006). Hrebiniak & Joyce (2001) described implementation as a series of interventions concerning organizational structures, key personnel actions, and control systems designed to control performance with respect to desired ends. It is evident that strategic implementation is a process involving policies, structures, systems, personnel requiring administration and control with an intent of realizing set objectives.

Strategic management generally begins as an abstract vision created within the upper echelons of an organization before being disseminated for execution by leaders at the functional level. This is typical practice in most organizations. Strategies are implemented through the development of specific policies and procedures intended to meet the goals created by organizational management. Successful strategy implementation is critical to the success of the business venture. This is the action stage of the strategic management process. If the overall strategy does not work with the business' current structure, a new structure should be fitted at the beginning of this stage. Additionally, any resources or funding for the venture must be secured at this point. Once the financing is in place and the employees are ready, execute the plan.

1.1.2 Strategy Implementation Practices

Strategy implementation involves both operationalization and institutionalization of strategy. Operationalization is concerned with turning strategic intent into operational reality. Boggis and Trafford (2014) argue that there is often more to operationalizing strategy than making structural changes, redesigning processes and training staff. They assert that for strategies to be truly successful, leaders need to create the conditions that enable the organization to pull itself into an improved future, a future that not only reflects the strategic intent, but also becomes operational reality. For this to happen, institutionalization must occur.

Strategy does not become either acceptable or effective by virtue of being well designed and clearly announced, the successful implementation of strategy requires that the strategists promote and defend the strategies. This is the process that constitutes institutionalization of strategy in an organization. The strategists must present the strategy to the members of the organization in a way that appeals to them and gains their support. This instills a sense of strategy ownership rather than imposition of strategy. This then creates commitment that is essential for making strategy implementation successful.

Alexander (1985) notes that implementation has attracted less attention than strategy formulation or planning. It is traditionally believed that strategy implementation is less glamorous than strategy formulation, and that anyone can implement and execute a well formulated strategy. Strategic implementation is where most strategic management process failures happen. It is not unusual for strategic plans to be drawn up every year, and to have no impact on the organization as a whole. The best-formulated strategies by most organizations fail to produce superior performance for the firm due to poor implementation.

1.1.3 Kenya's Public Sector

The State Corporation Act, Chapter 446, defines a state corporation as a body corporate to perform the functions specified in the order (Republic of Kenya, 1987). Direct involvement by the government in productive economic activities was intended to achieve faster economic development, local participation, regional balance and control of economy (Republic of Kenya, 1982). To meet these objectives, the government strengthened the sector by reorganizing the existing institutions, creating new ones to perform specific functions and direct investments into private corporations. These resulted in the government being involved in nearly all sectors.

The Kenya's public sector has been undergoing multidimensional, interdependent and interlocking reforms through Performance Improvement Strategy. The country has made tremendous progress through these reforms that were anchored in the Performance Management System (Kenya Association for Public Administration and Management Paper, 2010). The net worthy reforms embraced strategic management tools such as performance contracting, service delivery charters and rapid results initiatives. The implementation of these measures has improved governance, transparency, accountability and efficiency in the management of public affairs, and as a result, made the public sector more effective in its delivery of services.

Strategy implementation is faced by a number of hindering factors. Corruption, absence of legal framework, inadequate capacity, low innovation and creativity levels and inadequate monitoring and evaluation mechanisms are some of these factors (Kenya Association for Public Administration and Management Paper, 2010). The paper also identifies lessons learnt that recognized factors in support of strategy implementation as top management commitment, capacity building, setting of clear visions, establishing management systems to monitor realization of objectives, ownership and support from all levels and embracing research and development.

1.1.4 Kenya Post Office Savings Bank

Postbank traces its history to 1910, when the savings services were offered by its predecessors, the Post Office Savings Bank (a savings department) within the Post office. Similar services were started in Uganda and Tanzania in 1926 and 1927 respectively. From 1961 to 1967, common savings, postal and telecommunication services were offered by the East African Common Services Organization, and later by the East African Posts & Telecommunication Corporation up to 1977. The breakup of the East African Community saw the split of all common services to the respective national entities. This resulted in Kenya Post Office Savings Bank, established by an Act of Parliament CAP 493B of the Laws of Kenya that came into effect on 1st January 1978 (Kihwele, Koigi and Wright, 2006). The bank is fully owned by the government and its core mandate is to mobilize savings to contribute to the development of the country. Its product portfolio is limited to savings products only and therefore does not offer credit services to its customers. The bank's vision is to be the bank of choice and its mission to provide accessible and sustainable banking and other related financial services through innovative delivery systems for wealth creation to the benefit of customers and other stakeholders (Kihwele et al, 2006).

The bank has transformed over the years and adopted strategic management in its operations and employs strategic management tools such as performance contracting, ISO certification and the balance score card. The bank has undergone tremendous change over the years that has seen an evolution from the manual operations of the passbooks to an automated system that is card based that has seen a great improvement in service provision (Forster and Peachey, 2012). It developed its first three years strategic plan in 2005 and later developed its first five year plan in 2011. It has implemented various strategies that include automation, strategic alliances with like-minded partners, product development, agency banking, mobile banking internet banking and outsourcing (Kihwele et al, 2006).

Postbank, like all other organizations, operates in a very dynamic and volatile environment. The initial strategy review conducted by external consultants concluded that there was a widespread skepticism in Kenya Post Office Savings Bank on the internal capacity to implement change. This skepticism no doubt arises from a lack of implementation and project management skills, weakness in change management and leadership capacity and some hostility to change (Forster and Peachey, 2012). Other factors identified as hindering implementation were budgetary constraints, inadequate skills, deeply entrenched mind-set, culture and policies that result in resistance (Kihwele et al, 2006). Supporting factors to strategy implementation included external consultancy, visionary leadership, effective communication and institutionalization of strategy (Forster and Peachey, 2012).

1.2 Research Problem

The importance of implementation shows that firms with unusually high performance and firms which turned around their performance relied upon key activities of strategic direction, building a fast and effective organization, establishing an adaptive culture and executing against focus of customer needs and cost (Hrebiniak and Joyce 2001). Hrebiniak (2006) noted that although formulating a consistent strategy is a difficult task for any management team, making that strategy work by implementing it throughout the organization is even more difficult. Strategy implementation is important but difficult because implementation activities take a longer time frame than formulation, involves more people and greater task complexity, and has a need for sequential and simultaneous thinking on part of implementation managers (Hrebiniak and Joyce 2001).

In view of these factors, research into strategy implementation is difficult for it entails the need to look at it over time (longitudinal studies), presents conceptual and methodological challenges as it involves complex variables which interact with each other and show reciprocal interconnection. 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 (Beer & Eisenstat, 2000).

The government in 2003 introduced strategic management into its institutions to improve their performance and achieve the Vision 2030 objectives. In 2005, Kenya Post Office Saving Bank adopted strategic management and was among the first institutions to be selected under performance contracting implementation. They have embraced strategic management to formulate strategies and come up with viable strategic plans (Kihwele, et al, 2006). Despite these efforts, the organization has not realized profits of above 200Million since and their expenditure to income ratio remains above ninety percent, a very high figure in comparison to other organizations in the industry. Proper strategy implementation is therefore essential to the institution.

Different studies have been carried out to study strategy implementation in both public and private organizations namely (Aosa, 1992; Koigi, 2002; Koskei, 2003; Muthuiya, 2004; Ramalingan, 2005; Schaap, 2006; Jouste & Fourie, 2009; Mollahoseini & Ahmadkhani, 2012). 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. Koskei (2003) established that corporations set some unrealistic targets and also experienced lack of dedication by the staff to ensure successful accomplishment of strategies. Muthuiya (2004) determined that inadequate resources, advocate and supporters of strategic decisions exiting prematurely from the organization, unsupportive organization culture and uncontrollable factors in the environment were major obstacles to successful strategy implementation in the organization.

Ramalingam (2005) concluded that staff capacities and systematic approaches to monitoring and evaluation are key in strategy implementation. Schaap (2006) determined that strategic consensus, effective communication are important factors for successful strategy implementation. Majority of the studies have laid emphasis on the challenges of strategy implementation but not the strategy implementation process itself.

The subject of implementation is a neglected and overlooked area in strategic management literature. Published research reveals emphasis on strategy formulation. Hrebiniak and Joyce (2001) noted the need for a good process model which explains the implementation process duly, accounting for the interactive effects of variables influencing it. This requires a model which would look at the variables involved in implementation in an integrated way, duly looking at the interactive effects of the variables.

Studies of strategy implementation in other organizations have been conducted but individual organizations are unique in character and these findings cannot be taken to cut across the board. Out of these studies conducted, none has been done in an effort to understand strategy implementation at the Kenya Post Office Savings Bank. What is the nature of strategy implementation practices at the Kenya Post Office Savings Bank?

1.3 Research Objectives

The main objectives of this study were:

i) To establish the strategy implementation practices at the Kenya Post Office Savings Bank

ii) To establish the factors influencing strategy implementation practices at the Kenya Post Office Savings Bank

1.4 Value of the study

The findings of the study have provided evidence in support of the theories related to strategy implementation. The environment dependency theory emphasizes the environmental influences in particular resources and the capability of an organization to adapt to these changing factors gaining power and control. The institutional theory and McKinsey's 7s model focus on the internal influences to organizational strategy. The findings have established that the suggested influences do indeed have an effect on successful strategy implementation.

The study has put forth recommendations that would assist the regulators and government understand the policies that enhance the strategy management practices in institutions. This would help to see that policies put in place contribute to strategy effectiveness in the dynamic operating environment. The findings have provided evidence of advanced theories in the academic body thus contributing to the body of knowledge of strategy implementation.

The findings of this study have provided direction to Kenya Post Office Savings Bank, other similar organizations and other stakeholders like the employees and the public. It has highlighted the hindrances to strategy execution and the importance of proper execution of strategies to realize success in organizations. This has provided insights for the parties to adopt in their strategic management in scrutinizing their own strategy implementation process, identifying the bottle-necks and finding solutions. This would ensure that the intentions of the well formulated strategies are met and performance improved, a factor that is vital for survival in the ever changing business environment.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to strategy implementation. It presents theoretical and empirical literature relating to strategy implementation through summary of the information from other researchers who have previously carried out research on strategy implementation. It lays focus on the theoretical foundation of strategy implementation, strategy implementation practices and factors affecting strategy implementation.

2.2 Theoretical Foundation

Environment dependency theory is the study of how the external resources of organizations affect the behavior of the organization. Organizations have varying degrees of dependence on the external environment, particularly for the resources they require to operate. This therefore poses a problem of organization facing uncertainty in resource acquisition (Aldrich, 1999) and raises the issue of firm's dependency on the environment for critical resources. Often, the external control of these resources may interfere with the achievement of organizational goals, threatening the existence of the focal organization. Environmental dependency theory therefore concerns the execution of a variety of strategies to manage the environment. The ability to manage the environment to its advantage is sought because of the power and control possibilities. Environmental dependency theory is further explained by the dynamics capabilities theory, contingency theory and open systems theory.

Dynamic capabilities refer to the firm's ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments (Teece, Pisano, & Shuen, 1997). Dynamic capabilities help a firm achieve evolutionary fitness (Teece, 2007). Teece et al. (1997) argue that the dynamic capabilities theory caters for the need for firms to remain flexible to the changing needs of the competitive environment by having capabilities that are dynamic. It is no surprise therefore that increasingly winners in today's global marketplace are those who demonstrate timely responsiveness, swift and flexible product innovation, coupled with the management capability to effectively coordinate and redeploy internal and external competences. On the other hand, firms which fail to achieve this evolutionary capability will be risking becoming dinosaurs. Winter (2003) also recognized that for effective strategy implementation, the organization should have the ability to develop dynamic capabilities that will enable it in pursuing emerging opportunities and implementation of its strategies.

Contingency theories are a class of behavioral theory that contend that there is no one best way of organizing or leading and that an organizational or leadership style that is effective in some situations may not be successful in others (Fiedler, 1964). The ideal organization or leadership style is contingent upon various internal and external constraints. There are also contingency theories that relate to decision making.

According to these models, the effectiveness of a decision procedure depends upon a number of aspects of the situation: the importance of the decision quality and acceptance; the amount of relevant information possessed by the leader and subordinates; the likelihood that subordinates will accept an autocratic decision or cooperate in trying to make a good decision if allowed to participate; the amount of disagreement among subordinates with respect to their preferred alternatives. Effective leadership is a key factor in strategy implementation. The leadership style adopted will therefore be guided by the situation present in the organization.

Organizations, according to Pearce & Robinson (2009), are open systems and will continuously be influenced by people, communities and external environment. Open systems theory refers simply to the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of an economic, political, or social nature. The environment also provides key resources that are critical in strategy implementation resulting in change and sustainability of an organization.

In institutional theory, North (1991) defines institutions as humanly devised constraints that structure political, economic and social interactions. These constraints create rules that ensure order in a market or society. Institutional theory considers the processes by which structures, including schemes; rules, norms, and routines, become established as authoritative guidelines for social behavior (Scott, 2004). Institutional theory accentuates on the deeper aspects of social structure. Scott (2004) stresses that institutions are social structures that have attained a high degree of resilience. They are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life. Institutional theorists see organizations as a means by which the societal values and beliefs are embedded in organizational structure and expressed in organizational change.

Peters and Waterman (1982) developed the McKinsey model, consisting of seven key organizational internal elements that must be effectively aligned to allow organizations to achieve their objectives. The seven areas of organization are divided into the 'soft' and 'hard' areas. Strategy, structure and systems are hard elements that are much easier to identify and manage. The soft elements of shared values, skills, style and staff are more influenced by culture, less tangible and difficult to describe, but are as important as the hard ones if the firm is going to be successful and create sustained competitive advantage as they are the foundation of the organization.

Strategy is the plan devised by a firm to achieve and sustain competitive advantage and successfully compete in the market. Structure represents the way business divisions and units are organized and include information on accountability. Systems are the processes and procedures of the firm that reveal daily activities and how decisions are made. Skills are the actual competencies of employees. Style represents the management style adopted, Staff is the employees and their general capabilities and Shared Values are the norms and standards evidenced in the corporate culture and general work ethics. Shared values are emphasized as central for development of other critical elements critical to any strategy implementation.

2.3 Strategy implementation Practices

Pearce and Robinson (2009) defined strategy implementation 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. The steps in implementing a strategy includes an organization developing potential of carrying out strategy successfully, distribution of ample resources to strategy essential activities, creating and employing strategy supportive policies and programs for continuous improvement and linking reward structure to achievement of results. This includes changes to existing roles of people, their reporting relationships, their evaluation and control mechanisms and the actual flow of data and information through the communication channels which support the enterprise. 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 and Robinson, 2009).

Strategy implementation involves both operationalization and institutionalization of strategy. Boggis and Trafford (2014) concluded that operationalizing strategy involves more than implementing a plan, it's about getting the organization to behave and operate in a way that is aligned with the target future. Implementation, as it's generally practiced is about pushing the present into the future, rather than pulling the present into the future. The push approach is established on the assumption that successful implementation is achieved through the execution of a series of steps, essentially, implementation of a pre-defined plan; where the completion of each step takes the organization closer to its target state.

The pull approach takes a different perspective and aims to create a context where people can exercise their judgment, apply their experience and use their expertise to pull the organization from the present into its target future. They further suggest that if the pull approach is employed, there are six essential conditions for successful implementation; navigational forces should be addressed, strategic signature made explicit, operating principles defined, organizational capabilities managed as a portfolio, organization designed as an adaptive system, change initiatives managed as a portfolio. These conditions individually and collectively demonstrate leadership, achieve clarity of communication and build commitment. These factors collectively contribute to effective strategy implementation in any organization.

Asfaw (2011) described institutionalization as the attainment of long term viability and integration of programs within organizations, which is often characterized as the final stage in the diffusion of the new process. It is an expression of how well an organization has adopted the new process. He describes it as an ongoing process in which a set of activities, structures and practices become an integral part of an organization for its day to day activities. He further explains that when the new strategy is used across the organization at different structures from the grassroots to higher level and it helps to generate adequate information and eases the daily routine management practices and decision making process, then it is said to be internalized by all individuals and different levels of the institution. Strategy is institutionalized when it becomes business as usual and is fully integrated into the operations. This is important in strategy implementation if it is to achieve its long-term objectives.

2.4 Factors Influencing Strategy Implementation

Beer and Eisenstat (1996) propose three essential factors for successful implementation. First of all, the change process should be systemic. This means that both the human and systemic aspects of the organization should fit with each other in the organization. This is very important. It is easy to imagine a situation in which severe motivation problems would arise in effect of a lack of interest in one of these aspects. The second factor is the condition that the change process should encourage the open discussion of barriers to effective strategy implementation and adaptation. All impediments to strategy should be taken in to account and the most reliable way to get the best information is to include the largest possible number of the organization's members into the discussion. The third factor proposed by the authors, tells us that the change process should develop a partnership among all relevant stakeholders. Alexander (1985) promoted communication, starting with a good concept, providing sufficient resources, obtaining employee commitment and developing an implementation plan as factors enhancing effective strategy implementation. According to Lares-Mankki (1994), the creation of awareness, which could be interpreted as a combination of shared understanding and communication should play a more significant part in real-life strategy implementation.

Beer and Eisenstat (2000) further catalogued a group of relevant, inhibiting factors to strategy implementation and learning. The factors are a top-down or laissez-faire management style, unclear strategy and conflicting priorities, an ineffective senior management team, poor vertical communication, poor coordination across functions, plus inadequate down-the-line leadership skills and development. Alexander (1985) identified the major problems present in strategy implementation as the implementation taking more time than allocated, unanticipated, major problems surfacing during implementation, poor coordination, competing activities, lacking competencies.

Noble (1999b) in turn speaks of barriers to effective implementation. The physical distances hindering the necessary, cross-functional collaboration in the organization form physical barriers. Turf barriers are the other side of this coin, representing the differing interests of the distinct units. Interpretive barriers are formed by the different ways different units interpret and comprehend the strategy. Communication barriers need no explanation. Personality barriers reflect the personal characteristics of key personnel, as well as between different groups in the organization's hierarchy. Another important barrier is that of varied goals amidst the organization and its units. This perspective, therefore, is that of the organization as consisting of different units and functional groups. In Lares-Mankki (1994) study, the most notable problems in strategy implementation were located at the awareness level of strategy implementation. This was emphasized more by the middle managers than the senior managers. This would suggest a gap in awareness between the management and middle management and it was regarded as being the result of lacking opportunities of participation in the strategy process.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The ensuing chapter focuses on the research methodology employed. It outlines the various stages and phases that were adopted for successful completion of the study. It describes the research design used and justifies why it was used, the type of data collected, how the data was obtained, the choice of interviewees and the data analysis method utilized in the study. This chapter comprises of the following subsections; research design, data collection and data analysis.

3.2 Research Design

The research design was a case study of the Kenya Post Office Savings Bank. A case study is an in-depth investigation of an individual, institution or phenomenon of a particular unit under consideration (Kothari, 2004). The design was intended to explore causation of given phenomena thus understanding the underlying principles.

The study was used to understand the nature of strategy implementation process in Kenya Post Office Savings Bank. Kothari (2004) observed that a case study enables the researcher to conduct an in-depth investigation of many different aspects of a phenomenon. He further argued that a case study is a powerful form of qualitative analysis and involves careful and complete observation of a social interest be it a person, family, cultural group, entire community or institutions. The design was therefore ideal in attaining an in-depth analysis of the strategy implementation process and the factors affecting the process.

3.3 Data Collection

Primary data was used for this study. Data collection was through interviews administered through an interview guide and responses recorded in form of note taking. The interview guide was structured to capture the practices employed in strategy implementation and the factors that influence strategy implementation in the organization. The questions were be open ended to encourage discussions and in-depth responses that allowed collection of relevant information, an important factor that would have been limited by a structured questionnaire.

The interviewees emanated from both top and middle management as their views on strategy management may be different. The top management were the heads of departments from the managing director, planning, operations, human resources, information technology and marketing. These are the key persons involved in strategy formulation and implementation of corporate strategy. The middle level management were the branch managers, six in number; one from each of the six regions of the organization, who are vital in operational level strategy implementation and interact directly with the customers.

3.4 Data Analysis

Data analysis was done using content analysis. Krippendorff (1980) defined content analysis as a research technique for making replicable and valid inferences from data to their context. Content analysis is a systematic technique for compressing large volumes of text into fewer content categories based on coding. This then allows inferences to be derived effectively from the data.

Content analysis has the advantage of enabling sifting through large volumes of data in a systematic fashion. It allowed discovery and description of the focus of an individual, group or institution. It was also useful in the determination of trends and patterns. All these factors enabled comprehension of the strategy implementation practices and factors affecting it.

Content analysis was supportive in establishing the strategy implementation practices of the Kenya Post Office Savings Bank by comparing the different responses on how the individuals are involved in strategy implementation. It also allowed an understanding of the strategy implementation process as viewed by the different interviewees. The factors influencing strategy were also established through the common factors identified by the interviewees as supportive or damaging to strategy implementation.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the data collected, the findings, analysis and discussions in relation to the set objectives. The objectives were to establish the strategy implementation practices and the factors influencing strategy implementation at Kenya Post Office Savings Bank. The data collection methodology employed was through interviews to relevant employees of the organization.

The interviewees were from both top and middle level management. A total of nine out of the intended twelve interviewees were interviewed. These were the management of planning, operations, human resource, information technology, marketing and four branch managers. All the interviewees had worked in the organization for more than ten years. It was therefore felt that they provided valuable insight into the subject matter and achievement of the research objectives.

4.2 Strategy Implementation Practices at Kenya Post Office Savings Bank

Strategic management was embraced by the Kenya Post Office Savings Bank in the year 2005 beginning with three year rolling plans up to the year 2010 after which the organization increased the span of their strategic plans to five years as indicated by interviewees from the planning department. The first five year plan is the current strategic plan that began in 2011 and is set to end in 2015. It was established that the organization is also under government performance contracting which is influenced by the strategic plan in place. The strategic plan is actualized through annual action plans that clearly indicate the strategies to be implemented, the activities that will operationalize the overall strategies, the targets, stipulated timeframe, the performance indicators and the key departments and persons responsible for implementation of the activities as demonstrated in the action plan template attached.

It was found out that strategy implementation at the Kenya Post Office Savings Bank has adopted a top-down approach with the managing director as the strategy sponsor. Strategy formulation is done by the top management and cascaded down to other cadres of management through performance contracts. Middle and lower level management are involved in the formulation process through consultations and conducting of surveys ensuring their ideas and opinions are captured. One interviewee reported:

> “We have been able to obtain various ideas and opinions from the branch managers through the surveys conducted during the planning period.”

Resource allocation through budgeting is done hand in hand with strategy formulation to ensure available resources are utilized effectively in realization of strategy. Strategy implementation is achieved through performance contracts, balance score cards and rapid results initiatives.

The organizational structure was identified to be lean and scalar consisting of 11 vertical scales. This was revised from a previous 16 scale structure. The structure was revised to support effective strategy implementation by reducing the levels of reporting, seeking approval and decision making. This was achieved in 2010 after a voluntary retirement strategy was enforced to reduce the employee numbers from over 1200 to just under 800.

It was established that the organization comprises of eight departments; strategic planning, legal and administration, human resources, procurement, finance and accounts, information and communication technology, marketing and banking services. Each department was reported to have its own activities to implement which are captured in their departmental annual action plans. These departmental action plans have further informed the performance contracts of the departmental staff. It was noted that through the individual performance contracts, implementation of the activities identified in the strategic plan are achieved.

It was identified that the planning department of the organization is charged with the responsibility of formulation, monitoring and evaluation of the corporate plan. It monitors the corporate action plan on a quarterly basis with reports to the management team and the board. This then ensures constant monitoring and evaluation of the strategy implementation to ensure that the organization remains on track in achievement of its strategic plan objectives. One interviewee noted:

> "It is vital for us to continually monitor and evaluate implementation in order to identify progress, deviations from plans and obtain lessons learnt."

The banking services department was identified as a key department in the organization as it directly interacts with the key stakeholder, that is, the customer. It is therefore charged with customer relations, customer retention and market identification. It was noted that all departments report their progress in various activities weekly to the managing director and monthly to the entire management team. These reports together with appraisals which are conducted half yearly through the balance score cards have contributed to continual monitoring and evaluation of strategy implementation.

The marketing department of Kenya Post Office Savings Bank was noted to be responsible for marketing the organization and conducting market research. The department was identified as key in informing the customers of the organization's product offering. Marketing activities are therefore established to be key to the organization in keeping its existing customers informed and attracting new customers to the bank thus increasing customer base and the deposit base. Aggressive marketing was identified as a key component of strategy implementation as the key stakeholders of the organization, the customers needed to be adequately informed, if the organizational revenues were to increase.

The human resource component was recognized as another vital component in strategy implementation. It was noted that the employees required appropriate skills to enable them to effectively conduct strategy and thus continuous training and improvement of skills was always conducted to ensure that the employees are able to conduct their tasks efficiently. This effective training supported institutionalization of strategy as employees were able to conduct required tasks with ease in their daily operations. It was also noted that the recruitment process of Kenya Post Office Savings Bank was also carefully conducted to ensure the right match of skills to job requirements. Employee welfare was also maintained to ensure that all the employee are satisfied and all issues addressed. One interviewee recognized:

> "A satisfied and happy employee is a productive employee who implements strategy as per expectations."

The information and communication systems of an organization are important for strategy implementation. The interviewees noted that it was always vital for the systems to conform and align to intended strategy. The technology team in Kenya Post Office

Savings Bank therefore carefully monitored the environment to ensure that it remained updated on the dynamic changes in the technological world. Its systems were reported to be very efficient and user friendly thus supporting strategy implementation. The organization's core banking system was identified by the interviewees as able to support the current offerings of the banking industry such as agency banking, mobile banking, internet banking and even paperless banking and instant issuance of debit cards through the Point of Sale (PoS) terminals in their branch and agent locations.

The organization, like many others, was established to have adopted a push approach to operationalize strategy. This involved implementation of the pre-defined strategic plan step by step thus edging closer to realization of targets. The pre-defined plan objectives were therefore achieved through implementation of the various activities sequentially as planned, through annual action plans that captured all the activities required to achieve corporate objectives. This was reported by the interviewees to have allowed strategic intent to turn into operational reality.

Institutionalization of strategy was usually achieved through relevant training of the employees of all the new systems implemented. Accessibility of the processes and procedures of various operations is also eased through the organization's intranet. The organization's quality management system consisting of the policies, processes and procedures is managed and accessible online through a share portal. This allowed all employees to refer in case of any doubt avoiding mistakes in operations. An interviewee admitted:

> "The share point has been an efficient tool for referral in case of any querry on the bank's procedures."

Examples of new systems that were effectively institutionalized in the organization were pointed out as the Bank's core banking system, the human resource management system and the migration from passbooks to debit cards. The systems that have been implemented have with time been well integrated and adopted in the daily activities of the organization.

Kenya Post Office Savings Bank like many organizations operates in a dynamic business environment. Major changes in the industry identified as affecting the organization are stiff competition from key competitors, shrinking target market as the big banks now actively target the same customers, continuous advancement in technology and the increasing infringement of telecommunication companies into the banking realm. The response approach of the organization was however noted by three interviewees to be reactive and slow. The bank for example to date, is yet to roll out the Euro MasterCard Visa enabled cards as per the banking requirements. An interviewee noted:

"As a bank, we are very innovative but very slow in acting."

This reactive response was pointed out to have resulted in the competition being always ahead as they are quick. It has also led to many of the organization's ideas being perfected by the other players in the market like that of agency banking which the organization conceived in 2009 being pioneers in the market and having from inception used post offices as their agents to provide services. It was identified that the organization also faces uncontrollable factors like the telecommunication companies that are now offering convenient banking services to customers and its inhibiting mandate that does not allow it to offer credit facilities to customers thus not meeting their needs and demands to remain competitive.

4.3 Factors Influencing Strategy Implementation

There are several factors suggested by the interviewees that influence strategy implementation in the organization. The common positive factors pointed out that encourage strategy implementation are such as good leadership, staff involvement in strategy formulation, continuous monitoring and evaluation of strategy implementation. These factors ensure that strategy is effectively implemented.

Good leadership has been present in the key projects that have been implemented in Kenya Post Office Savings Bank. The project managers that have spearheaded the key projects of the organization have been expert in the respective subject areas. This has seen to it that these major projects implemented at the organization have been successful, meeting their intended objectives and resulting in the transformations desired by the organization.

Kenya Post Office Savings Bank was identified to have been largely manual in its operations with passbooks acting as the transactional documents. This manual nature resulted in long queues in the banking halls with a single transaction easily taking up to thirty minutes leading to dissatisfied customers. The migration to debit cards was therefore considered essential and the project was dubbed New Business Model (NBM). This successful project steered by an able project manager resulted in re-engineered processes, paperless banking, issuance of instant debit cards, Point of Sale enabled transactions and no queues in the banking halls. The turnover time of a transaction reduced to an average of just five minutes enhancing customer satisfaction.

Involvement of all levels of management staff in strategy formulation was also established to have contributed to effective strategy implementation as staff buy-in and ownership is now being achieved. This was contrary to prior periods when strategy formulation involved only the top management with the other staff only coming to hear of it when the plan was in place and were being directed on its implementation. This involvement was noted to have been achieved through conducting of surveys throughout the organization in order to obtain staff opinions and ideas of the strategic plan in place, its achievement and what could be improved going forward. It was pointed out that staff now feel involved in the process and do not feel like strategy is being imposed on them for implementation thus owning the strategies and their implementation.

Continuous monitoring and evaluation of strategy implementation is key in any organization. This was noted to have been achieved effectively in Kenya Post Office Savings Bank and has ensured that strategy implementation is carefully monitored and any deviations detected and corrected in time. Through weekly, monthly and quarterly reporting, the organization is able to easily identify various levels of strategy implementation and address any drifts from the plan.

There are also other factors that hinder strategy implementation as brought out by the interviewees. These include lack of adequate resources, poor communication of strategy, lack of commitment to strategy by management, employee attitude, resistance to change, slow decision making, legal and political constraints and distorted reward structure.

Kenya Post Office Savings Bank being a purely savings bank does not have adequate resources for strategy implementation. It was noted that it therefore has to sometimes depend on external funding from partners to fund major projects. The partners identified were like Save the Children who largely funded the "Smata" account that targets adolescent children, Financial Sector Deepening Sector (FSD) that has funded many projects and recently the restructuring of the bank project, World Savings Bank Institute (WSBI) to name a few. It was found that this lack of resources and dependency on external resources therefore hindered implementation of vital strategies like marketing activities and projects. Resources have also had to be diverted to priority projects from some planned projects. An interviewee noted:

"Some projects have had to be postponed until resources can be available."

Poor communication of strategy hindered strategy implementation as identified by five of the nine interviewees. Clear communication of the strategy being implemented was noted to be lacking. Some employees pointed out that they did not clearly understand what strategies were being implemented and being the key people involved in daily operations, this hindered strategy implementation. The heads of departments were identified as the ones charged with the responsibility of communicating to all their employees on strategies and decisions made by management. This sometimes did not happen as found out. Some of the employees therefore did not appreciate the activities they were to carry out as they did not understand their importance.

Four of the interviewees, cited lack of commitment from the management as one of the hindrances to strategy implementation. This was then found to trickle down to their subordinates who do not make that extra effort to ensure successful and timely strategy implementation. This in totality then affected the achievement of the objectives of the organization. This also has resulted in slow decision making in management resulting to a lag in implementation of strategies. This has been evidenced by several projects and activities not meeting their timelines due to decisions not being made in time. Strategy implementation was also established to be curbed by resistance to change. Fear of the unknown that comes with change brought about by new strategies was identified as the root cause. New ideas were seen as a threat to the existing culture and job security. One interviewee commented:

> "We are not certain of this restructuring strategy and what it will bring on board. Will it involve retrenchment?"

The bank is in the process of restructuring into a fully-fledged commercial bank and some of the employees are anxious as to how it will affect them. This resistance was noted to have resulted in negative employee attitude towards tasks thus strategy sometimes does not achieve its objective.

Legal and political constraints were cited to have heavily weighed on Kenya Post Office Savings Bank's strategy of restructuring into a fully-fledged commercial bank. This is an external factor which the organization has very minimal control of. The bank's mandate under the law was identified as to mobilize savings for national development. However, with the dynamic environment that the organization operates in, there is dire need to commercialize and offer credit to its customers pointed out five interviewees. One interviewee complained:

> "The bank needs to offer credit services to its customers for long term survival. It has however been a challenging process facing various legal obstacles."

The reward structure currently in place was established as not motivating to the employees. They employees interviewed felt that the reward is not commensurate to the effort they put in their work areas and beyond. This was therefore noted as a hindrance to strategy implementation as the employees are not motivated enough to make the extra effort required.

There were also those factors identified that were unique to the different departments. The planning department, who are the key department charged with strategic management noted that lack of commitment to strategy by employees in various departments poses a challenge to strategy implementation. Awareness of strategy by all employees was also noted as a hindering factor as some employees did not seem to understand the strategies being implemented.

The banking services department noted competency issues among the staff as part of what hinders effective strategy implementation. They cited that some staff although trained lacked adequate skills to carry out operations. Other employees did not adhere to procedures and processes put in place leading to deviations from the intended results of strategy implementation. The employees in the branches complained of staff issues not being appropriately handled by the human resources department leading to lack of motivation to implement strategy.

The information technology department recognized that customization of systems to meet future needs posed a challenge to strategy implementation. Systems procured would later need to be customized to be able to support the new strategies to be implemented. This usually has a high cost implication and strategies' postponement.

It was established that the human resources department faced a challenge in staff turnover. It was found out that many of the competent employees were being poached to other organizations leaving a gap in some key departments. The cause was identified to be an uncontrollable factor since the remuneration structure is controlled by the main stakeholder, the government.

4.4 Discussion

The study found that indeed the various theories of strategy implementation do hold. The environmental dependency theory as advanced by Aldrich (1999) studies the external resources effect on organizational behavior. The findings of this study brings out evidence of the organization's dependence on external resources. This has had an effect on achievement of organizational goals as various projects have been postponed due to lack of resources and other projects getting priority as per available funds. Others like the "Smata" account have been implemented successfully with the help of external funding.

Kenya Post Office Savings Bank is highly reactive in its response to the external environmental changes. This has not been to its advantage as suggested by the dynamic capabilities theory advanced by Teece et al (1997) that emphasizes on organizations being responsive to their environment and swift in implementing change that gives it a competitive edge. The findings also support the open systems theory suggested by Pearce and Robinson (2009) that believes that an organization operates as an open system with economic, political and social changes that affect and inform their strategies. This is evidenced by its restructuring strategy that has been affected by both economic and political powers.

Institutional theory advance by North (1991) also applies to Kenya Post Office Savings Bank in that it is affected by humanly devised constraints that structure political, economic and social interactions. There are rules and norms that guide its operations within the organization and externally. These in turn affect and form the organizational culture that is embedded in the organization and affects strategy implementation especially when change is required.

It has also been established that both the hard and soft elements as suggested by Peters and Waterman (1982) in the McKinseys 7s model need to be aligned for effective strategy implementation and achievement of objectives. The structure and systems should be aligned with strategy if intended objectives are to be met. The staff should have appropriate skills, management style that supports strategy and values that are common and shared within the organization in order to effectively implement strategy successfully.

Strategy implementation at Kenya Post Office Savings Bank includes distribution of ample resources to strategy essential activities, creating and employing strategy supportive policies and programs for continuous improvement, continuous monitoring and evaluation of strategy and linking reward structure to achievement of results. This is in line to Pearce and Robinson (2009) identified steps of implementing a strategy as an organization developing potential of carrying out strategy successfully, distribution of ample resources to strategy essential activities, creating and employing strategy supportive policies and programs for continuous improvement and linking reward structure to achievement of results.

Kenya Post Office Savings Bank also adopts the push approach of operationalizing strategy as advanced by Boggis and Trafford (2014) through implementing pre-defined strategy with step by step activities as advanced by. These activities are explicitly captured in the annual action plans that result in the organization getting closer to the organizational objectives. Institutionalization has been achieved through proper training, creation of awareness and development of procedures that are accessible to all staff via the intranet that guide implementation ensuring that new strategy becomes business as usual.

There are various factors that influence strategy implementation at Kenya Post Office Savings Bank both positively and negatively. Factors that encourage strategy implementation include good leadership, staff involvement in strategy formulation, continuous monitoring and evaluation of strategy implementation. The hindering factors of strategy implementation include lack of adequate resources, poor communication of strategy, lack of commitment to strategy by management, employee attitude, resistance to change, slow decision making, legal and political constraints and distorted reward structure. These concur with Beer and Eisenstat (2000) who recognized top-down or laissez-faire management style, unclear strategy and conflicting priorities, an ineffective senior management team, poor vertical communication, poor coordination across functions, plus inadequate down-the-line leadership skills and development as inhibiting factors to strategy implementation.

There are also unique factors identified in individual departments. Lack of employee commitment and lack of awareness of strategy by employees were noted by the planning department. Unclear strategy, ineffective senior management and poor vertical communication were some of the factors highlighted by Beer and Eisenstat (2000) as inhibitive to strategy implementation. Lack of adherence to procedures by the employees, inadequate employee competency and poor handling of staff issues by the banking services. Noble (1999b) identified these personality barriers to strategy implementation. Lacking competencies were highlighted as a problem in strategy implementation (Alexander (1985).

High turnover of employees was pointed out as a hindering factor by the human resource department. This can be categorized as one of the unanticipated problems that occur during strategy implementation (Alexander 1985). Lack of system customization by the information technology department. This was mainly due to poor coordination, lack of clear communication and interpretation between the departments to establish and understand the user needs. Noble (1999b) identified interpretive barriers, communication barriers, personality barriers to effective strategy implementation which concur with the findings of the study.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings, draw conclusions and makes recommendations to policy and practice as per the research findings. It also highlights the limitations experienced in conducting the research. It further makes suggestions for further research.

5.2 Summary of Findings

The main objectives of the study were to establish the strategy implementation practices and identify the factors influencing strategy both positively and negatively in the Kenya Post Office Savings Bank. In summary, the study established that the planning department has been charged with coordination strategic formulation, monitoring and evaluation of implementation. The other departments are responsible for turning strategic intent into operational reality. The organization has in essence adopted the top-down approach of strategy implementation. The strategy sponsor is usually the managing director. Strategy is implemented down from top-management down to the other cadres of employees.

Strategy implementation is achieved through aligning structures, systems and policies to the strategies to be implemented. Roles and responsibilities of various strategies to be implemented are defined to ensure accountability. Communication of strategy to other departmental staff is charged to the heads of department. The heads of departments are charged with the responsibility of creating awareness and understanding of the intended strategies to their departmental staff. The strategic plan is implemented through annual departmental action plans. In the departments, implementation is achieved through individual performance contracting covering all activities to be achieved in the plan. This ensures responsibility for the activities.

Continuous monitoring and evaluation is achieved through weekly, monthly, quarterly and semi-annually progress reporting by each department to the strategy sponsor, the managing director, the entire management team and government. The strategic department monitors corporate achievement quarterly and reports to the government and board of directors on the organization’s performance. Performance appraisals are conducted semi-annually for all employees to measure the progress on given performance indicators. This allows for any deviations from the implementation plan to be identified and rectifications to be made in time.

The organization also adopts the push approach of operationalizing strategy of implementing a pre-defined plan with step by step activities that are implemented with a goal of getting closer to the organizational objectives. Institutionalization is achieved through proper training, creation of awareness and development of procedures that guide implementation ensuring that new strategy becomes business as usual.

There are several factors influencing strategy implementation in the Kenya Post Office Savings Bank. The positive factors encouraging strategy implementation are such as good leadership, staff involvement in strategy formulation, continuous monitoring and evaluation of strategy implementation. These embolden effective strategy implementation in the organization.

There also exists factors that impede strategy implementation in the organization according to the interviewees. These include lack of adequate resources, poor communication of strategy, lack of commitment to strategy by management, employee attitude, resistance to change, slow decision making, legal and political constraints and distorted reward structure. Other factors unique to departments were identified as lack of employee commitment to strategy, lack of awareness of strategy, staff incompetency, lack of adherence to procedure, high employee turnover, poor handling of employee issues and lack of system customization. These factors greatly slow down strategy implementation resulting in non-achievement of some objectives of strategies in the organization.

5.3 Conclusion

Kenya Post Office Savings Bank adopts a top-down approach to strategic management. Strategies are operationalized mainly through the push approach where the pre-defined strategic plan is implemented through annual action plans for the different departments. This has allowed identification of responsibility for the various activities required to achieve the corporate objectives. Structures and policies are put in place and resources allocated to the various activities to ensure effective strategy implementation.

The importance of continuous monitoring and evaluation in the organization is highlighted in strategy implementation. It is important to continually evaluate implementation of strategies. This ensures that any deviations are realized in time and mitigating measures taken to correct the same. Management commitment and clear communication of strategy have been identified as key to effective strategy implementation in the organization.

Proper coordination between the various units of the organization is vital in ensuring that the different activities of the departments collectively contribute to overall organizational goals. Responsiveness to the changes in the environment Kenya Post Office Savings Bank operates in should be of essence. Competition is ever present and therefore strategies to be implemented should be flexible enough to adapt to the dynamics of the environment.

The organization experiences both internal and external factors that support and hinder strategy implementation. The factors that boost strategy implementation are such as good leadership, staff involvement in strategy formulation, continuous monitoring and evaluation of strategy implementation and these should be re-enforced to continually support strategy. Those that hinder strategy implementation are lack of adequate resources, poor communication of strategy, lack of commitment to strategy by management, employee attitude and resistance to change, slow decision making and distorted reward structure should be addressed effectively. The organization is also faced with uncontrollable external factors such as legal and political constraints to strategy implementation.

5.4 Recommendations for Policy and Practice

From the findings of this study, there are some recommendations to be advanced to the management of the organization, policy makers and other stakeholders. It was identified that the organization adopts the pull approach of operationalizing strategy through implementation of step by step activities identified in the corporate plan. The management should consider incorporating the pull approach also in operationalization of strategy. This approach aims to create a context where people can exercise their judgment, apply their experience and use their expertise to pull the organization from the present into its target future. This encourages not only innovation among the employees but also enhances ownership of the strategies being implemented.

The reward structure of the organization was identified as distorted. To this end, the management should reconsider the reward structure of the organization. This can be achieved by engaging the employees to establish the changes they would like to see in the reward structure. This will go a long way in motivating the employees towards achievement of a common organizational goal. This will incline the employees to even go the extra mile sometimes required in strategy implementation as they feel that they efforts are recognized and appreciated.

In regards to the dynamic capabilities of the organization, Kenya Post Office Savings Bank needs to adopt a more responsive approach to the changes occurring in the environment it operates in than the reactive approach recognized in this study. The organization should continuously monitor the environment and any changes identified that would potentially affect the organization acted upon swiftly. This will ensure that the strategies employed are relevant and sufficiently address the dynamics of the environment in a timely manner.

Lack of commitment by management to strategy implementation was identified as an inhibitive factor to strategy implementation in Kenya Post Office Savings Bank. The management needs to be highly committed to strategy and its implementation. Decision making should be swift to allow for progress in strategy implementation. The management should also ensure that they communicate strategy effectively with their employees. This will guarantee that all employees understand the organization's strategies, objectives and implementation activities. Clear understanding of the objectives of strategies also reduces employee resistance. This goes a long way in successfully implementing intended strategies.

The management should also hold forums with employees to discuss strategy and obtain their individual opinions, creating awareness of strategies to be implemented by the bank. This will assist in curbing the resistance to change from the employees that affects strategy implementation. This will increase ownership of strategy and develop shared values and goals for the organization. This will also go a long way in improving organizational culture and employee attitude that obstruct effective strategy implementation.

The main stakeholder which is the government should change the organization's mandate to allow it to offer credit services to the market. This will ensure survival of Kenya Post Office Savings Bank in the industry. The policies governing an organization should always be favorable to its operations in order to remain profitable. The management should also continuously lobby for the changes to take place and make certain that the structures, systems, processes and policies required for this transition are effectively in place and that employees are aware of what is required of them in consideration of the transformation.

5.5 Limitations of Study

The bulk of research conducted on strategic management is concentrated on strategy formulation. Strategy implementation is a neglected and overlooked area of strategic management. This posed a challenge in obtaining adequate literature on the subject area. There lacks a good process model which explains the implementation process duly, accounting for the interactive effects of variables influencing it in an integrated manner.

Kenya Post Office Savings Bank is purely a savings bank. It is therefore not regulated by the Central Bank of Kenya as the other commercial banks. To this end, it is not required by law to make its performance reports public. This therefore meant that the performance reports were not available for scrutiny enabling the researcher establish the impact of strategy implementation. Some key interviewees were also unavailable for the interview due to their busy schedules and the others interviewed could only avail very little time for the interview thus the researcher was not able to probe deeply into the issues.

This being a case study of Kenya Post Office Savings Bank, the findings of this research cannot cut across for the banking industry as a whole. Individual organizations are unique in character and therefore the findings of this study cannot be reflective of all. Other interviewees were also uncomfortable being interviewed despite being assured of confidentiality and use of research for academic purposes only. This limited the openness in discussion thus the response obtained from these individuals.

5.6 Suggestions for Further Research

There is need for emphasis on research on strategy implementation. Strategy formulation has been extensively researched and process models well documented. Extensive research should be conducted regarding strategy implementation in order to be able to establish a good process model which explains the implementation process duly, accounting for the interactive effects of variables influencing it in an integrated manner.

In future, researchers could also interview organization customers, shareholders and other stake holders to find out their impact on strategy implementation. The impact of the strategy implementation practices could be established as viewed by persons outside the organization. This would be beneficial as these are the main people who strategy is intended for and the organization's performance is also important to them.

This particular study was confined to Kenya Post Office Savings Bank. A survey of a number of banks operating in the industry should be conducted. This would allow comparison of strategy implementation practices across the industry and identify the success factors. The factors that influence strategy implementation in the industry would be easily compared across organizations pointing out similarities and differences.

5.7 Value of study to knowledge

The findings in this study have contributed to the body of knowledge through provision of evidence to the advanced theories of strategy implementation. The findings have provided evidence in support of the environmental dependency theory validating the effect of external resources on achievement of organizational goals with various projects having been postponed due to lack of resources. The findings also demonstrate that organizations are indeed open systems that are affected by the environment they operate in where economic, political and social changes affecting and inform their organization's restructuring strategies.

The need to be responsive to the dynamics of the operating environment was also evidenced. The organization needs to be swift in implementing changes required in order to remain competitive. The need to align the McKinseys hard and soft elements were also demonstrated. The structure and systems should be aligned with strategy if intended objectives are to be met. The staff should have appropriate skills, management style that supports strategy and values that are common and shared within the organization in order to effectively implement strategy successfully.

The factors influencing strategy by this study are in line with those identified by previous authors such as by Beer and Eisenstat (2000) who identified inhibiting factors such as a top-down or laissez-faire management style, unclear strategy and conflicting priorities, an ineffective senior management team, poor vertical communication, poor coordination across functions, plus inadequate down-the-line leadership skills and development. The findings of this study have therefore provided evidence to other academicians supporting previously advanced theories and findings.

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APPENDICES

Appendix I: Interview Guide

A. Introduction

Kenya Post Office Savings Bank has embraced strategic management since the year 2005. This interview seeks to identify the strategy implementation practices employed by the organization and the factors influencing strategy implementation. The information collected will be treated as confidential and will be used for academic purposes only.

B. Interviewee's Profile

Department: ___________________________

Job title: _____________________________

Years of service: ________________________

C. Interview Questions

I. Managing Director

1. What are the major changes in the business environment that are affecting your organization?
2. How does the organization cope with the changes in the environment it operates in?
3. What are the practices employed in strategy implementation in your organization?
4. What factors (both positive and negative) affect strategy implementation in the organization?

II. Planning Department

1. What role does your department play in strategic management?
2. What are the major changes in the business environment that are affecting your organization?
3. How does the organization cope with the changes in the environment it operates in?
4. What are the laid down procedures for strategy implementation process in your department?
5. How is strategy implementation monitored? Who does it and how frequent?
6. What factors (both positive and negative) affect strategy implementation in the organization?
7. Do you experience any uncontrollable factors in the external environment that adversely impacted on strategy implementation?
8. What suggestions would you make regarding the strategy implementation process in the organization?

III. Banking Services Department

1. What role does your department play in strategic management?
2. What are the major changes in the business environment that are affecting your organization?
3. How does the organization cope with the changes in the environment it operates in?
4. What are the practices employed in strategy implementation in your organization?
5. In your opinion, were the available resources (physical, financial, technological and human resources) adequate for strategy implementation?

6. What is the impact of the strategy implementation on overall organizational performance? Have the overall objectives been achieved?
7. What are the factors (both positive and negative) that affect strategy implementation?
8. What suggestions would you make regarding the strategy implementation process in the organization?

IV. Human Resources

1. What role does your department play in strategy implementation?
2. Is the work force sufficient in regards to numbers and capacity?
3. How do you involve the employees in the strategy implementation process?
4. What kind of reward systems are in place and how are they tied to ability to implement strategies?
5. Do you experience any uncontrollable factors in the external environment that adversely impacted on strategy implementation?
6. What suggestions would you make regarding the strategy implementation process in the organization?

V. Information Technology Department

1. How do you compare the bank with other banks in terms of technological advancement?
2. How has technology advancement improved business performance?
3. What are the enabling factors and challenges faced in the adaptation of the technology in the organization?

4. What suggestions would you make regarding the strategy implementation process in the organization?

VI. Marketing and Business Development

1. Please indicate and explain the major marketing strategies adopted by the department to enable the bank achieve its strategic goals and objectives.
2. Have these strategies been effective in realizing strategic goals? Elaborate.
3. How is product development undertaken in your organization?
4. What are the factors (both positive and negative) that affect strategy implementation?
5. What suggestions would you make regarding the strategy implementation process in the organization?

VII. Branch Managers

1. What role does your department play in strategic management?
2. What are the major changes in the business environment that are affecting your organization?
3. How are you involved in strategy implementation?
4. What are the factors (both positive and negative) that affect strategy implementation?
5. What suggestions would you make regarding the strategy implementation process in the organization?

Appendix II: Letter of Introduction

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 12/9/2014

TO WHOM IT MAY CONCERN

The bearer of this letter DOREEN WANGECHI MUCHEMI

Registration No. D61/60165/2013

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.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
12 SEP 2014
30197 - 00100, NAIROBI

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

Appendix III: Request to Conduct Research

3RD SEPTEMBER 2014

HEAD HUMAN RESOURCES

KENYA POST OFFICE SAVING BANK

P O BOX 30313 00100

NAIROBI.

Dear Sir,

RE: REQUEST FOR PERMISSION TO CARRY OUT ACADEMIC RESEARCH

I am a postgraduate student at the University of Nairobi, School of Business. As part of fulfillment for the award of the MBA degree, I am required to carry out research and produce a project paper. To this end, I have selected Postbank as my case study. My topic of research is “Strategy Implementation Practices at Kenya Post Office Savings Bank ".

I kindly request your office to grant me permission to conduct my study in the bank. Data will be collected through personal interviews. The interviewees of the study will be drawn from all levels of management.

The information generated by the research will be treated with strict confidence and is strictly for academic purpose only. A copy of the final report will be made available upon request.

Yours sincerely,

DOREEN WANGECHI MUCHEMI

Appendix IV: Approval to Conduct Research

KENYA POST OFFICE SAVINGS BANK
HUMAN RESOURCES DEPARTMENT

KPSB/HR/P&D/5/2014

19th September, 2014

Doreen W. Mucheni
PF: 2331

Forwarded and all the best.
22/9/2014.

Thro'
Manager/Strategic Planning & Projects
POSTBANK.

RE: REQUEST FOR RESEARCH DATA COLLECTION

Reference is made to your letter on the above subject dated 3rd September, 2014.

We wish to inform you that your request to collect data for purpose of your research work for a Masters in Business Administration, while a student of University of Nairobi has been granted.

Be guided that data collected will remain confidential and can only be shared with the necessary persons as far as your study work is concerned.

We wish you a successful undertaking in your study.

P. M. KARANJA
FOR: HEAD/HUMAN RESOURCES

Appendix V: Kenya Post Office Savings Bank Action Plan Template

Corporate Objective 1:					
Strategy	**Activities**	**Target (Number/ Frequency / Per cent)**	**Timeframe**	**Indicators**	**Responsibility**
Strategy 1	Activity 1				
	Activity 2				
	Activity n				
Strategy 2	Activity 1				
	Activity 2				
	Activity n				
Strategy n	Activity 1				
	Activity 2				
	Activity n				
Corporate Objective 2:					
Strategy	**Activities**	**Target (Number/ Frequency / Per cent)**	**Timeframe**	**Indicators**	**Responsibility**
Strategy 1	Activity 1				
	Activity 2				
	Activity n				
Strategy 2	Activity 1				
	Activity 2				
	Activity n				
Strategy n	Activity 1				
	Activity 2				
	Activity n				
Corporate Objective n:					
Strategy	**Activities**	**Target (Number/ Frequency / Per cent)**	**Timeframe**	**Indicators**	**Responsibility**
Strategy 1	Activity 1				
	Activity 2				
	Activity n				
Strategy 2	Activity 1				
	Activity 2				
	Activity n				
Strategy n	Activity 1				
	Activity 2				
	Activity n				

Appendix VI: Postbank Current Organizational Structure