FACTORS INFLUENCING STRATEGY IMPLEMENTATION AT GIRO COMMERCIAL BANK LTD

BY

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DECLARATION

This research project is my original work and has never been submitted for examination to any other University.

Signature…………………………….. Date………………………………

Michael Nyakundi Onwonga

This project has been submitted with my authority as university supervisor.

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DEDICATION

I wish to dedicate this project to my family and friends who encouraged me when I was writing this project.

ABSTRACT

The sought to determine the factors influencing strategy implementation by Giro Commercial Bank Limited and the practices undertaken by the bank to address these factors. To achieve this objective, the study used a case study of Giro commercial bank and the primary data was collected using an interview guide that sought answers through open ended questions gathered from the interviewees. Primary data was collected from all the three interviewees. The interviewees were departmental heads of finance, marketing and operations. Data analysis was done using content analysis. The findings conclude that the factors affecting strategy implementation at Giro commercial bank are; organizational structure, whereby the structure of the organization is not compatible with the strategic goals. Failure to allocate adequate finances to support strategy implementation, resistance to change was also a key challenge that was caused by lack of communication; most employees were not informed whether there were changes taking place in the bank which led to resistance. The findings also found out that the bank did not have a strategic plan which is essential for strategy implementation. The findings also indicated that there were no rewards or any other form of recognition to motivate and inspire employees to work harder and realize strategic goals and objectives. The study recommends that the bank should design and develop a strategic plan which acts as a point of reference of all the activities involved in strategy implementation, the project implementers and support staff. The strategic plan should also contain a budget that supports the activities involved in each and every stage of implementation. The top management should allocate sufficient funds and resources to support the process of implementation. They should ensure that the employees are well equipped with resources and facilities to enable them execute their mandate as stipulated in the strategic plan. The top management should also ensure a system upgrade to ensure that it accommodates the changes taking place. The study was limited to a case study of Giro commercial bank, therefore; these findings are unique to this bank and therefore cannot be used to make generalization of all commercial banks in Kenya. The study suggests that it would be interesting to investigate the factors affecting strategy implementation in another commercial bank that might have undergone strategy implementation findings can then be compared to assess areas of commonalities and unique features. This will create a platform for recommendations and areas of improvement.

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LIST OF ABBREVIATION AND ACRONYMS

CBK	Central Bank of Kenya
CCFL	Credit & Commerce Finance Limited
GCBL	Giro Commercial Bank Limited
IPF	Insurance Premium financing
KBA	Kenya Bankers Association

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The current business environment is uncertain; firms must find ways to cope with the constant changes in the external environment. Heracleous (2000) notes that firms get their input from the external environment to produce their output. To get input that effectively contributes to output, firms need to align themselves in a manner that accommodates these pressures from the external environment in order to achieve their mission and vision. According to Higgins (2005) strategy implementation is one of the tools that firms have resulted to cope with external changes. Strategy implementation entails putting together strategies and polices into action through the development of programs, budgets and procedures. Krohmer and Workman (2004) posit that it is a process that calls for changes within the overall culture, structure and the entire organization. It is mainly conducted by the middle and lower level managers with review by top management.

Resource dependency theory is based on the premise that a firm is involved in transactions with other actors and firms in its environment in order to acquire resources. Pfeffer and Salami (2003) indicate that resources that the firm requires may be scarce or under the control of non-cooperative players. This is also in line with institutional theory which posits that companies can gain legitimacy by reducing their impact on the environment and exhibiting good environmental performance (Scott, 2008).

Commercial banks have realized the need to provide competitive services to their customers this has forced them to redefine their roles on the quality of services they offer. Countering challenges of strategy implementation is seen as a strategic component in achieving the firm's vision and mission. It is therefore important to understand the factors affecting strategy implementation in order to devise ways and means of resolving these challenges. Giro commercial bank plays a vital role of providing access to financial services to its customers and financial advice to those seeking to make investments in profitable ventures. To cope with the current competition in the banking industry, it is important for the bank to understand the factors affecting strategy implementation.

1.1.1 Concept of Strategy

Strickland and Gamble (2008) a strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage. It is a large-scale, future oriented plan for interacting with the environment to achieve company objectives. A strategy forms a comprehensive master plan that states how the firm will achieve its goals and objectives.

Thompson (2005) argues that when choosing a strategy, firms make choices among competing alternatives as the pathway for deciding how they will pursue strategic competitiveness. In this sense, the chosen strategy indicates what the firm will do as well as what the firm will not do. This organization should ensure that its strategy is compatible with the vision and the mission of the firm.

According to Thomson and Strickland (2002) strategy is important since it forms part of the company's game plan. Although that plan does not precisely detail all future deployments of people finances and material, it provides a framework for managerial decisions. A strategy reflects a company's awareness of how, when, and where it should compete; against whom it should compete; and for what purpose it should compete.

1.1.2 Strategy Implementation

According to Hrebiniak (2006) strategy implementation is a process by which strategies and polices are put into action through the development of programs, budgets and procedures. The process might involve changes within the overall culture, structure and management system of the entire organization. Except when such drastic corporate wide changes are needed. However, the implementation of strategy is typically conducted by middle-and lower-level managers with review by top management (Okumus, 2001); sometimes referred to as operational planning, strategy implementation often involves day-to-day decisions in resource allocation.

Homburg et al. (2004) explains that implementation is the arena that most students enter at the start of their business careers. It is the strategic phase in which staying close to the customer, achieving competitive advantage, and pursuing excellence become realities. Heracleous (2000) maintains that successful strategy implementation requires strategic control and the ability to steer the firm through an extended future time period when sudden events and general economic and societal developments will be sources of change not anticipated when the strategy was conceived or initiated.

1.1.3 Factors Affecting Strategy Implementation

Factors that affect strategy implementation can be categorized as leadership style, information availability and accuracy, uncertainty, organizational structure, organizational culture, human resources and technology. Although most authors agree that these factors affect strategy implementation, each factor's impact is at a different level and has a different magnitude. Noble and Mokwa (1999) pointed out that human resources are becoming a key focus of strategy implementation and reiterated that people, not financial resources, are key strategic resources in strategy implementation. A survey by Beer (2000) indicated that managers mostly rely on planning and organizing activities when implementing strategies, while the biggest obstacle to strategy implementation and execution is poor leadership. The results depicted that adapting the organizational structure to serve the execution of strategy has a positive influence on performance. Homburg (2004) mentioned that human resources management plays a pivotal role in the effective implementation of strategic plans. It is important for both organizational departments and employees to be enthusiastic about the strategy implementation. Getting people on board and having a motivating reward system will have a positive influence on the implementation of strategy. In addition, technological advancement in terms of speedy processes and procedures, as well as design, will also make a positive contribution to the successful implementation of strategies.

1.1.4 Commercial Banks in Kenya

The banking industry in Kenya is regulated by the Central Bank of Kenya Act, Banking Act, and the Companies Act among other guidelines issued by the Central Bank of Kenya (CBK). Commercial banks in Kenya are licensed, supervised and regulated by the Central Bank of Kenya (CBK) as mandated under the Banking Act (Cap 488). Banking industry in Kenya was liberalized back in 1995 and exchange controls revoked (CBK, 2015).

Currently there are 43 licensed commercial banks and 1 mortgage finance company, 11 microfinance banks and eighty six (86) Forex Bureaus that are licensed to work and operate in Kenya as of December 2013. The banks have come together under the Kenya bankers Association (KBA), which works as a lobby for the local banking industry. Kenya bankers Association (KBA) also serves as a forum to address issues affecting the banking sector. The forex bureaus conduct business and are regulated under the provisions of the sections 33A to 33O of the Central Bank of Kenya Act (Cap 491) and Guidelines issued thereunder (CBK, 2015).

Mwende (2014) indicates that the banking industry has over the past few years enjoyed exponential growth in deposits, assets, profitability and products offering, mainly attributed to automation of services and branch network expansion both locally and regionally. This growth has brought about increasing competition among players and new entrants into the banking sector. Currently, banks are now focusing on the diverse customer rather than traditional banking products such as over the counter deposits and withdrawal.

1.2 Research Problem

Proper implementation of strategies is a requirement for improved quality of services and customer satisfaction. Beer and Eisenstat (2000) argue that implementation of strategy is a way in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively. Successful strategy implementation therefore must consider key issues. These include: matching organizational structure, creating a supportive culture, proper leadership and resources (Okumus, 2001). According to Nobble and Mokwa (1999) the best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented.

Commercial banks get input from the environment and produce their output to the environment in return (Mwende, 2012). It is therefore important for Giro commercial bank to understand the environment in which it operates by identifying the factors affecting strategy implementation and understanding the ways of dealing with these factors in order to succeed in strategy implementation to realize corporate goals and objectives. Nyambane (2012) explained the significance of understanding the challenges affecting strategy implementation in order to understand the ways of dealing with those challenges.

Studies have been done on challenges facing strategy implementation locally and globally: Thompson and Strickland (2002) studied the challenges of strategy implementation in service firms in United States. The study found that matching between the strategy and capabilities of the firm was the greatest challenge. Ortega (2010) argued that lack of resources was a key impediment towards successful strategy implementation. According to the white paper of strategy implementation of Chinese corporations in 2006, that 83 percent of the surveyed companies failed to implement their strategy smoothly, and only 17 percent felt that they had a consistent strategy implementation process (White, 2006).

Nyambane (2012) found that the challenges of strategy implementation include organizational culture, organizational structure, resources and capacity building, leadership and senior management. Mbogoh (2014) concluded that the challenges affecting implementation of CSR strategies by commercial banks include macro-environment challenges, industry specific challenges and other challenges. Polle (2012) found that there are several challenges facing audit firms in the implementation of strategy, mostly due to insufficient financial resources and technology to execute their duties.

None of the above studies investigated on the factors influencing strategy implementation at Giro Bank Limited. This study therefore sought to find an answer to the following research questions: what are the factors influencing strategy implementation by Giro commercial bank limited and what practices are undertaken by Giro Bank management to address such factors?

1.3 Research Objective

i. To determine the factors influencing strategy implementation by Giro Commercial Bank Limited.
ii. Practices undertaken by Giro bank to address such factors.

1.4 Value of the Study

The study will have theoretical value since it will add more knowledge on resource dependency theory and institutional theory. Students will learn the relevance of these theories and their application in research. The study will be a valuable resource on the challenges facing Giro commercial bank and ways of countering these challenges.

Other commercial banks will learn the challenges that they are likely to face during strategy implementation. Thus, the study will help these banks in making the necessary preparations during strategy implementation to overcome the challenges.

Central bank is a key partner in policy setting. It might use the findings for this study to set policies that promote strategy implementation to encourage commercial banks to compete favorably against their rivals. The study will also serve as a point of reference to researchers interested in this area of study or other related topics.

Recommendations and conclusions drawn from this study can be used by researchers to guide them on the areas for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers the theoretical foundation, the challenges facing strategy implementation and ways of countering the challenges of strategy implementation.

2.2. Theoretical Foundation

This study is anchored by two theories namely: institutional theory and resource dependency theory. The theories have been discussed below as follows:

2.2.1 Institutional Theory

Institutional theory focuses its attention on the role of social influence for social conformity in shaping organizations actions. Because organizations are assumed to be approval-seeking they are susceptible to social influence. One of the main theses of institutional theory is that organizations' act to enhance or protect their legitimacy (Scott, 2004). By adopting strategies in adherence to institutional prescriptions, firms reflect an alignment of corporate and societal values. When organizations conform to societal pressures, they gain legitimacy that secures organizational success and survival.

Thus, concern over legitimacy influences firms by forcing them to adopt certain managerial practices that are expected to be socially valuable. Institutional theory does not directly address efficiency issues or the impact of strategies on performance, since it explains the implementation of practices without obvious economic value. Yet it recognizes the value that these practices provide in terms of legitimacy and its importance for a company's endurance. A gain in legitimacy can benefit an organization since it aids in securing access to valuable resources, provides a license to operate and innovate, lowers risk, enhances reputation, and strengthens stakeholder relations (DiMaggio and Powell, 1991).

Scott (2004) notes that a conventional argument of institutional theory is that pressure for institutional conformity leads to a company's adoption of the same strategies and structures as those adopted by other actors within the organization's field. This duplication of practices often leads organizations to resemble each other and beget the classical explanation of homogeneity across companies. Institutional theory has successfully explained how conforming to societal expectations increases legitimacy, reduces uncertainty, and increases standardization. Due to their impact on the natural environment and society, companies tend to be scrutinized more intensely by different stakeholders like government, media, consumers, and activists. Given the increased social awareness of organizational wrongdoing and the explicit environmental demands, institutional theory predicts that companies can gain legitimacy by reducing their impact on the environment and exhibiting good environmental performance (Scott, 2008).

2.2.2 Resource Dependency Theory

According to Pfeffer and Salancik (2003) actors lacking in essential resources will strive to establish relationships with others to get the resources. This theory is important to the study because it demonstrates the extent to which a firm can go to acquire resources to execute its plans in order to achieve its goals. Organizations attempt to alter their dependence relationships by minimizing their own dependence or by increasing the dependence of other organizations on them.

Lamb and Boyden (2011) indicate that organizations are seen as coalitions alerting their structure and patterns of behavior in order to acquire and maintain the required external resource. When a firm obtains the external resources, it reduces the level of its dependence on others and thus increases the extent of dependence by others. This essentially means that the firm is able to develop core competence since it's less dependent on others while other organizations heavily depend on it. This results to competitive advantage of the organization.

The supporters of this theory: Stern & Stalk (2001) argue that the firm is assumed to consist of internal and external coalition which emanate from the social exchanges that are formed to enhance and control behavior. The external environment is assumed to consist of scarce and valued resources that are key for an organizational survival. This is because of the uncertainty involved in the external environment in resource acquisition.

Going by these facts, the banking environment is dynamic however; it is characterized by risks and uncertainties due to changes in the external environment. This necessitates the need for adopting strategies to counter challenges in the external environment. According to Ortega (2010), organizations aim to achieve two key objectives namely: control over resources in order to reduce dependence on other firms and gain control over resources that enhance dependence of other firms on themselves.

2.3 Challenges Facing Strategy Implementation

There are various factors that influence strategy implementation. One of the factors influencing strategy implementation is poor planning. Galbraith (2000) maintains that without step-by-step planning, change in an organization is likely to fall apart or cause more problems than benefits. It is important to understand the changes that will take place and how these changes will occur. For example, if the organization is transitioning to a new content management system, it is important to know if the new system is compatible with the old system, if the organization will transition from the old system to the new system and if there will be limited access during the process of transition. The organization needs to have a clear plan on how the process is going to take place by assigning roles to individuals who are responsible for the change. The timeline for the change is also a key component. The organization should plan for the downtime in completing regular work talks while change occurs (Thompson and Strickland, 2002).

Thompson and Strickland (2002) note that ineffectiveness of top management to holistically implement change management initiatives could be as a result of inability of management to convince stubborn unions. This can bring about conflicts and hence inhibit strategy implementation. Organization's inability to change the mindset of people to obtain total involvement; this could be as a result of lack of commitment and communication from top management to the employees. This negatively impacts on strategy implementation. Giles (2012) emphasizes that this kind of leadership could maintain a wrong pace of strategy implementation and focus on too many improvement initiatives.

The other factor is lack of understanding of the underlying principles and concepts towards strategy implementation. This might be brought about by inadequacies of the master plan in the absence of focused approach and lack of awareness of strategy implementation among the employees. Dooley and Fryxell (2000) posit that middle management's resistance towards offering empowerment and recognition of bottom level operators due to fear of loss of authority and respect. This might happen when the management is unable to strictly force laid out practices and standards that enhance the process of implementation. Organizations' in-ability to enhance employees' competencies during implementation this can be as a result of alienation of employees from growth and sustainability endeavors of the organization (Galpin, 2008).

Lack of proper mechanisms to critically evaluate and monitor maintenance performance standards like the overall equipment effectiveness. This keeps the management in the dark about the progress in the implementation process and thus limits them from oversight and improvement. No plan can be effectively implemented without reviewing its progress regularly. Plans cannot be effective if there is no proper monitoring of the system. Thompson and Strickland (2002) argue that lack of support by the top management is a major hindrance towards strategy implementation. In some organizations, the top management does not provide employees with the necessary facilities and resources to facilitate effective strategy implementation. This limits the employees from executing their roles and thus delays the process of implementation. Lack of commitment by the management in the planning process is a challenge of all the obstacles in effective strategic planning. When the management fail to take interest in formulation and implementation of strategy it creates a hindrance during implementation process (Pearce and Robinson, 2004).

Hrebiniak (2006) explains that lack of professionalism is a major challenge towards successful project implementation. This involves both the employees and the top management in the organization. This is brought about by lack of consistence, resistance to change, poor quality consciousness coming in the way of organizational transformations and inability to align employees to organizational goals and objectives. According to White (2006) the other challenges that prevent strategy implementation include: strong unions, rigid mindsets, non-flexible approaches and non-adaptable attitudes, stubborn attitudes regarding existing organization and knowledge and beliefs.

Inability by the top management to motivate employees on the new change; this is a challenge to most employees since they fail to understand the importance of the change process and thus demotivate them. This could also be caused by marginal employee participation in the organization towards decision making and behavioral obstacles affecting the successful strategy implementation (Thompson, 2005).

Pettigrew (2001) argues that failure to communicate with all employees invites rumors and fear into the workplace, particularly if the organization is facing major changes, such as downsizing or a merger. Most employees want to know what is going on. The feeling of uncertainty when management does not communicate disrupts work and makes employees feel as if they are not part of the decision. Keep employees updated regularly about the plans and progress towards the change implementation. Involve all employees as much as possible through meetings or brainstorming sessions to help during the planning phase (Lorange, 2001).

2.4 Ways of Countering Challenges of Strategy Implementation

There are various ways in which the organization might deal with challenges on strategy implementation as follows:

Clear communication is one of the ways that an organization can use for effective strategy implementation. At each level, leadership should clearly define the goals of the organization to their employees and their role in achieving those goals. Each leadership rank must identify those tasks that must be done, after that focus on the efforts of their employees so that those main objectives could easily be achieved (Noble, 2001).

Lorange (2001) maintained that when it comes to the strategy process; communicate what you are going to do, why you are doing it, how people will be involved in the process and the expected timelines. Alexander (2001) explains that it is important to commit to provide updates on a regular basis of how the process is going and what has been achieved. In the absence of information, people will make it up themselves. Whatever people make up is usually a worse-case scenario. This communication process can take a variety of forms including meetings, newsletters, and town hall forums among others. Incorporate a communication strategy as part of your overall strategy process.

Manage the change process; this involves developing the strategy. In order to effectively implement strategy we have to manage the whole change process. Effective change management will not remove all the concerns, but it will help keep them to a bearable level and will allow the organization to continue without significant loss of productivity (Judson, 2001).

Participation of employees in planning process; the organization should ensure that all its employees take part in the planning process. This can be achieved by ensuring that employees ‘suggestions take into account all the stakeholders that are affected by the new change in one way or the other. Alexander (2005) emphasizes on the need for all the employees to take part in the planning process. He argues that this makes them understand their roles and responsibilities in line with the organizational goals. This motivates them to be committed since they feel as part of the implementation process.

The other way of dealing with the challenge of strategy implementation is regular checks. According to Grundy (2008) proper system of regular checks provides a framework for ensuring that employees accomplish their assigned tasks. Their performance is measured using a benchmark and then corrective actions are made in order to enhance their capabilities.

Pettigrew (2001) puts forth that accountability is one of the ways of ensuring successful strategy implementation. Employees should be accountable for their duties and responsibilities especially when they fail to achieve their defined tasks. The organization should come up with a mechanism for accountability to ensure that the employees are evaluated based on their performance. Performing employees should be rewarded while non-performers should be given warnings upon which they may be dismissed on ground of non-performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter gives the research methodology that was used to achieve the objectives of the study. It comprises of the research design, data collection tools and data analysis techniques

3.2 Research Design

The study used a case study research design. Kothari (2005) postulated that a research design is a detailed outline of how an investigation takes place. This includes how data is collected, what instruments are employed, how the instruments are used and the intended means for analyzing the data collected. A case study involves analyses of persons, events, decisions, periods, projects, policies, institutions, or other systems that are studied holistically by one or more methods.

Creswell (2009) explains that a case study is an in-depth investigation of an individual, institution or phenomenon whose key goal is to determine the factors and relationships that led to the behavior under investigation. A case study is most appropriate when the study is focusing on a single organization. This is because it analyzes information in a systematic way to arrive at logical and plausible conclusions. The case that is the subject of inquiry will be an instance of a class of phenomena that provides an analytical frame of an object within which the study is conducted and which the case illuminates and explicates.

3.3 Data Collection

Primary data was collected by interviewing three (3) departmental heads. They were namely: marketing, operations and finance departments. This category of the respondents was chosen because they are highly involved in strategy implementation and thus they are conversant with the processes. Creswell (2009) primary data is raw information that is collected from the field. The benefit of primary data is that it focuses on specific issues of the study. An interview guide is a tool for data collection that answers open ended questions prepared by the researcher to interview the respondents.

The interview guide contained three sections: section A contained questions on the general information about the company and the interviewees. Section B contained questions on the factors influencing strategy implementation by Giro commercial bank limited. Section C contained questions on the practices undertaken by Giro commercial bank to address such factors.

A face to face interview was conducted with the three heads of departments, these were; the head of operations management, the head of marketing and the head of finance. This is because they are highly involved in the implementation of strategies at the bank. Appointments were sought from the departmental heads to ensure that the interview sessions were conducted at their convenient time which led to adequate and ample time to respond to the questions.

3.4 Data Analysis

Content analysis was used to relate the findings of this study with the literature review to find out whether the literature is consistent with the findings of the analysis. The objective of the study was analyzed using content analysis. Content analysis involved making inferences from the empirical studies and determining whether these studies are consistent or divergent.

The study used both interviews and company records. According to Creswell (2009) qualitative content analysis involves a process designed to condense raw data into categories or themes based on valid inference and interpretation. Content analysis has been defined as a systematic, replicable technique for compressing many words of text into fewer content categories based on explicit rules of coding. It is a technique for making inferences by objectively and systematically identifying specified characteristics of messages.

The study chose this form of analysis because qualitative content analysis pays attention to unique themes that illustrate the range of the meanings of the phenomenon rather than the statistical significance of the occurrence of particular texts or concepts. According to Maxwell (2005) enables the researcher to obtain detailed information about the organization especially on the variables under study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This section consists of the data that was interviewed from the interviewees and analyzed in line with the objectives of this study which were to determine the factors influencing strategy implementation by Giro Commercial Bank Limited and the practices undertaken by Giro bank to address such factors.

4.2 Demographic Information

The study sought data from the three interviewees at Giro Bank Limited who were the marketing manager, the operations manager and the finance manager. The interviewer managed to interview all the interviewees.

The interviewees were asked to indicate the department which they belonged to find out whether their work was in line with the information that the interviewer sought to collect. The findings indicated that one of the interviewee worked in the finance department while the other two worked in the operations department.

With regard to the positions that the interviewees were in, their results were as follows: finance manager, marketing manager and the operations manager. This implies that the interviewees were in position to give responses as per the objectives.

The study found that the two of the interviewees were masters' graduate while one of the interviewee had a first degree only. This was an indication that the interviewees were qualified and in a position to give accurate and reliable information with respect to the objectives of this study.

The findings also revealed that two of the interviewees had worked for Giro commercial bank for ten years while one of the interviewee had worked for five years. This was an indicator that the interviewees had served in the organization long enough and thus had a clear picture of its operations in line with the study objectives. Further, two of the interviewees indicated that they had worked in their current positions for a period of four (4) years while one of the interviewee had worked in his current position for a period of two (2) years.

4.3 Factors Influencing Strategy Implementation at Giro Commercial Bank

The study found that organizational culture was one the factors that influenced strategy implementation at Giro commercial bank. It was revealed that the bank was slow in its operations and unproductive while some of the employees felt that they should do less than the rest. It was also revealed that lack of adequate finances to invest in modern technologies was also a factor that inhibited strategy implementation.

The other challenge that faced Giro commercial bank was that the change in the organizational structure was not aimed at aligning it to the strategy. It was seen as an exercise to downsize because the organization lacked financial resources to support the structures in place. The findings indicated that the bank lacks the capacity to support a flexible organization that enjoys autonomy in its decisions and processes.

The other factor that affected strategy implementation was staff appraisal process which was seen as the tool used in the organization to hold the employees responsible for the attainment of organizational goals. This tool was however criticized that it was not effective because some of the employees executed to perform the appraisals were not professionals and lacked experience in this field thus the employees felt that it lacked objectivity and was based on bias and not performance. The findings also proved that there was no follow-up on the results obtained from the appraisal and clarity in roles and responsibilities. The findings also discovered that the structure of the appraisal was not linked to key performance indicators to determine whether the employees were performing, this made the appraisal system to be unsustainable. One of the interviewee indicated that performance was not being taken seriously because the bank still retained some of its employees who did not meet performance targets.

Resistance to change and slow response to global trends was a major challenge faced by Giro commercial bank, this negatively impacted on strategy implementation. Most of the employees feared the responsibilities that come with the new changes while others failed to appreciate the fact that the bank had to change in order to cope with the environment which is dynamic.

Communication was found to be a major problem in the bank; top management failed to communicate to their subjects to ensure strategic consensus. There was very little or no communication at all between the top management and the employees. The employees were not aware about any form of change in the organization. They did not have any idea that strategy implementation was an essential component in driving the organization in achieving its mission and vision. There was communication breakdown between the top management, middle level management and between different functions of the bank. These findings are consistent with the Rapert et al. (2002) indicates that communication serves as a means to reach this consensus. Management’s task is to ensure that communication takes place between themselves and middle management, between different functions and between other important connections in the organization. The need for vertical communication through the organization as well as frequent communication as a major method to reach shared perceptions, values and beliefs among the workforce and eventually reach a stage of higher performance of the organization. Also Noble (1999) feels the significance of a common language and understanding. Beer et al. (2000) sees a major challenge in the lack of honest upward conversations from employees about barriers and underlying causes, which is caused by a strict top-down management style. They agree with Noble (1999) and Rapert et al. (2002) that poor vertical communication inhibits effective strategy implementation and promote more open dialogue within the organization.

The top management was not committed to strategy implementation it failed to commit adequate time in guiding the employees and providing strategic directions on how to implement strategy as part of the bank's goals and objectives. This made the employees reluctant, unwilling and demotivated since they felt it was not part of the bank's vision and mission. The findings further reveal that the top management did not demonstrate some level of seriousness and effort in the realization of strategy implementation. These findings are consistent with the suggestions made by MacMillan (1998) who believed there is a need to develop commitment by the members of an organization to key strategic decisions. Here the assumption is that people are motivated more by their perceived self-interest than by the organizational interest unless these are congruent. In their paper Guth and MacMillan (1996) studied the motivation of middle management to implement a certain strategy. They found out that if middle managers believe that their self-interest is being compromised they are likely to redirect, delay or totally sabotage the implementation. Beer and Eisenstat (2000) think managers can increase commitment with involvement and integration of employees from lower levels. The involvement will create a kind of ownership in the new strategy, which increases commitment enormously.

The findings found that the unanticipated factors that inhibit strategy implementation are: lack of a quorum when making key decisions, this causes delays that might negatively affect efficiency in formulation and implementation of strategy. The other challenge is high employee turnover that slow down strategy implementation due to constant training of new employees. Further, it was revealed that change of management was a key factor that interrupted strategy implementation. In the last three years, Giro commercial bank had experienced a change of top management in several instances, this affected strategy implementation since every time a new CEO came in he or she adopted a new strategy even before the current strategy was achieved. This caused major delays in implementation and realization of strategy.

Poor motivation and reward systems may lead to a go slow between employees, this might slow down strategy implementation as the management and the employees try to agree and solve the matter hence leading to an unsuccessful strategy implementation. Also, when some of the employees are against the new change they might tend to disrupt the process of implementation and convince their fellow colleagues why they are against the new change to win their support. This might slow down the process of strategy implementation.

The study found that competition was very stiff in the banking industry this posed a major threat to any form of strategy that banks adopted. It was also found that lack of planning led to abrupt disruptions which negatively impacted on strategy implementation.

The interviewees also revealed that they lacked adequate support from the top management which created a hindrance towards strategy implementation. The resources allocated by the top management in terms of human resources and facilities were not enough to accommodate the demands of the set strategy implementation. This was a major challenge to Giro commercial bank because some of the strategies required a huge resource allocation and the bank lacked adequate capacity to deliberate on strategy implementation. This brought about delays and prolonged the implementation period which attracted a lot of costs.

Two of the interviewees indicated that the deadlines were not met while one of the interviewees pointed out that the deadlines were met. The findings revealed that the bank was not able to meet most of its deadlines. This is attributed to the above findings that have revealed that Giro commercial bank did not provide enough resources and facilities to effectively support strategy implementation. This delayed the process of implementation leading to delays and thus making it difficult to meet the set deadlines.

The findings revealed that the resources and facilities that were provided by the bank were not enough to support effective strategy implementation. The findings observed that the bank did have sufficient funds to invest in modern technologies for example Information communication technology (ICT) which is an essential component in achieving integration; this hindered effective communication and information. The findings also confirmed that the bank did not have a team of implementers who were charged with the responsibility of strategy implementation. Some of the implementers of strategy were heads of department who were engaged in other responsibilities and duties and were not adequately experienced in strategy implementation. This affected efficiency in implementation leading to unsuccessful strategy implementation.

The study findings observed that coordination of activities was a problem due to poor communication between the top management and the employees in the bank. The employees were not guided effectively on their duties and responsibilities and the procedures involved in implementation; this affected cooperation and coordination of activities between the top management and the employees at the lower levels hence negatively affected strategy implementation.

The study findings revealed that the culture of the organization did not support strategy implementation. The findings indicated that there was poor communication between the top management and the employees; this negatively affected the culture of team work and togetherness to achieve common goals and objectives. The study findings pointed out that the management did not share its common goals with their employees since they did not involve them in key decisions of the organization. This demotivated the lower level employees such that they lost a sense of belongingness as part of Giro commercial bank. These findings are consistent to Crittenden et al. (2008) sees organizational culture as a system of shared values of the employees and Pryor et al. (2007) sees the possibility to set tone, pace and character of the organization. Certain characteristics can foster strategy implementation others may need to be considered as a barrier.

4.4 Ways in which Giro Bank Management Addresses Factors Influencing Strategy Implementation

Most of the employees indicated that the top management should consider allocating more resources to facilitate the process of strategy implementation. These include: finances and resources. Giro commercial bank should allocate adequate finances to invest in modern technology and resources for example human capital: project implementers and a committee that is charged with the responsibility of monitoring and supervision of strategy implementation.

The top management should always involve all its employees in key decisions. This enhances communication between the top and the lower level management this makes the employees to understand and appreciate strategy implementation since they are part of the process. This minimizes resistance to change and unnecessary distractions because the employees and the top management share and agree in similar goals and objectives.

Also, the top management should align the organizational structure in a manner that clearly defines the roles and the responsibilities of all the employees working for the bank. The organizational processes and procedures should be aligned to effectively match the strategic goals and objectives. The organizational structure should be compatible and supportive to propagate a culture of teamwork and hard work to enhance the realization of strategic goals.

The top management should show commitment by guiding the employees and giving them directions on how to achieve the set goals. They should demonstrate effort through setting examples on how to implement strategy successfully. This highly motivates the other employees to work harder in order to live-up to the desired expectations.

On the way the bank can manage any an unanticipated distractions during strategy implementation, the findings revealed that planning is essential in any strategy implementation process. It is always important for the management to plan and engage all its employees and other key stakeholders that might be affected by strategy implementation. It is worth noting that when all parties agree then there is no room for opposition since everyone is aware and fully understands the importance of the change process hence making it easy to implement since everyone is part of the process.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This study sought to obtain information on the two main objectives of the study which was to determine the factors influencing strategy implementation by Giro Commercial Bank Limited and the Practices undertaken by Giro commercial bank to address such factors. To achieve the intended objective of this study, three interviewees were targeted and all of them turned up for the interview process. The interviewer had adequate time to interview the interviewees, this enabled him to collect and gather information for data analysis. The interviewed interviewees included the operations manager, the finance manager and the marketing manager.

5.2 Summary of Findings

The study found that all interviewees had relevant experience and understood the factors affecting strategy implementation at Giro commercial bank. This implied that the interviewees were qualified to give accurate and reliable information based on the challenges facing strategy implementation at Giro commercial bank in Kenya.

It was found that the organizational structure was not compatible with the strategic goals and objectives of Giro commercial bank, this affected strategy implementation. The findings revealed that Giro commercial bank underwent restructuring however this process was not aimed at aligning the bank to strategic goals. The findings show that it was an exercise to downsize mainly because of lack of financial resources to support the structure in place.

The findings also concluded that staff appraisal was not effective; the employees who were in-charge of performance appraisal were not professionals in that field. The process of appraisal was found to lack objectivity and bias. It was also revealed that rewards and recognition were not pegged on achievement of performance targets, these highly demotivated hardworking employees.

The findings also found that most of the employees were not willing to cope and adapt to the responsibilities that came in with the new change. Most of the employees indicated that the management did not communicate to them about the change process and thus, they did not understand why they needed to change their way of doing things. One of the interviewees indicated that they did not identify themselves as part of the change process since they were not involved in most of the key decisions made by the top management.

The findings also found out that the top management did not involve employees in the lower level in key decision making. Most of the key decisions made by the top management were made without consultation and representation of the views of the employees at the lower level. This made them to lose a sense of belonging since they felt as if their contribution was not important in making key decisions of the bank.

The findings indicated that the best way to counter the challenges facing strategy implementation was investing in modern technologies for example information communication technology (ICT) to integrate all the functions and activities of the bank. Integration enhances communication between employees through sharing of information, this improves coordination of activities and also minimizes communication cost. This enhances cooperation between project implementers and the employees hence increasing chances of successful strategy implementation.

It was also found that the top management should involve all its employees in key decisions. This enhances communication between the top and the lower level management hence making the employees feel appreciated and part of the process. This minimizes resistance to change and unnecessary distractions because the employees and the top management share and agree in similar goals and objectives.

Top management should align the structure of the organization in a manner that clearly defines the roles and responsibilities of the employees as well as the processes and procedures to match the strategic goals and objectives of the bank. This will create a platform for improved coordination of activities leading to effective strategy implementation.

The top management should be committed by guiding the employees and giving the directions on how to achieve the set goals and objectives. The Chief Executive Officer (C.EO) should strive towards achieving these goals by demonstrating effort through setting examples and mentoring employees on how to overcome strategy implementation challenges.

The top management should have a clearly defined strategic plan and a budget that will be utilized in implementation. A strategic plan acts as a guide on how the process of strategy implementation will be achieved; it gives direction on priority areas and a budget on how the process will be implemented. This motivates the employees to work towards achieving the set goals and objectives.

5.3 Conclusions

The study concludes that the factors affecting strategy implementation at Giro commercial bank are organizational structure whereby the structure of the organization is not compatible with the strategic goals. Failure to allocate adequate finances to support strategy implementation, resistance to change was also a key challenge that was caused by lack of communication; most employees were not informed whether there were changes taking place in the bank leading to resistance. The findings also found out that the bank did not have a strategic plan which is essential for strategy implementation. The findings also indicated that there were no rewards or any other form of recognition to motivate and inspire employees to work harder and realize strategic goals and objectives.

5.4 Recommendations

The study recommends that the bank should design and develop a strategic plan which acts as a point of reference of all the activities involved in strategy implementation, the project implementers and support staff. The strategic plan should also contain a budget that supports the activities involved in each and every stage of implementation.

The top management should allocate sufficient funds and resources to support the process of implementation. They should ensure that the employees are well equipped with resources and facilities to enable them execute their mandate as stipulated in the strategic plan. The top management should also ensure a system upgrade to ensure that it accommodates the changes taking place.

The study recommends that the top management should engage all levels of the bank in the strategy planning process. Information flow from the lowest levels up to the decision makers brings valuable enterprise information to the decision and planning process. Top management must be fully aware of how the bank operates and how change will affect operations.

The study recommends that the need to communicate and how decisions are made to fill that need is key to a successful implementation. Employees and all stakeholders must understand why the strategy is being put in place and its goals. Change often causes paranoia among employees; making them feel they are an important part of the change process and educating them about the details will help to create enthusiasm and cooperation instead of paranoia.

The study recommends that the bank should offer training and development programmes to teach and educate the employees on what strategy implementation entails, how to go about implementation, the challenges involved and ways of overcoming these challenges. The employees should be guided on all the activities involved, the roles and responsibilities and expectations in each and every stage of implementation process.

5.5 Limitations

The study was limited to a case study of Giro commercial bank therefore; these findings are unique to this bank and therefore cannot be used to make generalization of all commercial banks in Kenya.

Most commercial banks work under strict confidentiality to prevent unauthorized access to information. It was very challenging for the researcher to convince the interviewees to accept to be interviewed. It took a while but after making several attempts they accepted. This however was not easy to achieve given the busy schedules that the managers are subjected to because of the nature of their work.

5.6 Suggestions for Further Research

The study suggests that it would be interesting to investigate the factors affecting strategy implementation in another commercial bank that might have undergone strategy implementation. Findings can then be compared to assess areas of commonalities and unique features. This will create a platform for recommendations and areas of improvement.

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APPENDIX I: INTERVIEW GUIDE

Goal of the interview Process

To determine the factors influencing strategy implementation at Giro Commercial Bank Limited and practices undertaken by Giro bank to address such factors.

Section A: Respondent Background interview

i. Which department do you belong to?
ii. Which position are you in?
iii. What is the highest level of education you have achieved?
iv. How long have you worked for the organization?
v. How long have you worked in your current position?

Section B: Factors Influencing Strategy Implementation at Giro Bank

i. What are some of the factors that you face during strategy implementation?
ii. Are there any unanticipated factors that inhibit strategy implementation during strategy implementation process?
iii. Are there competing activities that cause distractions hindering strategy implementation in your organization?
iv. Does top management provide adequate support during strategy implementation?
v. Are you able to meet the deadline during strategy implementation?
vi. Are you provided with adequate resources and facilities during strategy implementation?

vii. Is your organization able to coordinate activities and people during strategy implementation?

viii. In what ways is culture a hindrance towards strategy implementation?

ix. How does the structure of your bank affect strategy implementation?

Section C: Ways in which Giro Bank Management addresses factors influencing strategy implementation

i. What strategies do you think would effectively help in overcoming the factors that affect strategy implementation?

ii. Please, indicate your views on how these factors should be addressed in your organization?

iii. Did the management manage any unanticipated distractions during strategy implementation? If yes, please explain.

iv. Please, indicate your views on how strategy implementation challenges should be resolved in your organization?