

International Journal of  
**Business Strategies**  
(IJBS)

**Business  
Strategy**

**Success!**

**Marketing**

**Teamwork**

**Plan**

**Opportunity**

**ORGANIZATIONAL POLICY FRAMEWORK  
AND STRATEGY IMPLEMENTATION GAPS**

Parmain ole Narikae, Dr. Juliana M. Namada and Prof. Paul Katuse



## ORGANIZATIONAL POLICY FRAMEWORK AND STRATEGY IMPLEMENTATION GAPS

<sup>1\*</sup>Parmain ole Narikae

<sup>1</sup>Masters student: United States International University – Africa

\*Corresponding Author's Email: [pnarikae@gmail.com](mailto:pnarikae@gmail.com)

<sup>2</sup>Dr. Juliana M. Namada

Lecturer: United States International University – Africa

Corresponding Author's Email: [jnamada@usiu.ac.ke](mailto:jnamada@usiu.ac.ke)

<sup>3</sup>Prof. Paul Katuse

Lecturer: United States International University – Africa

Corresponding Author's Email: [pkatuse@usiu.ac.ke](mailto:pkatuse@usiu.ac.ke)

### Abstract

**Purpose:** The journal aims at assessing how organizational policy framework leads to strategy implementation gaps. The study population was made up of management and support staff of Kenyan commercial banks.

**Methodology:** It employed the use of questionnaires to obtain relevant data from respondents. The study focused on 250 top, middle and lower level employees from Kenyan commercial banks. Data was analyzed using descriptive and inferential statistics. The descriptive statistics methods used include mean and standard deviation. The inferential statistics used in the study include Pearson correlation, analysis of variance (ANOVA), and coefficients. The research data was analyzed using Statistical Package for Social Sciences (SPSS) version 20 and Microsoft Excel programs. Organizational policy framework was divided into ten parameters; standard operating procedures, operations manuals, loan processing policies, human resource policies, company circulars, departmental communication, memos, instructional letters, email instructions and information technology policies. Of all the ten factors of organizational policy framework, the highly statistical significant ones were standard operational procedures and loan processing policies.

**Results:** A correlation analysis to determine the relationship between standard operating procedures and loan processing policies established that standard operating procedures influenced loan processing policies.

**Unique Contribution to Theory, Practice and Policy:** The study assessed how policy framework leads to strategy implementation gaps in Kenyan Commercial Banks. Further studies about factors leading to strategy implementation gaps should be conducted on other financial institutions like insurance and, indeed, other industries.

**Keywords:** *Policy framework, strategy, strategy implementation, standard operating procedures, loan processing policies*

## 1.0 INTRODUCTION

Strategy, according to Johnson, Scholes, and Whittington (2006) is the scope and direction of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholders' expectations. Strategic decisions are probable to be multifaceted in nature. Strategy is very critical and significant for an organization that endeavors to attain competitive advantage and thrive in the business environment (Kaplan & Norton, 2010). For a strategy to succeed and value be realized, it requires not just formulation but robust implementation. Wernham (2008) argues that, strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. Strategy implementation is imperative for the reason that its failure or success may have a major impact on the success and sustainability of the business. However, the success of strategy implementation may not be assured. Strategy Implementation is recorded to have unsatisfying low success rate in most organizations (Solieri, 2011).

Companies face a common problem when executing a new strategic proposal: how to effectively manage the transforms that will take place as the new initiative is installed. Some academicians affirm that organizations fail to execute up to 70 percent of their strategic proposals (Beer and Nohria, 2000; Miller, 2002). Robbins and Coulter (2012) have taken into consideration that regardless of how well an organization has planned its strategies, it might not be successful if the strategies were not executed properly. Wagner and Hollenbeck (2010) also made clear that the more ineffective the decisions of top management, the more ineffective are the options made at lower level management. Equally, if top management's strategic options tend to be successful, it mirrors positively on choices made in other departments of the firm.

A study carried out by MCE (2013), on over 50 CEOs in Europe revealed what qualifies to be a practice gap. This study established that the majority of the CEOs rated strategy execution as their number one and number two most challenging matters. It is approximated that 60 percent of strategies are not successfully implemented. More needs to be done to enhance business outcomes by implementing strategy more successfully (MCE, 2013). In the context of Banking, it has been confirmed that the process of successfully executing strategies and measuring the success of an implemented strategy is either insufficient or not repeatable in Commercial Banking. Not all formulated strategies are executed and of those executed, not all are considered as having been successfully executed. In most instances the requisite supportive policies are not adequate resulting in a policy gap (Avashna, 2011). The purpose of this study was to determine how organizational policy framework leads to strategy implementation gaps.  $H_{01}$ : Policy framework has no impact on strategy implementation gaps

## 2.0 LITERATURE REVIEW

### 2.1 Theoretical Review

Implementation theory was found the best to explain how organizational policy framework affects strategy implementation gaps. A logical structure that is created to organize policy documents into groups and categories that make it simpler for employees to find and understand the contents of a variety of policy documents is referred to as a policy framework (Newcomb, 2009). When employees found it difficult to understand the contents of various policy

documents, strategy implementation gaps are created. To create equilibrium between understanding the contents of policy documents and strategy implementation, implementation theory should be applied.

Implementation theory is found within game theory. It is closely connected to mechanism design in which an effort is made to include into a game a mechanism so that the equilibrium of the game conforms to some concept of social optimality (for instance Pareto optimality) (Jackson, 2001). Implementation theory is a component of mechanism design. It provides an evaluating structure for circumstances where resources have to be apportioned among users but the data required to make apportionment decisions is wide spread and individually held, and the agents/users possessing the private information behave strategically and are self-utility maximizers. In any context where the information required to make informed decisions is wide spread, it is imperative to have information exchange among information users. Allocation decisions are made after the information exchange process terminates. Implementation theory provides a systematic methodology for designing an information exchange process followed by an allocation rule that leads to allocation decisions that are “optimal” with respect to some pre-specified performance metric (Smith, 1979). The objectives of implementation theory are: to determine, for any given performance metric, whether or not there exists an information exchange process and an allocation rule that achieves optimal apportionment with regard to that measurement when the users are strategic and hold information privately; to determine systematic methodologies for designing information exchange processes and allocation rules that achieve optimal allocations with respect to performance metrics and; to ascertain different criteria for the necessary information exchange design, processes and apportionment rules that will result in satisfactory allocations (Segal & Whinston, 2002).

The problem of social decision making when information is decentralized has occupied economists since the days of Adam Smith. An influential article by Hayek crystallized the problem. Since "the data from which the economic calculus starts are never for the whole society given to a single mind", the problem to be solved is "how to secure the best use of resources known to any of the members of society, for ends whose relative importance only these individuals know" (Hayek, 1945). A resource allocation mechanism is thus essentially a system for communicating and processing information. A mathematical analysis of these issues became possible after the contributions of Leo Hurwicz. Hurwicz (1960, 1972) offered a formal meaning of a resource allocation method that is so common that almost any conceivable method for undertaking social decisions is a possible system in this framework. Hurwicz (1972) also introduced the fundamental notion of incentive compatibility.

The theory of mechanism design provides an analytical framework for the design of institutions, with emphasis on the problem of incentives. A mechanism, or game form, is thought of as specifying the rules of a game. The question is whether the equilibrium outcomes will be, in some sense, socially optimal. Formally, the problem is formulated in terms of the implementation of social choice rules (Hayek, 1945). A social choice rule specifies, for each possible state of the world, which outcomes would be socially optimal in that state. It can be contemplated of as encompassing the welfare judgments of a planner in a social context. Since the planner does not know the true state of the world, she must rely on the agents' equilibrium

actions to indirectly cause the socially optimal outcome to come about. If a mechanism has the element that, in each possible world state, the set of equilibrium results is equivalent to the set of socially most favorable results identified by the social choice rule, then the social choice rule is said to be implemented by this mechanism (Jackson, 2001). In essence, implementation is much easier to achieve the smaller it is the set of possible world states. For example, if the social planner knows that each agent's true utility function belongs to the class of quasi-linear utility functions, then her task is likely to be simpler than if she had no such prior information (Williams, 1986).

To be specific, consider two kinds of decision problems a society may face. The first problem is the economic challenge of generating and apportioning private and public goods. Here, a state of the world specifies the preferences, endowments, and productive technology of each economic agent (normally, certain a priori restrictions are imposed on the preferences, for instance, non-satiation). For economies with only private goods, traditional economic theory has illuminated the properties of the competitive price system (Suh, 1997). In our terminology, the Walrasian rule is the social choice rule that assigns to each state of the world the corresponding set of competitive (Walrasian) allocations. A system may involve agents pronouncing prices or quantities (Segal & Whinston, 2002). To solve the implementation problem we need to verify that the set of equilibrium outcomes of the mechanism coincides with the set of Walrasian allocations in each possible state of the world. In public goods economies, users may alternatively choose to implement the Lindahl rule. This in essence is a rule that apportions to each state of the world its corresponding set of Lindahl allocations (these are the competitive equilibrium allocations in the fictitious price system where each consumer has a personalized price for each public good). Of course, the Walrasian and Lindahl rules are only two examples of social choice rules in economic environments. More generally, implementation theory characterizes the full class of implementable social choice rules (Williams, 1986).

A second example of a social decision problem is the problem of choosing one alternative from a finite set (for instance, selecting a president from a set of candidates) (Suh, 1997). In this environment, a social choice rule is often called a voting rule. No restrictions are necessarily imposed on how the voters may rank the alternatives (Segal & Whinston, 2002). When the feasible set consists of only two alternatives, then a natural voting rule is the ordinary method of majority rule. But with three or more alternatives, there are many plausible voting rules, such as Borda's rule and other rank-order voting schemes. Again, implementation theory characterizes the set of implementable voting rules (Hayek, 1945).

## **2.2 Policy Framework and Strategy Implementation Gaps**

A 'Policy' is a predetermined course of action, which is established to provide a guide toward accepted business strategies and objectives (Manghani, 2011). In other words, it is a direct link between an organization's 'Vision' and their day-to-day operations. Policies identify the key activities and provide a general course of action to decision-makers on how to handle issues as they arise. Policy provides a uniform approach to recurring matters. This is accomplished by providing the reader with limits and a prescribed action that can be used to 'guide' their decisions making process as they attempt to overcome problems (Frank, 2012). According to Wernham (2008) studies involving strategy implementation in 269 companies across various

sectors in the European market indicate that successful organizations, of essence, require robust and meaningful policies and procedures to guide operational effectiveness. Indeed, lack of supportive and appropriate policies was found to significantly inhibit the success of the implementation of strategies.

Wortman, (2010) asserts that successful corporations must have coherent and adequate policies. The policy framework must be facilitative and constantly reviewed for alignment and appropriateness to strategy implementation and successful delivery of the desired results. The absence of the right policies at various levels of the organizations make strategic control woefully ineffective and leads to consequent failure of implementation of organizational strategy. This impedes competitiveness. On the other hand, O'Reilly, Caldwell, Chatman, Lapiz, and Self (2010) assert that many business executives understand that improving their document-driven business processes - the policies and processes in their businesses that are governed and controlled by documents in electronic or paper format - can deliver operational efficiencies and drive cost takeout. According to Aaltonen and Ikavalko (2012), what many business executives may not appreciate is the degree to which document-driven business policies and processes affect their organization's risk profile: There is a high risk of breakdowns in these processes causing severely negative business outcomes, and the costs of these breakdowns are worse than many executives think.

Policy deployment often referred to as Hoshin Kanri was first used in Japan to communicate an organization's goals, policies and objectives throughout the organizational hierarchy with the aim of drawing focus to the key activities that lead to success (Lee & Dale, 1998). Policy deployment is an application of Deming's Plan-Do-Check-Act (PDCA) cycle to the management process that represents a generic approach to continual improvement of activities and processes (Ehlers & Lazenby, 2014). According to Eureka and Ryan (2008), the concept is elucidated as "deploy and share direction, goals, and approaches of corporate management from top management to employees and for each unit of the organization to conduct work according to the plan, then evaluate, investigate and feedback the results or go through the PDCA process continuously and attempt to incessantly improve performance of the organization.

Policy deployment boasts of strengths such as: organizational cohesion providing consensus of organizational objectives at all levels, integration of organizational efforts into actions so as to meet organizational objectives, encouraging of interdepartmental cooperation that creates alignment through participation, responsive and flexible planning and implementation, identification of key problem areas and enabling prioritization within the organization (Tennant & Roberts, 2010). According to Newcomb (2009), policy deployment helps create cohesiveness within a business that is understood throughout the company; it provides a structure with which to identify clear organizational goals. Van der Wiele, Williams, and Dale (2010) found that in recent times' policy deployment has been a topic in which organizations have shown an increasing interest, but it is still not a well known technique in many companies.

According to Kiptugen (2003), variations in a firm's strategic inclination do not occur automatically. On a daily basis, policies are necessary to make a strategy fruitful. Policies, according to Akao (1991) facilitate unraveling recurrent problems or challenges and guide the implementation of strategy. They refer to precise methods, guidelines, rules, procedures, forms

and administrative practices put up to sustain and encourage work-stated goals. Policies let both the employees and managers recognize what is expected of them thus increasing the probability that strategies will be successfully implemented fully. Kesterson (2014) revealed that policy framework offer a basis for management control, allow co-ordination across organizational units and reduce the amount of time managers spend making decisions. They also make clear what work is to be done alongside the responsible party. They support designation of decision making to appropriate managerial levels where different problems or challenges arise.

Geiger, Marlin, and Ritchie (2013) concluded that goals can come into alignment when the organizational culture strives to focus on productivity and getting the organization's primary missions achieved. This may include, but not limited to, timely delivering products or services to customers, shipping out more products than the organization's chief competitor or any other relevant goal. Further, Karami (2005) posits that such will create a domino effect in the organization that ensures that all work performed by each individual in the company and work group focuses on performance and on the strategic importance of the company. This allows culture to align with strategy implementation at the most basic level. For this level of unification to actualize, goal setting must align and be supported by existing systems, procedures, policies, and processes within the organization, thereby helping to accomplish strategy implementation and continuing the organization's cultural integrity (Collis, Montgomery, & Invernizzi, 2009).

### 3.0 RESEARCH METHODOLOGY

The study population comprised of Kenyan commercial banks. The study focused on top management, middle management and lower management of selected Kenyan commercial banks. The banks that participated in the study were Kenya Commercial Banks (KCB), Chase Bank, Commercial Bank of Africa (CBA), National Banks and Gulf Bank from which using purposive sampling of the banks and random sampling individual participants, a sample size of 250 respondents was drawn.

The research design employed in this study was descriptive in nature. Descriptive research sought to determine the influence of organizational policy framework on strategy implementation. A descriptive design was clearly helpful in providing a description of the factors that contribute to innovation, the process of innovation and how innovation contributes to strategic advantage. This design was adopted due to its usefulness in studies to test the relationship between variables in a population. It is also appropriate in the collection of in depth information about the variables under study and thereby enabling the study to provide recommendations that are specific and relevant.

The linear equation model is stated as;  $Y = \alpha_0 + \alpha_1 X_1 + \epsilon$ :

Where,

Y= strategy implementation,

$\alpha$  = constant value,

X1 = standard operating procedures

X2 = operations manuals

X3 = loan processing policies

X4 = human resource (HR) policies

X5 = company circulars  
 X6 = departmental communication  
 X7 = memos  
 X8 = instruction letters  
 X9 = E-mail instructions  
 X10 =, information technology policies  
 € = error term.

#### 4.0 ANALYSIS AND FINDINGS

The study in table 1 reveals that of the respondents interviewed, 55.9 percent were males and 44.1 percent were females. Of the male respondents, 0.9 percent had secondary school education, 27.7 percent had undergraduate degrees, 26.3 percent had post-graduate degrees and 0.9 percent of the male respondents had doctorate level of education. Of the female respondents, 0.5 percent had secondary level of education, 22.1 percent had undergraduate degrees, and 21.6 percent had post graduate degrees.

**Table 1: Gender and Level of education of the Respondents**

Level of Education	Gender		Total (%)
	Male (%)	Female (%)	
Secondary school	0.9	0.5	1.4
Undergraduate	27.7	22.1	49.8
Post Graduate	26.3	21.6	47.9
Doctorate	0.9	0.0	0.9
<b>Total</b>	<b>55.9</b>	<b>44.1</b>	<b>100.0</b>

Table 2 reveals the tiers of the commercial banks in Kenya. Balance sheet often defines tiers. Tier I represents the biggest balance sheet category while tier III represents the smallest balance sheet size. The study in this table shows that tier I is majority and is represented by 46 percent, tier III is represented by 28 percent, while tier II is represented by 26 percent.

**Table 2: Bank Tier**

Bank Tier	Distribution	
	Frequency	Percentage
Tier I	99	46.0
Tier II	56	26.0
Tier III	60	28.0
<b>Total</b>	<b>215</b>	<b>100.0</b>

#### 4.1 Descriptive Statistics of Organizational Policy Framework

Organizational policy framework was defined in terms of standard operating procedures, operating manuals, loan processing policies, information technology policies, and human resources policies. The means with which these policies are communicated and updated are also important. These are company circulars, departmental communication, memos, instruction letters and e-mail instructions.

**Table 3: Organizational Policy Framework and Strategy Implementation**

	N	Mean	Std. Deviation
Standard Operating Procedures support the realization of goals	215	4.19	.866
Operations Manuals facilitate the realization of company goals	214	3.92	.905
Loan processing policies enhance the achievement of sufficient results	215	4.08	.844
Human resource (HR) policies ensure that deadlines are met	215	3.60	.989
Company circulars facilitates the meeting of deadlines	213	3.66	2.960
Departmental communication enhance the realization of goals	214	4.17	.805
Memos facilitate the achievement of sufficient results	215	3.47	1.004
Instruction letters enhances realization of company goals	213	3.54	.959
E-mail instructions ensure meeting of deadlines	211	3.62	1.014
Information Technology policies enhance achievement of sufficient results	214	4.07	.919

The mean for Organizational Policy Framework ranged from 4.19 to 3.47. The study from these findings means that Kenyan commercial banks use factors of Organizational Policy Framework to effectively implement the organizational strategies. Even though the study indicates that respondents agreed that most factors of organizational policy framework enhance strategy implementation, most respondents were not aware that memos facilitate the achievement of sufficient results, hence the lowest mean of 3.47.

The study illustrates that the standard deviation for organizational policy and strategy implementation ranged from 0.844 to 2.960. The findings indicate that most respondents agreed that loan processing policies enhance the achievement of sufficient results. The study reveals that respondents disagreed that company circulars facilitate the meeting of deadlines.

## 4.2 Correlation Analysis of Organizational Policy Framework and Strategy Implementation Gaps

Table 4 shows the correlations between organizational policy framework and strategy implementation.

**Table 4: Correlation of Organizational Policy and Strategy Implementation**

Policy Framework	R	1	2	3	4	5	6	7	8	9	10
1. Standard Operating Procedures support the realization of goals	r	1									
2. Operations Manuals facilitate the realization of company goals	r	.701**	1								
3. Loan processing policies enhance the achievement of sufficient results	r	.535**	.552**	1							
4. Human resource (HR) policies ensure that deadlines are met	r	.370**	.378**	.488**	1						
5. Company circulars facilitates the meeting of deadlines	r	.347**	.466**	.352**	.467**	1					
6. Departmental communication enhance the realization of goals	r	.434**	.437**	.450**	.174*	.345**	1				
7. Memos facilitate the achievement of sufficient results	r	.280**	.333**	.306**	.406**	.553**	.293**	1			
8. Instruction letters enhances realization of company goals	r	.219**	.328**	.266**	.277**	.466**	.233**	.628**	1		
9. E-mail instructions ensures meeting of deadlines	r	.161*	.221**	.218**	.340**	.550**	.219**	.456**	.508**	1	
10. Information technology policies enhance achievement of sufficient results	r	.490**	.444**	.463**	.397**	.397**	.373**	.294**	.256**	.417**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

NB: R is the Pearson Correlation and one to ten is reflection of variables one to ten

The table indicates that standard operating procedures support the realization of goals. This correlates with the operations manuals to facilitate the realization of goals ( $r = 0.701^{**}$ ,  $p < 0.01$ ,  $N = 214$ ), Loan processing policies enhance the achievement of sufficient results ( $r = 0.535^{**}$ ,  $p < 0.01$ ,  $N = 215$ ), Human resource (HR) policies ensure that deadlines are met ( $r = 0.370^{**}$ ,  $p < 0.01$ ,  $N = 215$ ) and Company circulars facilitates the meeting of deadlines ( $r = 0.347^{**}$ ,  $p < 0.01$ ,  $N = 213$ ). The table also illustrates that standard operating procedures correlates with departmental communication to enhance the realization of goals ( $r = 0.434^{**}$ ,  $p < 0.01$ ,  $N = 214$ ), instruction letters enhances realization of company goals ( $r = 0.219^{**}$ ,  $p < 0.01$ ,  $N = 213$ ), E-mail

instructions ensures meeting of deadlines ( $r = 161^*$ ,  $p < 0.05$ ,  $N = 211$ ) and information technology policies enhance achievement of sufficient results ( $r = 490^{**}$ ,  $p < 0.01$ ,  $N = 214$ ).

The study reveals that operations manuals facilitate the realization of company goals. This correlates with loan processing policies to enhance the achievement of sufficient results ( $r = 0.552^{**}$ ,  $p < 0.01$ ,  $N = 214$ ), Human resource (HR) policies ensure that deadlines are met ( $r = 0.378^{**}$ ,  $p < 0.01$ ,  $N = 214$ ), Company circulars facilitates the meeting of deadlines ( $r = 0.466^{**}$ ,  $p < 0.01$ ,  $N = 212$ ) and Departmental communication enhance the realization of goals ( $r = 0.437^{**}$ ,  $p < 0.01$ ,  $N = 213$ ). Memos facilitate the achievement of sufficient results ( $r = 0.333^{**}$ ,  $p < 0.01$ ,  $N = 214$ ), Instruction letters enhances realization of company goals ( $r = 0.328^{**}$ ,  $p < 0.01$ ,  $N = 212$ ), E-mail instructions ensures meeting of deadlines ( $r = 0.221^{**}$ ,  $p < 0.01$ ,  $N = 210$ ) and information technology policies enhance achievement of sufficient results ( $r = 0.444^{**}$ ,  $p < 0.01$ ,  $N = 213$ ).

Loan processing policies enhance the achievement of sufficient results. The policies correlate with human resource (HR) policies to ensure that deadlines are met ( $r = 0.488^{**}$ ,  $p < 0.01$ ,  $N = 215$ ), Company circulars facilitates the meeting of deadlines ( $r = 0.352^{**}$ ,  $p < 0.01$ ,  $N = 213$ ), Departmental communication enhance the realization of goals ( $r = 0.450^{**}$ ,  $p < 0.01$ ,  $N = 214$ ) and Memos facilitate the achievement of sufficient results ( $r = 0.306^{**}$ ,  $p < 0.01$ ,  $N = 215$ ). The table also shows that instruction letters enhances realization of company goals ( $r = 0.266^{**}$ ,  $p < 0.01$ ,  $N = 213$ ), E-mail instructions ensures meeting of deadlines ( $r = 0.218^{**}$ ,  $p < 0.01$ ,  $N = 211$ ) and information technology policies enhance achievement of sufficient results ( $r = 0.266^{**}$ ,  $p < 0.01$ ,  $N = 213$ ).

Human resource (HR) policies ensure that deadlines are met. The policies correlate with company circulars to facilitates the meeting of deadlines ( $r = 0.467^{**}$ ,  $p < 0.01$ ,  $N = 213$ ), departmental communication enhance the realization of goals, ( $r = 0.174^*$ ,  $p < 0.05$ ,  $N = 214$ ) memos facilitate the achievement of sufficient results ( $r = 0.406^{**}$ ,  $p < 0.01$ ,  $N = 215$ ), instruction letters enhances realization of company goals ( $r = 0.277^{**}$ ,  $p < 0.01$ ,  $N = 213$ ), E-mail instructions ensures meeting of deadlines ( $r = 0.340^{**}$ ,  $p < 0.01$ ,  $N = 211$ ) and Information technology policies enhance achievement of sufficient results ( $r = 0.397^{**}$ ,  $p < 0.01$ ,  $N = 214$ ).

The study reveals that company circulars facilitate the meeting of deadlines. The circulars correlate with departmental communication to enhance the realization of goals ( $r = 0.345^{**}$ ,  $p < 0.01$ ,  $N = 212$ ), memos facilitate the achievement of sufficient results ( $r = 0.553^{**}$ ,  $p < 0.01$ ,  $N = 213$ ), instruction letters enhances realization of company goals ( $r = 0.466^{**}$ ,  $p < 0.01$ ,  $N = 211$ ), E-mail instructions ensures meeting of deadlines ( $r = 0.550^{**}$ ,  $p < 0.01$ ,  $N = 209$ ) and Information technology policies enhance achievement of sufficient results ( $r = 0.397^{**}$ ,  $p < 0.01$ ,  $N = 212$ ).

Departmental communication enhances the realization of goals. This correlates with Memos to facilitate the achievement of sufficient results ( $r = 0.293^{**}$ ,  $p < 0.01$ ,  $N = 214$ ), instruction letters enhances realization of company goals ( $r = 0.233^{**}$ ,  $p < 0.01$ ,  $N = 212$ ), E-mail instructions ensures meeting of deadlines ( $r = 0.219^{**}$ ,  $p < 0.01$ ,  $N = 210$ ), and information technology policies enhance achievement of sufficient results ( $r = 0.373^{**}$ ,  $p < 0.01$ ,  $N = 213$ ).

Memos facilitate the achievement of sufficient results. This correlates with instruction letters to enhance realization of company goals ( $r = 0.628^{**}$ ,  $p < 0.01$ ,  $N = 213$ ), E-mail instructions

ensures meeting of deadlines ( $r = 0.456^{**}$ ,  $p < 0.01$ ,  $N = 211$ ), and information technology policies enhance achievement of sufficient results ( $r = 0.294^{**}$ ,  $p < 0.01$ ,  $N = 214$ ).

Last but not least, instruction letters enhances realization of company goals by correlating with E-mail instructions to ensure meeting of deadlines ( $r = 0.508^{**}$ ,  $p < 0.01$ ,  $N = 210$ ), and information technology policies enhance achievement of sufficient results ( $r = 0.256^{**}$ ,  $p < 0.01$ ,  $N = 212$ ). E-mail instructions also ensure meeting of deadlines. It correlates with Information technology policies to enhance achievement of sufficient.

#### 4.3 Regression Analysis of Organizational Policy Framework and Strategy Implementation Gaps

**Table 5: Model Summary of Organizational Policy Framework and Strategy Implementation**

Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.912 <sup>a</sup>	.832	.823	.282

a. Predictors: (Constant), Information technology policies enhance achievement of sufficient results, Instruction letters enhances realization of company goals, Departmental communication enhance the realization of goals, Human resource (HR) policies ensure that deadlines are met, Standard Operating Procedures support the realization of goals, E-mail instructions ensures meeting of deadlines, Loan processing policies enhance the achievement of sufficient results, Company circulars facilitates the meeting of deadlines, Memos facilitate the achievement of sufficient results, Operations Manuals facilitate the realization of company goals

To determine the relationship between organizational policy framework and strategy implementation, regression was done between variables of organizational policy framework as a predictor variable against the strategy implementation achieved in the Commercial Banks.

Table 5 indicates regression results for information technology policies, instruction letters, departmental communication, human resource (HR) policies, standard operating procedures, E-mail instructions, loan processing policies, company circulars, memos, and operations manuals on strategy implementation. The coefficient of determination was 0.832, which shows that 83.2 percent of the variation in strategy implementation was explained by information technology policies, instruction letters, departmental communication, human resource (HR) policies, standard operating procedures, E-mail instructions, loan processing policies, company circulars, memos, and operations manuals. The remaining 26.8 percent was explained by other factors not considered in the study.

**Table 6: Analysis of Variance of Organizational Policy Framework and Strategy Implementation**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	76.129	10	7.613	95.811	.000 <sup>b</sup>
	Residual	15.415	194	.079		
	Total	91.544	204			

a. Dependent Variable: Organizational Policy Framework

b. Predictors: (Constant), Information technology policies, Instruction letters, Departmental communication, Human resource (HR) policies, Standard Operating Procedures, E-mail instructions, Loan processing policies, Company circulars, Memos facilitate, Operations Manuals

Table 6 illustrates the general significance of the model with a p-value of 0.000 which is less than 0.01. The study concludes that there is a significant relationship between organizational policy framework and strategy implementation in the commercial banks.

The results in table 6 above imply that for information technology policies, instruction letters, departmental communication, human resource (HR) policies, standard operating procedures, E-mail instructions, loan processing policies, company circulars, memos, and operations manuals have a significant influence in effective strategy implementation.

**Table 7: Coefficients of Organizational Policy Framework and Strategy Implementation**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	T	
1 (Constant)	-.116	.150		-.773	.441
Standard Operating Procedures support the realization of goals	.128	.035	.156	3.669	.000
Operations Manuals facilitate the realization of company goals	.063	.034	.083	1.817	.071
Loan processing policies enhance the achievement of sufficient results	.122	.033	.147	3.747	.000
Human resource (HR) policies ensure that deadlines are met	.116	.026	.166	4.499	.000
Company circulars facilitates the meeting of deadlines	.091	.028	.138	3.312	.001
Departmental communication enhance the realization of goals	.077	.031	.086	2.516	.013

Memos facilitate the achievement of sufficient results	.138	.028	.205	4.934	.000
Instruction letters enhances realization of company goals	.092	.029	.128	3.165	.002
E-mail instructions ensures meeting of deadlines	.094	.026	.139	3.570	.000
Information technology policies enhance achievement of sufficient results	.115	.028	.152	4.157	.000

#### a. Dependent Variable: Organizational Policy Framework

Table 7 shows the coefficients of variation of organizational policy framework and strategy implementation. From the table, the standardized coefficient is 0.156, 0.083, 0.147, 0.166, 0.138, 0.086, 0.205, 0.128, 0.139, 0.152 and p value is 0.000, 0.071, 0.000, 0.000 0.001, 0.013, 0.000, 0.002, 0.000 and 0.000 respectively. The study used linear regression model to test the relationship between organizational policy framework and strategy implementation in Kenyan Commercial Banks that were covered in the study. The following were the results of the model in Table 7;

The study in table 7 thus represents strategy implementation as,

Strategy implementation = -0.116 + 0.156 standard operating procedures + 0.083 operations manuals + 0.147 loan processing policies + 0.166 human resource (HR) policies + 0.138 company circulars + 0.086 departmental communication + 0.205 memos + 0.128 instruction letters + 0.139 E-mail instructions + 0.152 information technology policies + €

The regression equation in table 7 means that a modification change in organizational policy framework causes a change of 1.4 in strategy implementation in Kenyan Commercial Banks.

## 5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

### 5.1 Discussion of the Findings

The study analyzed how organizational policy framework leads to strategy implementation gaps. The findings of the study established that standard operating procedures support the realization of goals. These findings support the findings of Jain(2008) who argued that it is very important for all organizations and businesses to have standard operating procedures (SOP). Frank (2010) on the other hand affirms that standard operating procedures support employees with the information necessary to perform their jobs regularly and help guarantee consistency in the quality of performance. The study revealed that standard operating procedures ensure that all employees are performing duties in a similar way that is required to get expected output from the process. The results confirm the findings of Manghani (2011) who asserts that when all employees constantly perform their tasks, it becomes possible to run controlled experiments to test the impact of changing various process parameters.

The study found that organizational operations manuals are very critical in reminding employees on the work steps and procedures hence facilitate the realization of company goals. This agrees with the findings of Levine and Toffel (2010) who found that many employees do not read all steps before starting on step one. The authors argue that employees tend to ignore long standard

operating procedures because they cannot remember more than 6 to 12 steps. Frank (2010) also argues that if the standard operating procedure goes further than 10 steps, the long standard operating procedures should be broken into several logical sub-job SOPs. An accompanying shortened standard operating procedure should be written only the steps but not detailed explanations of those steps and the long form should be made a training document or manual to supplement the shorter sub-job standard operating manual. In his study, Manghani (2011) asserted that operations manuals entail several objectives. These are to guide organizational team advisors, team management, and team members in developing and sustaining productive and successful organizations. It also provides current organization program policies for team management procedures and serves as a reference for questions and problems as they arise in the daily operations of an organization team.

## **5.2 Conclusion**

Organizational policy framework as a factor significantly influences strategy implementation. Further departmental communication and standard operating procedures as elements of this factor are particularly critical. Company circulars and memos have the least impact as elements of this factor.

Using mean, standard deviation, correlation and regression analysis, the study concludes that Standard Operating Procedures, loan processing policies, departmental communication, and information technology policies are the organizational policy framework factors that have a great influence on the strategy implementation. The study concludes that Standard Operating Procedures support the realization of goals. It also concludes that loan processing policies enhance the achievement of sufficient results. The study also concludes that departmental communication enhances the realization of goals, while Information Technology policies enhance the achievement of sufficient results.

## **5.3 Recommendation for Improvement**

As in the study, organizational policy framework is a significant factor. Organizations should put premium on this element to enhance strategy implementation and ensure that the proper policy framework is solidly in place. Further departmental communication and standard operating procedures should be on management's priority agenda, as opposed to company circulars and memos.

Based on the findings, the study recommends organizations, especially Kenya Commercial Banks, to carry out due diligence on the organizational policy framework in their own organizations and identify factors that hinder effective strategy implementation. The study identified Standard Operating Procedures (SOP), policies, organizational communication, Information Technology policies as the factors that significantly influence strategy implementation. The study recommends that management and concerned parties effectively align Standard Operating Procedures, loan processing policies and organizational communication to the strategy implementation process. Failure to identify and realign the factors to strategy implementation results in strategy implementation gaps.

#### 5.4 Recommendation for Further Research

The study assessed how policy framework leads to strategy implementation gaps in Kenyan Commercial Banks. Further studies about factors leading to strategy implementation gaps should be conducted on other financial institutions like insurance and, indeed, other industries. The study encourages future scholars to build on this study and assess other factors that enhance effective implementation of organization strategies.

#### REFERENCES

- Aaltonen, P., & Ikavalko, H. (2012). Implementing Strategies Successfully. *Integrated Manufacturing Systems* , 13(6): 415- 418.
- Akao, Y. (1991). *Hoshin Kanri: Policy deployment for successful TQM*. New York.: Productivity Press.
- Avashna, T. (2011). *Successfull Criteria for Implementing Strategies within the Banking Industry*. Pretoria: Unpublished Thesis of University of South Africa.
- Beer, M., & Eisenstat, R. A. (2000). The silent killers of strategy implementation and learning. *Sloan Management Review* , 29-40.
- Collis, D. J., Montgomery, C. A., & Invernizzi, G. (2009). *Corporate Strategy*. Las Vegas: Irwin.
- Ehlers, M. B., & Lazenby, A. A. (2014). *Strategic Management: Southern African concepts and cases*. Pretoria: Van Schaik.
- Eureka, W. E., & Ryan, N. E. (2008). *The Process-Driven Business: Managerial Perspectives on Policy Management*. Dearborn, USA: ASI Press.
- Frank, D. (2012). *How to write SOPs that help increase consistency and improve performance quality in Standard Operating Procedures: A Writing Guide*. Retrieved from <http://www.cmmonline.com/management-training/article/standard-operatingprocedures-a-writing-guide>: <http://www.cmmonline.com/management-training/article/standard-operatingprocedures-a-writing-guide>
- Geiger, S. W., Marlin, D., & Ritchie, W. J. (2013). The hospital foundation strategy and performance relationship. *Nonprofit Management & Leadership* , 23(4):427-441.

- Gekonge, C. (1999). *The Strategic Change Management Practices by Kenyan Companies*. Nairobi.
- Johnson, K., Scholes, G., & Whittington, A. (2006). *Corporate strategy*. New York.
- Jones, T. M., Felps, W., & Bigley, G. A. (2007). Ethical theory and stakeholder-related decisions: The role of stakeholder culture. *Academy of Management Review*, 32(1), 137-155.
- Kaplan, R. S., & Norton, D. P. (2010). *Strategy Maps: Turning intangible assets into tangible results*. MA: Harvard Business School Press.
- Karami, A. (2005). An exploration of the chief executive officers' (CEOs') perception of strategic management process: the case of British high-tech SMEs. *J. Corp. Ownersh. Control* , 2(4): 62-70.
- Kesterson, R. K. (2014). *The basics of Hoshin Kanri*. Boca Raton: CRC Press.
- Ketchen DJ Jr, Hult GTM, Slater SF (2007) Toward greater understanding of market orientation and the resource-based view. *Strateg Manage J* 28(9):961–964
- Kiptugen, E. J. (2003). *Strategic Responses to a Changing Competitive Environment: The Case Study of KCB*. School of Business, University of Nairobi,. Nairobi, Kenya: Unpublished MBA Project.
- Kiruthi, A. (2010). *Process of strategy implementation*. Nairobi: Macmillan.
- Lederer, A.L. and Sethi, V. 2009. Seven guidelines for strategic information systems planning. *Information Strategy: The Executive's Journal*, 15(1), 23 - 29.
- Lee, R. G., & Dale, B. G. (1998). 'Business process management: a review and evaluation'. *Business Process Management Journal* , 4, 3, 214-225.
- Manghani, K. (2011). Quality assurance: Importance of systems and standard operating procedures. *Perspect Clin Res* , 2(1), 34-37.
- Manghani, Kishu. (2011). Quality assurance: Importance of systems and standard operating procedures. *Perspect Clin Res.*, 2(1), 34-37

- MCE. (2013). *Building Effective Strategy Implementation*. Retrieved April 25, 2014, from <http://www.mce-ama.com>: <http://www.mce-ama.com/strategy-execution-expertise/what-is-strategy-execution/building-an-effective-strategy-implementation/>
- Merchant, K.A., Van der Stede, W.A., (2007), “*Management Control Systems. Performance Measurement, Evaluation and Incentives*”, Prentice Hall, Pearson Education Limited, 2nd edition, Essex England,
- Monks, K., & McMackin, J. (2001). ‘Designing and aligning an HR system’. *Human Resource Management Journal* , 11: 2, 57–72.
- Newbert SL (2007) Empirical research on the resource-based view of the firm: an assessment and suggestions for future research. *Strateg Manage J* 28(1):121–146
- Newcomb, J. E. (2009). “Management by policy deployment”. *Quality* , Vol. 28 No. 1, pp. 29-30.
- O'Reilly, C. A., Caldwell, D. F., Chatman, J. A., Lapid, M., & Self, W. (2010). How leadership matters: The effects of leaders' alignment on strategy implementation. *The Leadership Quarterly* , 21:104–113.
- Punch, K.F. (2003). *Survey Research: The Basics*. London: Sage Publications Ltd.
- Robbins, S. p., & Coulter, M. (2012). *Management (9th ed.)*. London: Prentice-Hall
- Solieri, A. (2011). *Implementation control for strategy change*. New York: McGraw Hill.
- Tennant, C., & Roberts, P. (2010). “Hoshin Kanri: a tool for strategic policy deployment”. *Knowledge and Process Management* , Vol. 8, No. 4, pp.262-269.
- Van der Wiele, A., Williams, A. T., & Dale, B. G. (2010). “Quality management self-assessment: an examination in European business”. *Journal of General Management* , Vol. 22 No. 1, pp. 48-67.

- 
- Wagner, J., & Hollenbeck, J. (2010). *Organizational Behavior: Securing competitive advantage*. New York: Routledge.
- Waterhouse, L. (2006). Multiple intelligences, the mozart effect, and emotional intelligence: A critical review. *Educational Psychologist*, 41(4), 207-225.
- Wernham, R. (2008). Obstacles to Strategy Implementation in a Nationalized Industry. *Journal of Management Studies* , 22, 632-648.
- Wortman, L. B. (2010). Corporate Political Strategies and Firm Performance. *Strategic Management Journal* , Pp. 67–82
- Zhou KZ, Li CB (2010) How strategic orientations influence the building of dynamic capability in emerging economies. *J Bus Res* 63(3):224–231