

## ABSTRACT

The Kenyan banking industry has grown exponentially since the liberalization of the sector in the 1980s. Although the Kenyan banking sector is largely profitable growing by 400% in a span of 12 years, and thus moving from Ksh. 18.8 billion to 89.2 billion. Over the same period, some individual banks have continually recorded below average performance while some have been put on receivership. According to the Cyton report of 2017, Kenya National Bank posted 42% drop in profit and 10% decrease in compound annual growth rate, the net effect being staff restructure. This has been due to poor leverage of the institutional factors within the organizations. Low profits also contribute to poor implementation of strategic plans because of low or no budgetary allocation. Yet institutional factors can be leveraged to necessitate implementation of strategic plans which can then improve growth rate and even profitability. The purpose of this study was to examine institutional factors influencing implementation of strategic plans. Specific objectives were to: determine the influence of financial resource adequacy; to establish the influence of leadership styles; and determine the effect of organization structure on implementation of strategic plans at the National Bank of Kenya. The study will be guided by Resource Based View theory in correlation study design. The study population constituted 58 staff at the National Bank Kisumu branch and included branch manager, line managers, and supervisors. National bank was selected for having posted 42% drop in profit and 10% decrease in compound annual growth rate. Saturated sampling was used to collect data from 48 staff members while the remaining 10 used for pilot testing. Primary data in form of perception was collected from the respondents using questionnaires while Secondary data was obtained from published materials and unpublished academic reports. Data was analysed using descriptive statistics like mean, standard deviation, frequencies and percentages and inferential statistics through correlation and regression was used to analyse quantitative data. Validity of the research instrument was established through expert review while the reliability test yielded a Chronbach's Alpha coefficient of between 0.792 and 0.836. The finding revealed that institutional factors explained 48.7% ( $R^2=0.487$ ) variation in organizational performance. Furthermore, two dimensions of institutional factors namely: financial resource adequacy ( $\beta = 0.460, p < 0.05$ ) and organization structure ( $\beta = 0.453, p = < 0.05$ ) had positive significant effect on implementation of strategic plans. On the other hand, leadership style ( $\beta = -0.194, p > 0.05$ ) was found to have insignificant negative effect on implementation of strategic plans. The study concluded that both organization structure and financial resource adequacy were instrumental to the implementation of strategic plans. Therefore, the study recommended that both financial resource adequacy and organization structure should be enhanced while resources directed to leadership styles should be reduced. The results of the study could help the: National Bank of Kenya to leverage on institutional factors and implement strategies hence increased profitability; The government to make policies ensuring more profits by the bank hence more taxes to government; The research community acquire secondary material; and academic community acquire more knowledge.