CHALLENGES OF THE IMPLEMENTATION OF THE CENTRALIZED CREDIT PROCESS AT KCB LTD

BY

MUTAI VINCENT KIPNG'ENO

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

December 2011

DECLARATION

1 MBA research project is my original work and has not been presented for a degree in any other university.

Signed

Date

MUTAI VINCENT KIPNG'ENO

061/71204/2008

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

Signed..

Date 3/11/2011..........................

DR. Z. B. AWINO, PHD

Senior Lecturer,

Department Of Business Administration,

School of Business,

University of Nairobi

ACKNOWLEDGEMENTS

I would like to take this opportunity to pass my heartfelt gratitude to all the people who played a big role in assisting me complete my study. First of all, I give thanks to the Lord for giving me good health to start and complete this project successfully, without Him, I would not have come this far.

To my supervisor, Dr. Z. B. Awino, thank you for your dedication, time and effort to guide me. Your comments, advice, criticism and suggestions are highly appreciated. Without them, this undertaking would not have come to fruition.

Last but not least, I would like to say a big thank you to my parents, Mr. Terer Tekwa and Mrs. Mary Terer whose support, love, belief, encouragement and prayer were invaluable and of great benefit to my successful completion of this project. The same goes to my siblings, Caroline, Victor, Leonard, Collins and my niece Chebet and to all my beloved friends.

DEDICATION

I dedicate this project to my family for their continued support, love and encouragement. You all are a true blessing and I love you very much. Thank you and may God bless you abundantly.

ABSTRACT

Strategy is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. It is a very important tool in moving a firm forward in a turbulent environment. Strategy implementation is as important as strategy formulation. KCB Ltd is East Africa's largest bank with an asset base of Kshs. 223B as at 31st December 2010. The bank's loan book also grew to Kshs.l48B during the same period. The bank has a branch network of over 220 branches with a presence in all East Africa countries. Over the past decade KCB Ltd has embarked on various turnaround processes to enable it to become the Good bank it is today. Having pursued and virtually achieved the vision "To be the best bank in the Region" KCB Ltd adopted a pan-African vision to take the bank into the future, "To be the preferred financial solutions provider in Africa with a global reach." Moving into the new decade, the bank embarked on a transformation journey which the Board instituted early 2011, with the aim of improving KCB from a Good to a Great bank. The process was specifically targeted towards the processes and strategy the bank employs to achieve its vision and mission. The Goal of Transformation is to deliver business growth, increase productivity, drive efficiency, rationalize costs, enhance stakeholder value and launch KCB Ltd to the next level thus transforming the bank from Good to Great. Under the credit division, the key initiatives were around the reduction of turnaround time in loan processing and decision-making, monitoring and recovery of non-performing debts and a clear definition of the bank's risk appetite for various customer segments as well as a focus on compliance and governance.

The researcher used case study design since the design is descriptive in nature. Both the primary and secondary sources of data were used to obtain information for the study. One key informant was used, the Head Business Process Re-engineering & Quality Assurance and. The interview guide was administered through a face to face interview. The researcher used Content Analysis to analyze the data. This is because content analysis involves observation and detailed description of objects, or things, and the errors which occur during the study are easily detected and corrected. The research findings show that KCB Ltd took a strategic step to change its credit process from a decentralized to a centralized one. The main functionalities that were affected in the shift were credit decisions, security perfection and documentation, disbursements and the general oversight of the whole credit portfolio. The implementation of the centralized credit process has benefited the bank in various ways: the quality of credit decisions has greatly improved; there is proper documentation of securities and the bank's interest is now being noted in all securities offered; disbursements are now much faster and has led to 'clean* data; the general performance of the portfolio has greatly improved with the portfolio at risk drastically reduced due to prompt advising of employers and real time tracking of any issues which might necessitate remedial action; customer satisfaction has greatly improved due to improved turn-around-time and the fact that there is more objectivity in the credit decisions than ever. Various challenges were faced by the bank in the implementation of the centralized credit process: resistance to change; resource problems ranging from staffing, office space and work stations; technological problems and system shortcomings; the presence of wide skill gaps and the lack of piloting of the whole process.

TABLE OF CONTENTS

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Numerous studies have noted the very weak relationship of strategy formulation to strategy execution. Less than 10% of strategies effectively formulated are effectively executed (Edward, 2010). Companies large and small worldwide spend billions of dollars each year on strategy formulation. If this is correct, only one of ten companies that do an effective job of formulating strategy is doing equally effective jobs of implementing it. For the rest, presumably, the well-crafted strategy is lost in the press of day-to-day tactical concerns or is left to languish in a report on the CEO's bookshelf. Yet very few people would deny that, in today's fast-moving fast-changing business world, strategy, with its long-range perspective, is critical.

(Edward, 2010) further gives an analogy that if the guidance system on an airplane or ocean liner is not programmed to reach its destination, then it cannot keep the plane or ship on course in rough or stormy weather. For any company today, strategy provides, or should provide, that overall trip plan against which management can true up in difficult times. He then poses the question; 'Why is it seemingly so difficult to execute strategy?' He believes the answer lies in the way the nature of business has changed in the past 30 years and notes that for the first three-quarters of the 20th Century, strategy was not seen as difficult to formulate or difficult to execute. However, 1981 was the beginning of one of the most remarkable shifts in the history of business, the shift from value based in tangible assets to value based in intangible assets.

This could be said to be a shift to a world where value is based in service, in selling solutions rather than in objects or hard assets. But why would this shift have had such an effect on strategy implementation? The answer is deceptively simple - the rules of management have changed. Management of a company whose value-creating mechanisms are based largely on intangibles is a whole different ball game than when those mechanisms are based on tangible assets.

The problem is that intangible assets reside in people's thinking and the value creating power of these assets lies in people's ability to put them to work. This means that in order to integrate them into the organization s strategy, that strategy cannot be a top-down imposition by management, but must be interjected and owned by the proprietors of the intellectual property. So in today's business world, strategy implementation is inseparable from effective leadership and communication within the company (Edward, 2010).

1.1.1 Concept of Strategy

Henry Mintzberg, (1994) defines strategy as a Plan, Pattern, Position and Perspective. He argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Thus, one might start with a Perspective and conclude that it calls for a certain Position, which is to be achieved by way of a carefully crafted Plan, with the eventual outcome and strategy reflected in a Pattern evident in decisions and actions over time. This pattern in decisions and actions defines what Mintzberg called "realized" or emergent strategy.

Pearce and Robinson (2005), define strategy as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. They point out that it comprises nine critical tasks: formulation of the company's mission including broad statements about its purpose, philosophy and goals; conducting an analysis that reflects the company's internal conditions and capabilities; assessing the company's external environment; analyzing the company's options by matching its resources with the external environment; identifying the most desirable options by evaluating each option in light of the company's mission; selecting a set of long-term objectives and grand strategies that will achieve the most desirable options; developing annual objectives and short-term strategies that are compatible with the selected set of long-term objectives and grand strategies; implementing the strategic choices by means of budgeted resource allocations in which the matching of tasks, people, structures, technologies, and reward systems is emphasized and finally evaluating the success of the strategic process as an input for future decision making.

They further argue that by strategy, managers mean their large-scale, future-oriented plans for interacting with the competitive environment to achieve company objectives and that strategy is a company's game plan that provides a framework for managerial decisions, and reflect a company's awareness of how, when and where it should compete, against whom it should compete and for what purposes it should compete.

Michael Porter (1996) argues that competitive strategy is "about being different." He adds, "It means deliberately choosing a different set of activities to deliver a unique mix of value." In short, Porter argues that strategy is about competitive position, about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. He further defines competitive strategy as "a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there." Thus, Porter seems to embrace strategy as both plan and position.

Gerry J and Kevan S. (2002), in their book 'Exploring Corporate strategy' sum up the definition of strategy as the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations.

1.1.2 Strategy Implementation

Managing strategy implementation and execution is an operations-oriented, make-things-happen activity aimed at shaping the performance of core business activities in a strategy-supportive manner (Thompson, A. Strickland, A.et.al, 2006). According to them, it is easily the most demanding and time-consuming part of the strategy management process. To convert strategic plans into actions and results, a manager must be able to direct organizational change, motivate people, build and strengthen company competencies and competitive capabilities, create a strategy-supportive work climate and meet or beat performance targets.

Strategy implementation is the action aspect of the strategic management process through which strategy is a translated into action and involves change. Strategic change is defined as the use of systematic methods to ensure that a planned organization change is guided in the planned direction, conducted in a cost effective and efficient manner and completed within targeted time frame with desired results (David, 1997).

Thompson, A. Strickland, A.et.al, (2006) further argue that in most situations, managing the strategy-execution process includes staffing the organization with the needed skills and expertise; developing budgets that steer ample resources into those activities critical to strategic success; ensuring that policies and operating procedures facilitate rather than impede effective execution; using the best known practices to perform core business activities and pushing for continuous improvement; installing information and operating systems that enable company personnel to better carry out their strategic roles day in day out; motivating people to pursue the target objectives energetically and, if need be, modifying their duties and job behavior to better fit the requirements of successful strategy execution; tying rewards and incentives directly to the achievement of performance objectives and good strategy execution; creating a company culture and work climate conducive to successful strategy implementation and execution and finally exerting the internal leadership needed to drive implementation forward and keep improving strategy execution. When the organization encounters stumbling blocks or weaknesses, management has to see they are addressed and rectified quickly.

Strategy implementation has a multiplicity of tasks that need to be performed right from the top to every unit of the organization making the job of the strategy implementer very complex and time consuming. There is the overriding need to align the organization's internal processes with the strategy. To achieve this, the strategy implementer must unite all units and ensure that they share a common vision in bringing about the necessary changes (Thomson and Strickland, 2003)

Strategy implementation has to be custom-tailored to the organization taking into account the organization's setting. However, irrespective of the nature, size and type of organization, certain common elements in the strategy implementation process have been identified in organizations that were more successful in their implementation. The emphasis of each of these elements is determined by the amount of strategic change involved. The importance of implementation can be gauged from the study of Joyce (2000) which showed that firms with unusually high performance and firms which turned around their performance relied upon key activities of strategic direction, building a fast and effective organization, establishing an adaptive culture and executing against focus of customer needs and cost (Hrebiniak and Joyce 2001).

1.1.3 Strategy Implementation challenges

Strategy implementation boils down to managing change and the resistance thereof, and is where the really test to the success of a strategy lies. While strategy formulation is entrepreneurial and involves visionary as well as theoretical perspective, implementation is basically, administrative and involves bringing change by working through other people, organizing, motivating, culture change building and finding the optimal fit between strategy and the organization structure. The implementation process may involve significant changes in the organization structure, culture and systems (Pearce and Robinson, 2003). Implementation challenges arise in organizations as a result of failure to match these elements to the strategies.

Freedman, (2003) lists out a number of strategy implementation pitfalls: strategic inertia; lack of stakeholder commitment; strategic drift; strategic dilution; strategic isolation; failure to understand progress; initiative fatigue; impatience and not celebrating success. Koske, (2003) identified additional challenges to strategy implementation as: inappropriate resource allocation; separation of strategy formulation from implementation; lack of fit between strategy and the organization culture; failure to predict implementation time and problems likely to be encountered; poor forecasting and insufficient flexibility.

1.1.4 KCB Ltd

The history of KCB dates back to 1896 when its predecessor, the National Bank of India, opened a small branch in the coastal town, Mombasa. In 1958 Grindlays Bank of Britain merged with the National Bank of India to form the National and Grindlays Bank. In 1970, the Government of Kenya acquired 60% shareholding in National and Grindlays Bank and renamed it the Kenya Commercial Bank. In 1976, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. The Government has over the years reduced its shareholding in the Bank to the current 18% with the public owning the remaining 82% following the rights issue exercise in 2010.

/

The KCB Limited group is the largest financial services group in East Africa, with an asset base estimated at over Kshs. 280 Billion (based on 2011 Q2 results). The Bank has the widest network of banking outlets comprising of over 220 branches and 280 automated teller machine outlets spread across the East Africa Region. The bank has also partnered with Pesa Point to provide more channels for customers to access their funds. Other channels available to customers include mobile banking (KCB Connect) and agency banking (KCB Mtaani).

Since inception, the KGB Group has endeavored to provide quality and customer friendly services geared towards meeting the ever-changing customer needs. This has ensured consistent growth in customer deposits that have, in turn, provided a strong reservoir for steady growth in customer borrowings every year. An analysis of this sector at micro level shows that KCB Ltd is by far one of the most pertinent players within the banking sector. It is listed on the Nairobi Stock Exchange as a blue chip company on the NSE 20 Share Index. It has the widest branch network of any bank in Kenya. It has extensive and domineering presence across the East African Community with subsidiaries in Tanzania, Rwanda, South Sudan and Uganda.

1.2 Research Problem

Strategy implementation is important but difficult because implementation activities take a longer time frame than formulation, involves more people and greater task complexity, and has a need for sequential and simultaneous thinking on part of implementation managers (Lawrence H. and Joyce, 2001). In view of these factors, research into strategy implementation is also difficult for it entails the need to look at it over time (longitudinal studies); presents conceptual and methodological challenges as it involves multiple variables which interact with each other and show reciprocal causality(Fajourn, 2000).

In a very competitive banking industry, KCB Ltd has to position itself well through its strategy implementation. Strategy implementation invites a lot of hurdles in any given business scenario. It comes with benefits accompanied by challenges for both the corporation and its clientele. If the implementation of the strategy is not well thought through these challenges may outweigh the benefits and thus render the entire strategy ineffective and redundant. To avoid this, KCB Ltd must take adequate stock of the impact of the new credit process on its core business functions vis-a-vis its resource capabilities. The new corporate strategy must be seen as being capable of achieving its primary objective i.e. improving the operational efficiencies and saving on costs at the bank.

Many studies have been carried out on the challenges of implementation of strategy. Oyugi, (2007), carried out a study on the challenges faced by the University of Nairobi in implementing competitive strategy and found out that the challenges were mainly institutional, structural, cultural, motivational, and tactical. Others included challenges to do with resource allocation, management and employee involvement, communication of responsibility and accountability. Nelson, (2007) also studied the difficulties faced by Eastern and Southern African Trade and Development Bank in implementing the Strategy for Capital mobilization.

The study on the challenges facing the implementation of differentiation strategy at the Mumias Sugar Company Ltd, (Awino et al 2007) established that few differentiation strategies were carried out in the company and that the main challenges faced included core competence, resource based challenges, environmental challenges such as culture, governmental, societal, compliance with international standards and stiff competition from other low cost sugar producers. The respondents in the study also added piracy of company packaging materials and packing with substandard sugar that demeans the company's product reputation, as a major challenge.

Topic of implementation is a neglected and overlooked area in strategic management iiterature. Published research reveals emphasis on strategy formulation. Strategy formulation and implementation are complementary and logically distinguishable areas of strategic management and part of the overall process of planning executing and adapting. More Research on implementation has been done in organizational theory and development than in strategic management. Implementation research needs to be interdisciplinary (Joyce, 2000). In a bid to bridge this gap, the study seeks to find answers to the question, 'what were the major challenges faced in the implementation of the centralized credit process at KCB Ltd?

1.3 Research Objective

The main objective of the study is to determine the challenges faced in the implementation of the centralized credit process at KCB Ltd.

1.4 Value of the Study

The study has led to a clear and vivid understanding of the mechanisms inherent in the new credit process at KCB Ltd which can help its management to improve its efficiencies by making subsequent adjustments based on the recommendations that have resulted from the study as well as providing a comprehensive account of the benefits and challenges of strategy implementation giving specific examples on the new credit process experienced by the bank's shareholders, clientele, management and staff. The study provides a good means of documenting the implementation of the whole new credit process strategy which can be used later as a reference point as well as a learning point during implementation of future strategies by the bank. This also applies to the banking industry as a whole. Finally, other researchers may use information and knowledge provided in the study as a reference or for further research in the area of customer experience.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

What makes implementation too demanding is the wide sweep of managerial activities that have to be attended to; the many ways managers can tackle each activity; the skill that it takes to get a variety of initiatives launched and moving, the resistance to change that has to be overcome (Thompson & Strickland, 2003). Clearly, the implementation of a strategy is not a straight-forward process as one would assume. Bryson (1995), asserts that the earlier steps in strategic management process are designed to ensure as much as possible that adopted strategies and plans do not contain any major flaws, but it is almost inconceivable that some important difficulties will not arise as strategies are put into practice.

Alexander (1985) identifies inadequate planning and communication as two major obstacles to successful implementation of strategies. Others include ineffective coordination of implementation activities; insufficient capabilities of employees; inadequate training given to lower level employees; lack of clear responsibilities being fixed for implementation; lack of support from other levels of management (Al-Ghandi, 1998); Muthuiya, 2004; Michael, 2004). However, the problems of strategy implementation relate to situations or processes that are unique to particular organizations even though some problems are common to all organizations. The key decision makers should therefore pay regular attention to the implementation process in order to focus attention on any difficulties and on how to address them.

2.2 Strategy Orientation

Thompson, (1992) and Lynch, (2001) argue that there is no consensus on the precise definition of strategy as it is multidimensional and situational in nature and therefore, varies according to industry. They say that there is no universal definition of strategy and observed that some writers include purpose of the organization as part of strategy, while others make firm distinctions between the purpose and the actions that then carry out this purpose. Some authors define the concept broadly to include both goals and means to achieve them. Others define strategy narrowly by including only the means to achieve goals. In fact there is a lot of debate on how strategy develops and how it is implemented (Hax and Majluf, 1988)

According to Schwenk and Schreder (1993), organizations using strategic management concepts are more profitable and successful than those that do not. Studies carried out by Ansoff et.al (1970) in the USA on manufacturing firms found out that formal planners who took strategic management approach outperformed non-planners in terms of financial criteria that measured sales, assets, sales price, earnings per share, and earnings growth. Strategic management offers other tangible benefits such as enhanced awareness of external threats, improved understanding of competitor's strengths, increased employee productivity, and reduced resistance to change

Any new strategy in an organization especially one that affects business processes must look at recent developments and some of the emerging challenges and pressures on the prevalent system. The organization's management must seek to identify gaps and priority areas for future development and enhanced efficiency. Currently, most business processes have been executed using a wide range of methods and approaches which are often too inflexible and thus making it harder for organizations to change and adapt. (Wilson S., 2007)

There are three levels of strategy; business strategy, functional (operational) strategy and corporate strategy (Ansof, 1995; Hax and Majluf, 1991; Pearce and Robinson, 1997). Business level strategy deals specifically with the business market and how organizations will compete in it. Operational level strategies are concerned with how the competent parts of the organization in terms of resources, processes, people and their skills effectively deliver the corporate and business market level direction. Corporate strategy is concerned with organizations' basic direction for the future; its purpose, ambitions, resources and how it interacts with the world in which it operates. The principal focus in corporate strategy is effectiveness and not efficiency because strategists can choose what should be done as their concern is 'doing the right things' as opposed to 'doing things right; which is efficiency. When an organization makes major errors in corporate strategy, it will suffer the consequences, possibly risking its own survival (Lynch, 1996).

Pearce and Robinson (2005) identified a number of dimensions of strategic issues. First, they point out that strategic issues require top-management decisions and argue that since strategic decisions over-arch several areas of a firm's operations, they require top-management involvement. Usually, only top management has the perspective needed to understand the broad implications of such decisions and the power to authorize the necessary resource allocations. Secondly, strategic issues require large amounts of the firm's resources. Strategic decisions involve substantial allocations of people, physical assets, or monies that either must be redirected from internal sources or secured from outside the firm. They also commit the firm to actions over an extended period. Strategic issues also often affect the firm's long-term prosperity; once a firm has committed itself to a particular strategy, its image and competitive advantages usually are tied to that strategy.

Strategic issues are future oriented by the fact that they are based on what managers forecast, rather than on what they know. Strategic issues also usually have multifunctional or multi-business consequences in that decisions about such matters as customer mix, competitive emphasis, or organizational structure necessarily involve a number of the firm's strategic business units, divisions, or program units. Lastly, strategic issues require considering the firm's external environment (Pearce and Robinson, 2005)

Using strategic management approach, managers at all levels of the firm interact in planning and implementing. As a result, the behavioral consequences of strategic management are similar to those of participative decision making (Pearce and Robinson, 2007). Therefore, an accurate assessment of the impact ot strategy formulation on organizational performance requires not only financial evaluation criteria but also nonfinancial evaluation criteria. Several behavioral effects of strategic management improve the firm's welfare: strategy formulation activities enhance the firm's ability to prevent problems; group-based strategic decisions are likely to be drawn from the best available alternatives; the involvement of employees in strategy formulation improves their understanding of productivity-reward relationship in every strategic plan, and, thus, heightens their motivation; gaps and overlaps in activities among individuals and groups are reduced as participation in strategy formulation clarifies differences in roles and resistance to change is reduced.

Pearce and Robinson (2007) state that the characteristics of strategic management decisions vary with the level of strategic activity considered. Corporate level decisions tend to be more value oriented, more conceptual, and less concrete than decisions at the business or functional level. They are often characterized by greater risk, cost, and profit potential; greater need for flexibility; and longer time horizons. Such decisions include the choice of businesses, dividend policies, sources of long-term financing, and priorities for growth.

Functional level decisions implement the overall strategy formulated at the corporate and business levels. They involve action-oriented operational issues and are relatively short range and low risk. Functional level decisions incur only modest costs, because they depend on available resources. They usually are adaptable to ongoing activities and, therefore, can be implemented with minimal cooperation. Business level decisions help bridge decisions at the corporate and the functional levels. Such decisions are less costly, risky, and potentially profitable than corporate level decisions, but they are more costly, risky and potentially profitable than functional level decisions (Pearce and Robinson, 2007).

It is not enough to say that strategic management is the management of the process of strategic decision making (Johnson and Scholes, 2002). Strategic management is different in nature from other aspects of management. An individual manager is most often required to deal with problems of operational control, such as the efficient production of goods, the management of a sales force, the monitoring of financial performance or the design of some new system that will improve the level of customer service. These are very important tasks, but they are essentially concerned with effectively managing resources already deployed, often in a limited part of the organization within the context of an existing strategy. Operational control is what managers are involved in for most of their time. It is vital to effective implementation of strategy, but is not the same as strategic management.

The scope of strategic management is greater than that of any one area of operational management. Strategic management is concerned with complexity arising out of ambiguous non-routine situations with organization-wide rather than operation-specific implications. This is a major challenge for managers who are used to managing on a day-to-day basis the resources they control. The manager who inspires to manage, or influence, strategy needs to develop a capability to take an overview, to conceive of the whole rather than just the parts of the situation facing the organization. Because strategic management is characterized by its complexity, it is also necessary to make decisions and judgments based on the conceptualization of difficult issues. (Johnson and Scholes, 2002)

Development and management of strategy can be viewed through the lenses of design, experience and ideas. The assumptions underpinning a design approach to strategy development are: strategy development is seen as a process of systematic thinking and reasoning; the strategy of an organization is the result of decisions made about the positioning and repositioning of the organization in terms of its strengths in relation to its markets and the forces affecting it in its wider environment; decisions about what the strategy should be are separate from the implementation of that strategy; an organization is a hierarchy with top management who make important decisions, and lower levels of management, and eventually the population of the organization, who carry out these decisions; a strategic decision is made on the basis of what is considered optimal; the organization is seen as a rational system and can be controlled in a rational way too (Johnson and Scholes, 2002).

The experience lens views strategy as the outcome of individual and collective experience of individuals and the taken-for-granted assumptions most obviously represented by cultural influences (Johnson and Scholes, 2002). Research shows that, more typically, strategies develop in an adaptive fashion building on the existing strategy and changing gradually. Strategy is better understood in terms of continuity, or momentum, once an organization has adopted a particular strategy, it tends to develop from and within that strategy, rather than fundamentally changing direction.

The ideas lens sees strategy as the emergence of order and innovation from the variety and diversity which exists in and around organizations. New ideas and therefore innovation may come from anywhere in an organization, or indeed from stimuli in the world around it. The evidence is that innovation comes, not from the top, but quite likely from low down in the organization. There are links here to the experience lens. Sensing of an organization's environment takes place throughout an organization, not just at the top. People interpret issues in different ways according to their experience and may come up with different ideas based on personal experience. Such ideas may not be well formed or well informed and, at the individual level, they may be diverse. The greater the variety of experience, the more likely there will be innovation (Johnson and Scholes, 2002)

2.3 Implementation of Strategy

Okumu (2003) notes that success in business will be affected by how well a good strategy are implemented regardless of the sector in which an organization is operating. Poor implementation of an appropriate strategy may cause that strategy to fail, whether the organization is government, private or non-governmental. Fitting the organizations internal practices to what is needed for strategic success helps unite the organization behind the accomplishment of strategy. The strategic implementation task is easily the most complicated and time consuming part of strategic management. It cuts across virtually all facets of managing and must be initiated from many points inside the organization.

Pearce and Robinson (2005) point out that the strategic management process involves strategy formulation, analysis of alternative strategies and strategic choice. They however stress that although the aforementioned phases are important, they alone cannot ensure success. To ensure success, the strategy must be transformed into carefully implemented action. This means that the strategy must be translated into guidelines for the daily activities of the firm's members; become one with the firm, that is, the strategy must be reflected in the way the firm organizes its activities and in the firm s values, beliefs and tone and that the firm's managers must direct and control actions and outcomes and adjust to change.

Managers successfully make the shift from strategy formulation to strategy implementation when they identify short-term objectives; initiate specific functional tactics; communicate policies that empower people in the organization and design effective rewards. Short-term objectives translate long-range aspirations into this year's targets for action; functional tactics translate business strategy into daily activities people need to execute; policies are empowerment tools that simplify decision making by empowering operational managers and their subordinates and a powerful part of getting things done in any organization can be found in the way its reward system rewards desired action and results. Rewards that align manager and employee priorities with organizational objectives and shareholder value provide very effective direction in strategy implementation (Pearson and Robinson, 2005)

/

Short-term objectives help implement strategy in at least three ways (Pearson and P.obinson, 2005). Short-term objectives 'operationalize' long-term objectives. Discussion on short-term objectives also help raise issues and potential conflicts within an organization that usually require coordination to avoid otherwise dysfunctional consequences. Short-term objectives finally assist strategy implementation to identify measurable outcomes of action plans or functional activities, which can be used to make feedback, correction, and evaluation more relevant and more acceptable.

Funtional tactics are the key, routine activities that must be undertaken in each functional area to provide the business's products and services. Functional tactics translate thought into action designed to accomplish specific short-term objectives. Every value chain activity in a company executes functional tactics that support the business's strategy and help accomplish strategic objectives. Policies communicate guidelines to decisions. They are designed to control decisions while defining allowable discretion within which operational personnel can execute business activities. Regardless of origin, formality and nature of policies, the key point to bear in mind is that they can play an important role in strategy implementation. Communicating specific policies will help overcome resistance to strategic change; empower people to act, and foster commitment to successful strategy implementation (Pearson and Robinson, 2005)

Policies empower people to act. Compensation, at least theoretically, rewards their action (Pearce and Robinson, 2007). There is need to link management compensation with the successful implementation of strategies that build long-term shareholder value. The goal of an executive bonus compensation plan is to motivate executives to achieve maximization of shareholder wealth, the underlying goal of most firms. The major types of executive bonus compensation plans include; stock option grants, restricted stock plan, golden handcuffs, golden parachute and cash based on internal business performance using financial measures. Once the firm has identified strategic goals that will best serve shareholder's interests, an executive bonus compensation plan can be structured in such a way as to provide the executive with the incentive to work toward achieving these goals.

Funtional tactics are the key, routine activities that must be undertaken in each functional area to provide the business's products and services. Functional tactics translate thought into action designed to accomplish specific short-term objectives. Every value chain activity in a company executes functional tactics that support the business's strategy and help accomplish strategic objectives. Policies communicate guidelines to decisions. They are designed to control decisions while defining allowable discretion within which operational personnel can execute business activities. Regardless of origin, formality and nature of policies, the key point to bear in mind is that they can play an important role in strategy implementation. Communicating specific policies will help overcome resistance to strategic change; empower people to act, and foster commitment to successful strategy implementation (Pearson and Robinson, 2005)

Policies empower people to act. Compensation, at least theoretically, rewards their action (Pearce and Robinson, 2007). There is need to link management compensation with the successful implementation of strategies that build long-term shareholder value. The goal of an executive bonus compensation plan is to motivate executives to achieve maximization of shareholder wealth, the underlying goal of most firms. The major types of executive bonus compensation plans include; stock option grants, restricted stock plan, golden handcuffs, golden parachute and cash based on internal business performance using financial measures. Once the firm has identified strategic goals that will best serve shareholder's interests, an executive bonus compensation plan can be structured in such a way as to provide the executive with the incentive to work toward achieving these goals.

Every company has its own unique culture. The character of a company's culture or work climate is a product of the core values and business principles that executives espouse, the standards of what is ethically acceptable and what is not, the behaviors that define 'how we do things around here', the stories that get told over and over to illustrate and reinforce values and traditions, the company's approach to people management, and its internal politics (Thompson et al, 2006). A company's present culture and work climate may or may not be compatible with what is needed for effective implementation and execution of the chosen strategy. When a company's present work climate promotes attitudes and behaviors that are well suited to first-rate strategy execution, its culture functions as a valuable ally in the strategy execution process.

Thompson et al, (2006) further state that a culture grounded in strategy-supportive values, practices and behavioral norms adds significantly to the power and effectiveness of a company's strategy execution effort. A tight culture-strategy alignment furthers a company's strategy execution effort in two ways: a culture that encourages actions supportive of good strategy execution not only provides company personnel with clear guidance regarding what behaviors and results constitute good job performance but also produces significant peer pressure from coworkers to conform to culturally acceptable norms. The tighter the strategy-culture fit, the more the culture pushes people to display behaviors and observe operating practices that are conducive to good strategy execution.

A strategy-supportive culture thus funnels organizational energy toward getting the right things done and delivering positive organizational results. Secondly, a culture imbedded with values and behaviors that facilitate strategy execution promotes strong employee identification with and commitment to the company's vision, performance targets, and strategy. When a company's culture is grounded in many of the needed strategy-executing behaviors, employees feel genuinely better about their jobs, the company they work for, and the merits of what the company is trying to accomplish. As a consequence, company personnel are more inclined to exhibit some passion and exert their best efforts in making the strategy work, trying to achieve the targeted performance, and moving the company closer to realizing its strategy vision (Thompson et al, 2006)

Exerting take-charge leadership, being a 'spark plug', ramrodding things through, and achieving results, thrusts a manager into a variety of leadership roles in managing the strategy execution process (Thompson et al, 2006). For the most part, leading the strategy execution process has to be top-down and driven by mandates to get things done and show good results. Just how to go about the specifics of leading organization efforts to put a strategy in place and deliver the intended results has to start with understanding the requirements for good strategy execution, followed by a diagnosis of the organization's capabilities and preparedness to execute the necessary strategic initiatives, and then decisions as to which of the several ways to proceed to get things done and achieve the targeted results.

People are at the heart of strategy (Johnson and Scholes, 2002). The knowledge and eexperience of people can be the key factors enabling the success of strategies. The relationship between people and successful strategies goes beyond the traditional agenda of the human resource function and is concerned with behavviours as much as competencies. The ability to change behaviors may be the key ingredient for success. The people dimension of strategy is concerned with three related aspects; people as a resource, peopie as the cultural/political context and the need to organize people.

The possession of resources, including people, does not guarantee strategic success. Strategic capability is essentially concerned with how these resources are deployed, managed, controlled and, in the case of people, motivated to create competences in those activities and business processes needed to run the business. The starting point of successful strategies is acquiring, retaining and developing resources of at least a threshhold standard and this clearly applies to people as a resource.

2.4 Challenges in Strategy Implementation

In implementation of strategies, certain challenges may hinder the effective utilization of strategies identified and employed. Edelman (1997) argues that implementation of any strategy requires a substantial amount of resources of which many other projects within the organization are competing for. Therefore resource constraints can be a real challenge to strategy implementation.

Newman et al. (1989), identify three types of challenges that may hamper a firms' ability to grasp new opportunities. These are financial requirements, regulatory issues imposed by the government and industry and the ability of the company and owners. Other challenges may arise from structural and economic barriers inherent in the industry. In implementing strategy, firms face challenges such as inadequate financial resources, costly sources of funds, skills of staff, marketing abilities, changes in customer needs, government requirements and complexity of coordinating all firm activities in pursuit of agreed strategy (Porter, 1998; Grant, 1998; Ansoff and McDonnell, 1990)

Conflicts between behaviors approved by the culture and behaviors needed for good strategy execution send mixed signals to organization members, forcing an undesirable choice (Thompson et al, 2006). When a company's culture is out of sync with what is needed for strategy success, the culture has to be changed as rapidly as can be managed, assuming that it is one or more aspects of the culture that are out of whack rather than the strategy. While correcting a strategy-culture conflict can occasionally mean revamping strategy to produce strategy fit, more usually it means revamping the mismatched cultural features to produce strategy fit. The more entrenched the mismatched aspects of the culture, the greater the difficulty of implementing new or different strategies until better strategy-culture alignment emerges. A sizable and prolonged strategy-culture conflict weakens and may even defeat managerial efforts to make the strategy work.

Although formal human resource systems and structures may be vitally important in supporting successful strategies, it iis quite possible that they may hinder strategy if they are not tailored to the types of strategies being pursued. Highly bureaucratic recruitment procedures may deter applications from creative individuals who do not see themsevles working in a buureucratic environment. For companies whose strategies are built around high rates of inovation in products or processes, this could prove disastrous as they fail to attract the right kind of recruit (Johnson and Scholes, 2002)

Nelson (2007), in his study of the difficulties faced by Eastern and Southern African Trade and Development Bank in implementing the strategy for Capital resource Mobilization, identified several challenges faced by PTA bank in implementing the identified strategies. He acknowledges that there have been challenges in the implementation of strategy for maximizing capital. According to him, this was due to the fact that some member countries have not been current in their subscription obligations. Some of the reasons for default are that priorities of member countries are diverse and because of scarcity of the capital resource, priority dictates where the resource is directed. Consequently, some members find that paying subscription to PTA Bank is not a priority. However, the bank would place the defaulting countries under sanction and therefore they cannot borrow from the bank, and all development projects already started or to be started in such countries are stopped. This usually complicates matters for PTA Bank because the anticipated paid in capital and investment income would not be available.

Nelson (2007) also identified difficulties experienced when implementing the strategies adopted for borrowings. The first challenge is the risk perception. Most developed countries consider African governments as corrupt and mismanaged, and shy away from lending to them. However, those who proceed to lend, charge a premium to cushion against any perceived risk of default in repayment of loans and this makes loans too expensive. The other problem is that PTA Bank encounters difficulties in trying to enter markets of some countries that have relatively advanced financial markets because of pricing and limited nature of the Bank's financial services. Except Kenya and Burundi, the bank's clients are located in various countries where the bank has no local representation for efficient delivery of services and close monitoring of the market and this affects effective implementation of strategy of entry to some markets.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

The researcher used the case study research design because of the descriptive nature of the study. The case study design affords the researcher the ability to give a detailed examination of phenomena and/or the context.

3,2, Data Collection

Both the primary and secondary sources of data were used to obtain information for the study. Various books were used to obtain secondary data on strategy, strategy implementation and strategy implementation challenges. Bank bulletins were also u$ed to collect data on KCB Ltd. Primary data was obtained through a semi structured interview guide, comprising of open ended and closed questions. The interview guide was administered to one key informant who is the head of business process re-enigin^erjng and quality assurance and change at the KCB Ltd. The researcher picked onh one respondent because the data to be collected would be similar and could have easily led to redundancy. The interview guide was administered through a face to face interview

3.3 Data Analysis and Presentation

Before analysis, the data collected was checked for completeness and consistency. Tie researcher used Content Analysis to analyze the data. This is because content analysis involves observation and detailed description of objects, or things, and the errors whi;h occur during the study are easily detected and corrected.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

Data was collected from KCB Ltd, Business Process Re-engineering & Quality Assurance and Change department. The researcher used an interview guide to conduct a face to face interview with one key correspondent who is the head of Business Process Re-engineering & Quality Assurance and Change department. The researcher also used secondary sources of data which mainly included the banks' bulletins and circulars.

4.2 The Centralized Credit Process

In August. 2010. KCB Ltd, made a major strategic decision in its credit department. The bank shifted from a decentralized to a centralized credit process. The centralization affected four major processes in the whole credit process; credit decisions, security documentation, disbursement and the overall oversight of the credit portfolio. All these functionalities were no longer performed at the branch level as they were all now being done at the head office. It is worth noting at this point that the day to day administration and management of customer ioan applications remained as a branch level function. KCB Ltd offers a wide range of loan products which include; unsecured check-off loans, unsecured personal loans, secured personal loans, secured business loans including overdrafts, secured micro-finance loans, asset base financing, corporate loans, staff loans and mortgages.

Decisioning refers to loan application approvals or declines. A loan application can be declined because of various reasons, mainly lack of repayment ability or inadequate security offered among others. When an approval is granted for secured loans, the application is forwarded for security perfection and documentation. This is a stage that unsecured loans, especially check-off loans skip because after approval, the application is ready for disbursement. After security perfection and documentation for secured loans, the loan application is ready for disbursement. Disbursement is a process where customer accounts are credited with loan proceeds or various venders or sellers are paid on behalf of the customer as required or as per approval terms.

4.3 Benefits of the Centralized Credit System

The banking industry is a very competitive industry. The industry also operates in a very turbulent environment. KCB Ltd.'s existence in such an environment mainly depends on the strategic options it chooses to adopt. It was with this reality in mind that the bank's top management decided to implement a centralized credit process. There are a number of benefits that would accrue from adopting this strategic option but the ultimate goal would be that the bank's performance in the aforementioned competitive and turbulent environment would greatly improve consequently improving the bank's chances of remaining afloat and staying above competition. The specific benefits of the implementation of the centralization are discussed in more detail below.

The implementation of the centralized credit process at KCB Ltd has greatly improved the quality of credit decisions. The decisions are now more informed as the persons making them have the right expertise and experience. This greatly minimizes risks which the bank would have been exposed to due to bad credit decisions as it used to happen under the decentralized credit process. A centralized credit process has also led to proper documentation of securities. The major attribute in security perfection and documentation for secured loans is where the banks' interest is clearly noted as the financiers in every document offered as security. It was a major concern that under the decentralized process that the bank's interest was not being adequately noted. This could greatly compromise the bank's claims on the same in cases where the customer fails to pay up the loan in full.

The centralized process has also led to faster disbursements of loan. The quality of loan data has also greatly improved. Problems with the correct coding of loans in their various categories are no more. Correct repayment amounts, interest rates, repayment dates and terms arc now being loaded. This 'cleans' out the data in the banks' loan book. There has also been prompt advising of employers for monthly deduction in cases of check-off loans. This has greatly improved the performance of check-off loans hence the loan book, in as far as portfolio at risk (PAR) is concerned. The tracking of the performance of the whole credit portfolio has been real time following the implementation of the centralized process. This has enabled the bank to institute immediate remedial action where necessary.

The implementation of the centralized credit process has also greatly improved customer satisfaction, which has led to significant customer growth. This is mainly because of the fact that the turn-around-time (TAT) has been greatly improved. This has been enabled by among other factors, the incorporation of the offer letter in the loan application form, especially for check-off loans. This means that after successfully applying for the loan, the next thing the customer sees is money in the account. There has also been greater objectivity in credit decisions. Unlike the previous system where employees in branches would sometimes only process or fast-track loan applications for customers willing to part with something or those they are acquainted to, all loan applications are now being treated equally and with no bias.

The centralization has gone a long way in addressing the training needs and knowledge gaps in the credit division. Identification of the needs and gaps are now more easily done. The new process has also led to uniformity in processing loan application and documenting securities. Achievement of the KCB values is now more feasible under the new system. Staff members are now more proffesional in what they do and their need to put the customer first has greatly improved

4.4 Challenges of the Implementation of the Centralized Credit Process

The bank faced a lot of challenges in its quest to implement the centralized credit process. The main challenge was resistance to change. This was mainly felt at the branch level where branch managers felt that their managerial powers were being taken away. They resisted the change because the centralization meant that they no longer had the powers to approve or decline loans. They felt powerless in the new development and some even feared for their jobs. This is despite the fact that under the new process, the branch managers would be held solely responsible for the general management of the whole branch credit portfolio, which they also resisted.

Under the old process, there was a department in the branches that dealt with loan processing and administration and anything to do with credit. This was the advances department. The department would cease to exist under the centralized process. The functionalities of the department would now be under the personal banking and business banking departments. These functionalities mainly included daily handling of customer credit queries and loan appraisal. These meant additional responsibilities in the two departments and thai drew a lot of resistance to the centralized credit process.

The fact that the whole advances department was being scrapped was also met with a lot of resistance with employees under it fearing for their jobs. The scrapping of the department also meant that the advances people had to train the personal and business bankers on credit issues. This did not go down well with them so they ended up passing 'just a little' knowledge in the hope that the new process would fail. The personal and business bankers were never available for training either, blaming that on the busy nature of their jobs. They were either out on customer visits or just busy doing 'more important' jobs that concerned their departments like opening accounts.

Another factor that brought a lot of resistance to change was the general attitude and perception of the staff fraternity as a whole. A lot of them spelt doom on the new process so much that even staff members who were not being affected by the new process directly, were so negative to the whole thing. This created a lot of tension across the bank and the negativity slightly affected their work. They saw their friends in the affected departments losing their jobs and feared they would be the next on line. The change was mainly viewed as targeting them as individuals and that the top management was against them. A lot of them gave the new process a timeline in which it would grind to a halt and then things would go back to the way they were and everybody would be happy again.

Up until the suggestion to centralize the credit process, the banks' mortgage division was doing fairly well. The portfolio was returning good tidings and was growing at an impressive pace. This success was a big stumbling block in itself. It was hard to convince them to change their way of doing things which, hitherto, was bringing good returns. They just could not think of any other way of being successful other than maintaining the status quo.

Owing to the fact that the advances department staff were not willing to train the personal and business bankers and the unavailability of the latter for the training, there was a very big skill-gap created when the shift was finally made. Access to the credit system by the formerly advances staff was blocked and loan appraisals were now supposed to be done by the personal and business bankers who were severely inadequately skilled on the same. This created a lot of delays in loan processing during the first few weeks. Most of the staff members transferred to the new departments at the head office also had little or no knowledge in credit. This further delayed the whole process. This was later bridged by thorough training of the specific staff at the training center.

KCB Ltd has a core banking system called the T24 and a credit system called the Credit Quest. The implementation of the centralized credit process was a big challenge from the fact that there is no linkage between the two systems. There is still a lot of paper work under the new process just like the old system. The administration of the loans under the new process is still a challenge because of the 'bad' quality of data migrated to the new system.

The centralized credit process meant that some new departments had to be created at the head office. The consumer credit unit, which is mandated with the credit decisions function, was present under the old credit system but needed some additional staff because of the increased work load. The securities and documentation center which deals with everything to do with security perfection and documentation, and the credit operations unit which is the disbursing unit are the two departments which had to be established. The credit administration unit had another functionality added to it - the issuing of disbursing instructions to secured loans, and that meant additional staff was needed too. Staffing these departments was a major challenge.

Mobilizing staff members from branches to the four departments was a major battle between the new managers under the new departments and the branch management. Deployment letters would be sent to the branch but the branch managers were reluctant to release the concerned staff members with the hope that the new process would fail. Threats and force had to be used sometime to enable the mobilization. Some branches were only willing to release the 'old, unwanted and uncooperative' staff from their branches. This created a lot of bad blood between the concerned staff and the branch management and also between the branch and the new unit's management.

Another challenge faced in as far as resources are concerned is the lack of office space especially for the departments that were to be set-up from scratch. Even after finding the space, the setting up of work stations proved to be a big challenge owing to the fact that there was a general negative attitude and perception of the new credit process which was being viewed as the work of a few who wanted to be noticed and not as a strategic decision by the bank in a bid to remain competitive in the industry.

One of the biggest challenges faced in the implementation of the centralized credit process was the lack of piloting of the new process. On the 16th of August, 2010, the bank was still under the old credit process. On the 17th, everything was supposed to be done from head office. The old process was just dropped and the new one adopted without any piloting to check for any shortcomings. This can be owed to system limitations. The credit system, the credit quest, does not have more than one instance. There is no possibility of running an offline version of it to enable piloting. It can only handle one process and this was the main challenge to the implementation of the new process.

It is worth noting that the implementation of the centralized credit process received the full backing of the group Chief Executive Officer (CEO) and other top managers. The CEO would continually and consistently update the group, through circulars, on any new developments and would take the time to encourage the affected staff and the entire staff fraternity to look at the bigger picture and to cooperate with the implementation team to ensure success of the process. He played a very big part in trying to encourage staff to own the process.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The research findings show that KCB Ltd took a strategic step to change its credit process. The bank strategically changed its way of doing things in its credit division and made a switch from a decentralized credit system and introduced a centralized credit process. The main functionalities that were affected in the shift were credit decisions, security perfection and documentation, disbursements and the general oversight of the whole credit portfolio. The implementation of the centralized credit process has benefited the bank in various ways: the quality of credit decisions has greatly improved; there is now proper documentation of securities and the bank's interest is now being noted in all securities offered; disbursements are now much faster and has led to 'clean' data; the general performance of the portfolio has greatly improved with the portfolio at risk drastically reduced due to prompt advising of employers and real time tracking of any issues which might necessitate remedial action; customer satisfaction has greatly improved due to improved turn-around-time and the fact that there is more objectivity in the credit decisions than ever.

The need for the implementation of the centralized credit process was mainly prompted by the need to keep the bank afloat in a very competitive and volatile environment and to improve on customer service which would help grow the customer base and hence the loan book and the general performance of the bank.

Various challenges were faced by the bank in the implementation of the centralized credit process: resistance to change; resource problems ranging from staffing, office space and work stations; technological problems and system shortcomings; the presence of wide skill gaps and the lack of piloting of the whole process.

5.2 Conclusion

Today's operating environment is very unpredictable to say the least. The internal environment has its own attributes that should be managed optimally to realize the firm's mission and vision. The external environment is a totally different ball game. Among the very many factors in the external environment that a firm should keep a close watch on is the competition and the customer. Customer preferences change by the minute and the firm should keep abreast with these changes in order to satisfy them. Competition threatens the entire existence of the company by eating into the firm's markets by offering better services. In order to keep all these factors in check, a firm needs to strategize. Strategies help keep the firm to speed with the multiple changes both in the internal and the external environment.

It is not enough to just formulate good strategies. Of equal importance is the implementation of the same in order for the firm to reap its full benefits and stay ahead of competition and to improve on its customer service which culminates in the achievement of the firm's mission and vision. Implementation of new strategies is bound to face many challenges. The firm should therefore be ready for any eventuality and should institute remedial actions whenever possible.

5.3 Recommendations

KCB Ltd should move with speed to link the bank's core banking system (T24) and the system used to appraise and process loans, that is the Credit Quest. This will go a long way in reducing paper work and improve the fast tracking of loan performance. A system to measure the exact turn-around-time of every single loan should also be established in order to further improve on the customer service front.

There has been a suggestion of forming a credit management committee that will be charged with studying the market in general and coming up with strategic decisions on new markets to target, markets to divest and the general performance of the bank on the credit front. This should be fast tracked as it will help in identifying new markets and closely monitoring customer issues so that the bank is able to move with the change in the environment.

5.4 Area for Further Study

Researchers should conduct a study on the performance of bank in terms of the customer numbers and the growth in the loan book before and after the implementation of the centralized credit process. A study should also be carried out to determine the turn-around-times of the decentralized credit process and the centralized credit process with the view of determining whether there has been a positive change owing to the change to the latter.

§.§ Limitations of the Study

Perhaps because a case study focuses on a single unit, a single instance, the issue of generalizability looms larger here than with other types of qualitative research. The special features of case study research that provide the rationale for its selection also present certain limitations in it usage. Although rich, thick description and analysis of a phenomenon may be desired, a researcher may not have the time or money to devote to such an undertaking. And assuming time is available to produce a worthy case study, the product may be too lengthy, too detailed, or too involved for busy policy makers and practitioners to read and use. The amount of description, analysis, or summary material is up to the investigator. The researcher also must decide: How much to make the report a story; how much to compare with other cases; how much to formalize generalizations or leave such generalizing to readers; how much description of the researcher to include in the report; and, whether or not and how much to protect anonymity" (Stake, 2005).

Only one respondent was used in the study. This is because of the nature of data to be collected. Had more than one key informant been used, the data collected would have been simillar. This leads to redunancy in the data collected. This was a limitation in the study because of the fact that the data can not be verified or compared to ensure completeness.

5.6 Implication on Policy, Theory and Practice

The study contributes to the literature in the strategic management field and clearly shows how the strategic management practice is put to play at KCB Ltd and the banking industry as a whole. The study reveals how the bank uses strategy to position itself in the market in order to fight competition and improve its customer service. This implies that strategy is a very important planning tool to use in any competitive environment and can lead to better performance.

After formulation of strategy, the bank strived to implement it in the best way possible. The implementation of the centralized process reveals that if the carefully formulated strategies are put into action, the firm is bound to benefit from such strategies in a big way. The bank successfully implemented the strategy and can now reap the benefits of it. The findings add to the literature of strategy implementation which is yet to develop to the level of literature in strategy formulation.

Any change must almost always encounter some resistance. The change must therefore be carried out with utmost care. The same applies to strategy implementation. The study established that the bank faced a lot of challenges in its quest to implement the centralized credit process but used the tools of strategic management to effectively deal with the resistance to the change. The findings contribute to the literature in this field and can be used by the bank to deal with any challenges in future. The literature can also be used by other banks who operate in the same environment as reference points in order to be better prepared in their implementation processes.

Stakeholders place there interests in firms that know what they are doing and firms that can compete and make good returns at the end of the period. One of the ways stakeholders know if a firm is in serious business and hence worth investing in is if the firm practices strategic management and if their policies conform to the theories in the strategic management field. The study goes a long way in helping such stakeholders in making informed decisions about their investement. The study also helps firms know what to do in order to attract such investors to the firm.

The study also clearly brings out the need for firms to constantly review their strategies in line with the constant changes in the environment, both internal and external. This prevents firms from becoming complacent in their service offerings. KCB Ltd had to review its credit process to improve on its service delivery and the study has revealed that the bank's top management conforms to the practice of strategy control and constant review.

REFERENCES

Birnabaum, B. (2009) *Strategy Implementation: Six Supporting Factors.* Birnabaum associates. Oregon, USA.

David, F.R. (1997), *Strategic Management*, 6th Edition Prentice Hall. New Jersey.

Goold, M., Campbell, A. and Alexander, M. (1994) *Corporate Level Strategy. Creating value in the multi business company,* Wiley

Johnson G, Scholes K. and Whittington R. (2005) *Exploring Corporate Strategy,* 7th edition, Prentice Hall

Johnson, G. and Scholes, K. (2002) *Exploring Corporate Strategy: Text and Cases,* 6th Edition. Pearson Education.

KPMG (1999) *Banking Survey of Africa.* KPMG Johannesburg, South Africa Kenya National Banking Survey 2010

Mintzberg, H. (1979) *the Structure of Organizations,* Prentice Hall

Mintzberg, H. (1995) *The Strategy Process: Concepts and Cases,* 3rd edition, Prentice Hall

Pearce, J. and Robinson, R. *Strategic Management: Formulation, Implementation and Control*, 9th edition, McGraw-Hill

Pearce, J. and Robinson, R (2005) *Strategic Management,* 9th Edition, New York.

Pearce, J. and Robinson, R (2003), *Strategic Management: Formulation and Implementation*, 8th edition. McGraw-Hill. New York.

Porter, M. (1986) *Competitive Strategy*, Harvard Business School Press.

Speculand, R. (2007) *Business Strategy Implementation. Bridges Business Consultancy,* Mumbai, India.

Stacey, R.D. (2000) *Strategic Management and Organizational Dynamics: The Challenge of Complexity*, 3rd edition. Pearson Education

Stake, R.E. (2005). *Quantative case studies. In N.K. Denzin & Y.S. Lincoln (Eds.) The Sage hadbook of qualitative researched* edition, (pp. 443-466). Thousand Oaks, CA: Sage.

Edward M. (2010) *the Challenge of Strategy Implementation.* Retrieved From www.gurowitz.com

Thompson, A. and Strickland, A. (2003), *Strategic Management: Concepts And cases*, 13th edition, Tata McGraw-Hill

Thompson, A. et al (2006) *Crafting and Executing Strategy: The quest for competitive Advantage, concepts & cases*, 14th edition, Tata McGraw-Hill

Wilson, S. (2007) *Coordination and Control of Business Processes*, SISC Publishing House. London, UK.

APPENDICES

Appendix I: Key informant interview guide

Challenges of Implementation of the Centralized Credit Process at KCB Ltd

(a) General information

Name (optional)

Department/Unit

Position

(b) Customer Experience Strategy

What is your understanding of the centralized credit process?

In your understanding, what is the influence of centralization of the credit process on the performance of KCB Ltd?

What are the opportunities for customer growth as a result of the centralization?

What major challenges did you encounter in the implementation of the centralized process?

Do you have any other information on the topic under study?

Thank you very much for taking your time in responding to these questions.

God Bless you

Appendix II: Letter of Introduction

VINCENT MUTAI KIPNG'ENO

P, O Box 7206-00300: Nairobi, mwenovin@vahoo.com

Cell 0727 926 191

Head of Business Processes Re-engineering
Kenya Commercial Bank
P.O Box 48400 -00100
Nairobi

Dear Sir/Madam

RE: MBA RESEACH PROJECT

I am a post graduate student at the University of Nairobi pursuing an MBA-Strategic management course. In partial fulfillment of the course requirements, I am undertaking a research on "Challenges of the Implementation of the Centralized Credit Process at KCB Ltd"

I kindly request you to provide me with all the information on the new credit process from its formulation to its implementation to enable me complete the project.

The information requested is needed purely for academic research purpose and will therefore be treated with utmost confidentiality.

Your assistance in facilitating the same will be highly appreciated.

Yours faithfully

Vincent Mutai Kipng'eno — Dr. Z.B. Awino

Student — Supervisor