

Strategic Management Practices and the Associated Challenges Facing Commercial
Banks in Kenya: A Case Study of Kenya Commercial Bank

by

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APPROVAL

STRATEGIC MANAGEMENT PRACTICES AND THE ASSOCIATED CHALLENGES
FACING COMMERCIAL BANKS IN KENYA: A CASE STUDY OF KENYA
COMMERCIAL BANK

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In accordance with Daystar University policies, this thesis is accepted in partial fulfillment of requirements for the Master of Business Administration degree.

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DECLARATION

STRATEGIC MANAGEMENT PRACTICES AND THE ASSOCIATED CHALLENGES
FACING COMMERCIAL BANKS IN KENYA: CASE STUDY
OF KENYA COMMERCIAL BANK

I declare that this thesis is my original work and has not been submitted to any other college or university for academic credit.

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LIST OF ABBREVIATIONS AND ACRONYMS

BCG	Boston Consulting Group
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
EXCO	Executive Committee
GE	General Electric Plc
IBM	International Business Machines Ltd
ICT	Information and Communications Technology

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KCB	Kenya Commercial Bank Ltd
MPC	Monetary Policy Committee
NBFIs	Non-Banking Financial Institutions
OECD	Organization for Economic Co-operation and Development
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PWC	Price Waterhouse Coopers
RMGs	Risk Management Guidelines
ROA	Return on Assets
SDMP	Strategic Decision Making Process
TOR	Terms of Reference
USA	United States of America

ABSTRACT

Strategic management is a concept that is concerned with making decisions and taking corrective actions to achieve long term targets and goals of an organization. The importance of strategic management in a firm can be answered by analyzing relationships between strategic management and organizational performance. The purpose of the study was to investigate the strategic management practices employed in commercial banks in Kenya and the associated challenges faced by the banks in their implementation. The study adopted a case study research design, with a population of 850 management staff at Kenya Commercial Bank. A sample size of 85 management respondents was selected using stratified random sampling. The researcher used questionnaires and interviews as a means of data collection. Descriptive statistics were used to analyze the data obtained. The study found that the bank had adopted strategy planning at 65%, involved staff in strategic formulation process at 53.5% and used a management practice of strategy evaluation at 58%. The bank faced a lack of funding or capital at 71%, a lack of innovation or adoption of innovative ideas at 71% and a lack or inability of top management to cascade the strategic plans downwards to the line managers at 56%. The study concluded that there was considerable impact arising from the strategic practices adopted by KCB and that substantial and material challenges were faced as a result of deploying or implementing the chosen strategic practices. The study recommends that Kenyan banks adopt strategic management planning as key tool in the business development and that KCB and indeed other commercial banks should continue scanning strategic challenges that they may encounter in line with implementation controls, so as to forestall erosion of the Kenyan economy's financial base

DEDICATION

I dedicate this study to my lovely daughter, Christine Kadzo who has given me a new purpose every day in my pursuit for success and determination and also, to my dear wife, Grace Mwakiro, for the unwavering support during the course of my study and great endurance during the long hours away from home.

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