

Bank restructuring and financial performance of
Kenya commercial bank and Barclays bank of Kenya

by

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KENYA COMMERCIAL BANK AND BARCLAYS BANK OF KENYA

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In accordance with Daystar University policies, this thesis is accepted in
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DECLARATION

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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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TABLE OF CONTENTS

APPROVAL.....	ii
COPYRIGHT.....	iii
DECLARATION.....	iv
ACKNOWLEDGEMENTS.....	v
LIST OF TABLES.....	viii
LIST OF FIGURES.....	ix
LIST OF ABBREVIATIONS AND ACRONYMS.....	x
ABSTRACT.....	xi
CHAPTER ONE.....	1
INTRODUCTION AND BACKGROUND OF THE STUDY.....	1
Introduction.....	1
Background of the Study.....	2
Bank Restructuring.....	2
Financial Performance.....	4
Bank Restructure and Financial Performance.....	5
Banking Industry in Kenya.....	6
Barclays Bank of Kenya.....	7
Kenya Commercial Bank.....	8
Statement of the Problem.....	9
Purpose of the Study.....	11
Objectives of the Study.....	11
Research Questions.....	12
Justification of the Study.....	12
Scope of the Study.....	13
Significance of the Study.....	13
Limitations and Delimitations of the Study.....	14
Confidentiality.....	14
Organizational Culture.....	15
Managing Access to Carry Out the Research.....	15
Definition of Terms.....	15
Summary.....	16
CHAPTER TWO.....	17
LITERATURE REVIEW.....	17
Introduction.....	17
Theoretical Literature Review.....	17
Kaplan Theory.....	17
The Resource-Based View Theory.....	18
Michael Porter's Five Forces Model.....	19
Teleological Theory.....	20
General Literature Review.....	21
Bank Restructuring.....	21
Financial Performance.....	24
Empirical Literature Review.....	25
Conceptual Framework.....	28
Summary.....	30
CHAPTER THREE.....	31
RESEARCH METHODOLOGY.....	31
Introduction.....	31
Research Design.....	31

Population.....	32
Sampling Design.....	33
Sampling Technique.....	33
Sample Size	34
Data Collection Instrument	35
Data Collection Procedure.....	35
Data Reliability and Validity.....	35
Data Analysis Plan.....	36
Ethical Considerations.....	37
Summary	38
CHAPTER FOUR.....	39
DATA PRESENTATION, ANALYSIS AND INTERPRETATION	39
Introduction.....	39
Response Rate	39
General Information.....	39
Forms of Restructuring.....	42
Benefits and costs of bank restructuring.....	48
Influence of bank restructuring.....	55
Challenges of bank restructuring faced by KCB and BBK.....	58
Summary of Key Findings	67
Summary	72
CHAPTER FIVE.....	73
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS	73
Introduction.....	73
Discussion of Findings.....	73
General information	73
Forms of restructuring.....	73
Benefits and cost of bank restructuring.....	75
Influence of bank restructuring on financial performance.....	76
Challenges of bank restructuring faced by Kenya Commercial Bank and Barclays Bank of Kenya.....	77
Conclusions	79
Recommendations.....	80
Areas for further Study.....	80
Summary	81
REFERENCES	82
APPENDICES.....	86
Appendix A: Questionnaire.....	86
Appendix B: NACOSTI Research Permit	95

LIST OF TABLES

<i>Table 3. 1: Target Population.....</i>	32
<i>Table 3. 2: Sample Size for Kenya Commercial Bank</i>	34
<i>Table 3. 3: Sample Size for Barclays Bank of Kenya</i>	34
<i>Table 4. 1: Gender</i>	39
<i>Table 4. 2: Level of Education.....</i>	40
<i>Table 4. 3: Period When Restructuring Began.....</i>	42
<i>Table 4. 4: Number of Branches the Bank had Before Restructuring.....</i>	44
<i>Table 4. 5: If Any Bank Branch Closed During Restructuring and no. Of Branches that were Closed During Restructuring Cross Tabulation</i>	<i>BBK 44</i>
<i>Table 4. 6: If any Bank Branch Closed During Restructuring and no. of Branches that were Closed During Restructuring Cross Tabulation</i>	<i>KCB 44</i>
<i>Table 4. 7: Departments Merged During Restructuring.....</i>	45
<i>Table 4. 8: Main Drivers of Restructuring.....</i>	46
<i>Table 4. 9: Bank Benefit Due to Restructuring.....</i>	48
<i>Table 4.10: Costs the Bank has Incurred as a Result of Restructuring.....</i>	49
<i>Table 4. 11: Cost Does not Outweighs Benefits.....</i>	53
<i>Table 4. 12: Long Term Benefits Outweighs Short Term Costs</i>	55
<i>Table 4. 13: Relationship Between Restructuring and Banks Performance.....</i>	55
<i>Table 4. 14: Aspects of Organization Restructuring for BBK.....</i>	56
<i>Table 4. 15: Aspects of Organization Restructuring for KCB.....</i>	56
<i>Table 4. 16: Number of Departments and Cost.....</i>	57
<i>Table 4. 17: Number of Departments and Profitability.....</i>	57
<i>Table 4. 18: Relation Between Department and Financial Performance</i>	58
<i>Table 4. 19: Cost of Operation</i>	58
<i>Table 4. 20: Reduced Profits</i>	59
<i>Table 4. 21: Unsecured Loans.....</i>	59
<i>Table 4. 22: Information on Customers.....</i>	60
<i>Table 4. 23: If BBK Encountered any Challenges During Restructuring and Challenges the Bank Encountered During Restructuring Cross Tabulation</i>	<i>61</i>
<i>Table 4. 24: If KCB Encountered any Challenges During Restructuring and Challenges the Bank Encountered During Restructuring Cross Tabulation</i>	<i>62</i>
<i>Table 4. 25: If Challenges had Significant Effect.....</i>	62
<i>Table 4. 26: If Challenges had Moderate Effect</i>	63
<i>Table 4. 27: If Challenges Had No Significant Effect</i>	63
<i>Table 4. 28: How Bank Overcome the Challenges Facing Them.....</i>	64
<i>Table 4. 29: BBK Model Summary.....</i>	64
<i>Table 4. 30: KCB Model Summary.....</i>	64
<i>Table 4. 31: BBK Coefficients^a</i>	65
<i>Table 4. 32: KCB Coefficients^a</i>	66

LIST OF FIGURES

<i>Figure 2.1: Conceptual Framework</i>	28
<i>Figure 4.1: Age Bracket</i>	40
<i>Figure 4.2: Period Worked in the Bank</i>	41
<i>Figure 4.3: Number of Employees the Bank Had Before Restructuring</i>	43
<i>Figure 4.4: Number of Employees Currently Employed by the Bank</i>	43
<i>Figure 4.5: Number of Managers Levels in a Bank</i>	45
<i>Figure 4.6: Forms of Restructuring</i>	47
<i>Figure 4.7: Number of Times the Bank has Restructured</i>	47
<i>Figure 4.8: Changes Banks Have Undertaken After Restructuring</i>	48
<i>Figure 4.9: If Restructuring is Very Beneficial</i>	49
<i>Figure 4.10: If Restructuring is Just Beneficial</i>	50
<i>Figure 4.11: If Bank Restructuring is Rarely Beneficial</i>	50
<i>Figure 4.12: If Restructuring is Not Beneficial</i>	51
<i>Figure 4.13: Cost Outweighs Benefits</i>	52
<i>Figure 4.14: Cost Equals Benefits</i>	53
<i>Figure 4.15a: Driving Forces of Bank Restructuring for BBK</i>	54
<i>Figure 4.15b: Driving Forces of Bank Restructuring for KCB</i>	54
<i>Figure 4.16: Ways of Addressing Problems</i>	60
<i>Figure 4.17: Government Support</i>	61

LIST OF ABBREVIATIONS AND ACRONYMS

BBK - Barclays Bank of Kenya

CBK - Central Bank of Kenya

KCB - Kenya Commercial Bank

ROE - Return on Earnings

ROI - Return on Investment

SACCO - Savings and Credit Co-operative

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ABSTRACT

The purpose of this study was to find out how bank restructuring of KCB and BBK influences their financial performance. The objectives of this study were to determine the different forms of bank restructuring that have been employed by KCB and BBK; to establish whether long term benefits associated with bank restructuring outweigh its short term costs at Kenya Commercial Bank and Barclays Bank of Kenya and to determine the bank restructuring challenges faced by Kenya Commercial Bank and Barclays Bank of Kenya and how to overcome them. The study used both the primary data and secondary data. The questionnaires were administered to the selected managers and departmental heads of the two banks and later analysed using statistical package for social science. The financial performance information of the banks was derived from secondary data from the published financial statements. From the findings the study revealed that the main driver for restructuring was budgetary cuts. Further, the research findings indicated that the two banks majorly laid off excess staff and merged the departments which led to reduction of supervisory managers and middle level managers. The study found out that restructuring is beneficial to the banks' financial performance. The findings revealed employee retrenchment as the most challenge the bank faced during restructuring and to overcome such all stakeholders should be involved in the whole process. The study concluded that restructuring in Kenya commercial bank and Barclays bank led to improved financial performance. The study recommends that there is need to look at departmental mergers because many departments increases costs and at the same time increases profitability. Moreover, since restructuring may at

time prove unavoidable, the ultimate goal should be to eliminate non-essential company resources while minimizing the negative impact on the remaining organization.

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