STRATEGY MONITORING AND EVALUATION AT K-REP

BANK LIMITED

BY

GITHIOMI, LEAH GATHONI

A Management Research Project Submitted In Partial Fulfilment of the
Requirements of The Master Of Business Administration (MBA) Degree, School of
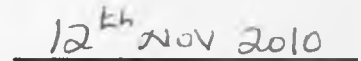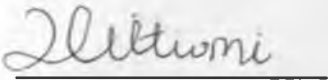Business, University of Nairobi

November, 2010

DECLARATION

I, undersigned, declare that this project is my original work and has not been submitted

for a degree in any other University other than the University of Nairobi for academic
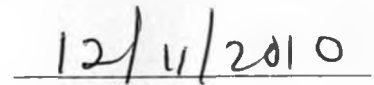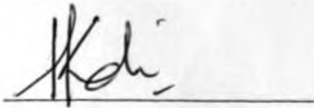
purposes

Signed   Date

Leutioni 12th Nov 2010

Githiomi, Leah Gathoni

D61/70261/2009

This research project has been submitted for examination with my approval as the

university supervisor

Signed   Date

_Kd_   12/11/2010

Florence Muindi
Lecturer
Department of Business Administration
School of Business
University of Nairobi.

DEDICATION

To my late grandmother Ann Wairimu for her words 'always strive to be better'. To my mother Esther Wanjiru for her moral support.

ACKNOWLEDGEMENTS

My utmost gratitude is to The Almighty God without whose help and guidance I would not be where I am today. I acknowledge him in everything I do as it is from him all good things come from.

I appreciate the invaluable input and tireless assistant and support from my supervisor Florence Muindi who ensured that this project meets the required standards. I also appreciate my mother for her patience, understanding and encouragement that she gave during the entire period.

This project would not have been possible without cooperation of the K-Rep Bank management particularly the Managing Director for allowing me to undertake the study within the Bank and all those who spared time from their busy schedule to participate in the study. Thank you all.

I also extend my sincere thanks to Fidelis Mbagara for her useful suggestions, encouragement and support during the entire period of my study. I would also like to thank my classmates and colleagues whose contribution made this research a reality.

TABLE OF CONTENTS

ABSTRACT

Irrespective of where a strategy comes from, it is unlikely that the strategy as originally conceived will prove entirely suitable over time. Every company must be willing and ready to modify the strategy in response to changing markets conditions, advancing technology, fresh moves by competitor, shifting buyer's needs and preferences, emerging markets and new ideas. The task of evaluating performance and initiating corrective adjustments is both the end and beginning of the strategic management cycle.

The objective of the study was to establish strategy monitoring and evaluation practices at K-Rep bank and the challenges that the bank faces in strategy monitoring and evaluation. This was a case study at K-Rep bank limited. Primary data was collected through personal interview by use of interview guide with open ended questions. A total of five senior management staff were interviewed. They include head of business development, head of operation, head of finance, head of internal audit and strategist.

Strategic planning at K-Rep bank is a product of numerous company personal. The strategic life cycle is five years and the objectives are broken down into per year objectives to be achieved over the five year period. Monitoring at the bank is carried at operational, functional and corporate level. Every quarter the functional heads presents their quarterly report on progress of strategy implementation to the board. Every year the bank holds a conference to review the yearly objectives which form the basis for the following year objectives. A midterm- review of the strategic plan is done in the third year of the strategic period.

The major challenges in strategy monitoring and evaluation at the bank include the tool, unclear performance measures and the process of strategy monitoring and evaluation not given the weight it deserves. Recommendations of the study is for the bank to invest in information technology in order to improve on strategy monitoring and evaluation and strategy management be assigned to a senior manager who is independent of a function to manage the strategy of the bank from end to end.

CHAPTER ONE: INTRODUCTION

1.1 Background

Strategic management is an ongoing, never ending process, not a start-stop event that, once done can be safely put aside for a while. Managers have an ever-present responsibility of detecting when new developments require a strategic response and when they do not. Their job is to track progress, spot problems and issues early, monitor the winds of market and customer change, and initiate adjustments as needed. The task of evaluating performance and initiating corrective adjustments is both the end and beginning of the strategic management cycle (Thompson & Strickland, 2003).

Strategic management is a process filled with constant motion. It is always incumbent on management to push for better performance, to find ways to improve the existing strategy and how it is being executed. Changing external conditions add impetus to the need for periodic revisions in a company's mission, performance objectives, strategy, and approaches to strategy execution. Strategy can neither be formulated nor adjusted to changing circumstances without a process of strategy evaluation. Whether performed by an individual or as part of the organization review procedure, strategy evaluation forms an essential step in the process of guiding an enterprise (Mintzberg, Quinn & Ghoshal, 1998).

Regardless of whether a company's strategy changes gradually or swiftly, the important point is that a company's present strategy is always temporal and on trial, pending new ideas for improvement from management, changing industry and competitive conditions, and any other new developments that management believes warrant strategy adjustments. Thus, a company's strategy at any given point is fluid, representing the temporary outcomes of an ongoing process that, on one hand involves reasons and creative management efforts to craft an effective strategy and, on the other hand, involves ongoing responses to market change and constant experimentation and tinkering (Thompson, Strickland & Gamble 2007).

1

Long term direction may need to be altered, business redefined, and management vision of the organizations future course narrowed, broadened or radically revised. Performance target may need to be lowered or raised in light of past performance or future prospects. Strategy may need to be modified because it is not working well or because changing conditions make fine tuning necessary. Likewise, one or more aspects of implementation and execution may not be going well as intended (Thompson & Strickland, 1989)

1.1.1 Concept of Strategy

Grants (1999) observes that strategy is about winning. It is a unifying theme that gives coherence and direction to the actions and decisions of an individual or organization. The primary purpose of a strategy is to guide management decisions towards super performance through establishing competitive advantage. Strategy also acts as a vehicle for communication and coordination within an organization.

Strategy refers to the combination of goals and the means of achieving them. A strategy entails managerial choices among alternatives and signals organizational commitment to specific markets, competitive approaches, and ways of operating. Without a strategy, managers have no prescription of doing business, no road map to competitive advantage, no game plan for pleasing customers or achieving good performance. Lack of a consciously shaped strategy is a sure-fire ticket for organizational drift, competitive mediocrity, internal wheel spinning, and lacklustre results (Thompson & Strickland, 2003)

Johnson, Scholes and Whittington (2005) argue that strategy is the direction and scope of an organization over long-term, which achieves advantage in a changing environment through configuration of resources and competences with the aim of fulfilling stake holder's expectations. A strategy is a pattern or plan that integrates an organization major goals, policies and action sequences into a cohesive whole. A well formulated strategy helps to marshal and allocate organizations resources into a unique and viable posture based on relative internal competences and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents (Quinn, 1997)

1.1.2 Strategy Monitoring and Evaluation

Mukoko (2008) observes that monitoring is the periodic review of the project inputs, activities, and outputs undertaken during implementation. Monitoring therefore, involves the process of collecting information about the actual performance during implementation. Evaluation on the other hand is a judgement on the effectiveness of a project. Evaluation is the process of determining the worth or significance of a development activity, policy, program or strategy to determine the relevance of objectives, the efficacy of design and implementation, the efficiency resource use, and the sustainability of results. According to Yabs (2007) strategy evaluation monitors the results of formulation and implementation activities and includes measuring individual organization performance and taking corrective action when necessary.

Kunwar and Nyandemo (2004) argues that evaluation is a process which attempts to determine as systematically and objectively as possible the relevant effectiveness, efficiency and impact of activities in light of specific objectives. Evaluation can make good use of information gained from monitoring, since it is designed to suggest solutions to problems of project implementation which may have been identified. Monitoring generates and collect data needed for evaluation. The main purpose of monitoring is to indicate at the earliest instance any shortcomings with regard to achieving intended objectives measures in order that ameliorative measures can be undertaken in good time.

Rumelt (1980) argues that corporate strategy evaluation at the widest level involves seeking answers to three questions. They include, whether the current objectives of the business are appropriate, whether the major policies and plans are appropriate, and whether the results obtained confirm to date or refute critical assumptions on which the strategy rests. Strategy evaluation is simply an appraisal of how well a business performs, how it grows, and whether the profit rate is normal or better. If the answers to these questions are affirmative, it is argued that the firm's strategy must be sound. Strategy evaluation is an attempt to look beyond the obvious facts regarding the short-term health of a business and appraise instead those more fundamental factors and trends that govern success in the chosen field of endeavour.

3

Wheelen and Hunger (2008) observe that monitoring and evaluation is a process where corporate activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels use the resulting information to take corrective action and resolve problems. Although monitoring and evaluation is the final major element of strategic management, it can also pinpoint weakness in previously implemented strategic plans and thus stimulate the entire process to begin again. Pearce and Robinson (1991) observe that implemented strategy must be monitored to determine the extent to which its objectives are achieved. Thus the first substantial test of a strategy comes only after implementation. Strategic evaluation involves managers addressing the question whether strategy is valid, or whether it is appropriate in changing environments.

1.1.3 The Banking Industry in Kenya

Over the last few years, the banking sector in Kenya has continued to grow in assets, deposits, profitability and product offering. The growth has been mainly underpinned by, an industry wide branch network expansion strategy in both Kenya and in the East Africa community region. Automation of a large number of services and a move towards emphasis on the complex needs rather than traditional off the shelf banking products. Players in this sector have experienced increased competition over the few years resulting from increased innovations among players and new entrants in the market.

The challenges facing the banking sector today include, new regulations for instant the Finance Act 2008, which took effect on first of January 2009 requires banks and mortgage firms to build a minimum core capital of Kenya Shillings One Billion by December 2012. This requirement is hoped that it will help transform small banks into more stable banks and that they may be forced to merge in order to comply. Global finance crisis experienced in late 2008 is expected to affect the banking industry in Kenya especially in regard to deposit mobilization, reduction in trade volumes and the performance of assets.

1.1.4 K-Rep Bank Limited

K-Rep Bank Limited is a commercial with a vision to be financial service organization of choice for the majority of Kenyans. K-Rep banks mission is to provide exceptional financial services that create value and enrich the lives of customers, shareholders, employees, and the community. K-Rep bank was established by K-Rep Group limited, a Kenyan development agency involved in microfinance, research, advisory and a host of other developmental initiatives.

K-Rep was established in May 1984 as a project that supported the development of small and micro enterprises through Non Governmental Organizations (NGOs) managed programs. In 1987, the project was incorporated as local NGO. It changed its original strategy of supporting NGOs with grants and technical assistant to that of advancing loans to the NGOs in 1989. In the same year it established a micro credit lending program and established this as the core business and growth area. In 1999 K-Rep established K-Rep bank to transact banking business with focus on microfinance, small and medium enterprises, poor households and development oriented enterprises.

K-Rep provides financial services to all because it believes that this is a basic human right that every Kenyan, especially the low-income, small and micro enterprises must have access to. It further believes that the access to this service is an essential ingredient for eradicating poverty thus developing this country. The bank therefore aims at bringing the microfinance to the centre of the banking arena, as opposed to the peripheral financial activity it has hitherto perceived to be.

1.2 Statement of the Problem

Irrespective of where the strategy comes from, be it the product of top executive or the collaborative product of numerous company personnel, it is unlikely that the strategy as originally conceived will prove entirely suitable over time. Every company must be willing and ready to modify the strategy in response to changing market conditions, advancing technology, the fresh moves of competitors, shifting buyer needs and preferences, emerging market opportunities, and new ideals for improving the strategy.

Even a good strategy can be improved. Thus a company's strategy is always a work in progress (Thompson, Strickland & Gamble, 2007).

Strategy monitoring and evaluation is a key activity of strategic management process. When accurately performed, monitoring and evaluation is able to reflect the performance of an organisation and form the basis for identifying areas of improvement and developmental needs. One of the basis for performing strategy monitoring and evaluation is because internal and external environment are constantly changing. The magnitude of change sometimes calls for alteration of organizational strategies. To maintain a competitive advantage, organizations must constantly analyze their environments and align their strategies to meet the environmental demands (Peace & Robinson, 1977).

K-Rep bank develops a five year strategic plans that guides its business and operation for the period. Strategy is something that ought to be modified whenever it is propitious to do so and certainly whatever unfolding events dictates. Because of the speed of change in today's industries, strategy life cycles are increasingly measured in months and single years, not decades or even five year intervals. Therefore changes in elements within the environment may make the strategy invalid and obsolete. Therefore it is imperative that the bank management in charge of strategy be alert to the changes in the internal and external environments and make strategic responses.

According to Mckinsey (2008) most of the existing strategic management literature is devoid of strategy evaluation and performance measurement information yet companies need to develop a culture of learning which ensures continuous improvement of all processes, structures and systems for improved results. Different researchers have been carried out studies to document strategic management in general in Kenya (Aosa, 1992; Kangoro, 1998; Awino, 2001; Koske, 2003; Musyoki, 2003). Their findings imply that: though strategic management is the same all over the world, the context in which it is practised vary from culture, religion, industry and companies. Strategy implementation has also started getting attention from a number of researchers in the last decade. A number of studies on strategy implementation include (Muthuiya, 2005; Machuki, 2005;

Kimithi, 2006). Kimithi (2006) carried out research on challenges facing K-Rep bank in implementation of its strategic plans. According to his finding the major challenges are organizational culture, organizational structure, leadership, human resources, systems, lack of resources, policies and procedures.

However only a few researches have been carried out on strategy monitoring and evaluation and they include (Hinga, 2007; Kariuki, 2008). Hinga (2007) main finding indicate that strategy evaluation is carried out at the World Health Organization (WHO) Somalia office. The organization carries out a yearly evaluation process called joint program review process where all program managers present their performance reports. It is during this process that the performance and strategies of the programs are analysed and corrective measures discussed. The results of this exercise are shared with the regional and headquarter officers and other stakeholders who also make an input on the corrective actions to be taken if deviations are noted. She further noted that apart from the annual review process, the crucial programs in the organization take a form of continuous approach to evaluate and constantly evaluate strategies after deployment of large projects.

There is no study that has been carried out on strategy monitoring and evaluation at K-Rep bank. Therefore, this study seeks to bridge the existing knowledge gap by establishing whether strategies are monitored and evaluated at K-Rep bank. The study also seeks to find out which approaches are used in strategy monitoring and evaluation and challenges faced in strategy monitoring and evaluation.

1.3   Objectives of the Study

This study has two objectives:

    a.)   To establish strategy monitoring and evaluation practices at K-Rep Bank Limited,

    b.)   To determine the challenges that the bank is facing in strategy monitoring and evaluation.

1.4   Importance of the Study

The study will be useful to management in charge of strategy at K-Rep bank as they will be aware that strategy management is an going process. The must stay close enough to the situation to detect when changing require a strategic response and when they do not. It is their job to read the winds of change, recognise significant changes early, and capitalize on events as they unfold.

The study will also be useful to other organisations as they are open systems and they are affected by changes in the environment. Whenever a company encounters disruptive changes in its environment, questions need to be raised about the appropriateness of its direction and strategy. If accompany experiences a downturn in its market position, or persistent shortfalls in performance, then company management is obligated to ferret out the causes. A company direction, objectives and strategy have to be revisited anytime external or internal conditions warrant. The report will be of support to scholars and researches who are pursuing further studies in the field of strategy monitoring and evaluation. The study will be useful as reference material. Comparative studies need to be carried out in other organization in order to enrich strategy monitoring and evaluation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Strategy Monitoring and Evaluation

Organizations operate in multiple environments, temporal, external and internal. Organizations have it continually to achieve external adaptation and internal integration. They need to be 'quick on their feet' to anticipate, where possible opportunities and threats and react with knowledge to the unpredictable surprises that Ansoff and McDonnel (1990) speak of how change is leveraged through strategy, structure and operational processes.

The faster a company's business environment is changing, the more critical it becomes for its managers to be good entrepreneurs in making both predictions and timely strategic adjustments. Managers are obligated to re-evaluate strategy regularly, refining and recasting it as often as much needed to match the organization changing external and internal circumstances. Strategy is something that ought to be modified whenever it is propitious to do so and certainly whatever unfolding events dictates. Because of the speed of change in today's industries, strategy life cycles are increasingly measured in months and single years, not decades or even five year intervals Thompson & Strickland, 2003)

It is always incumbent on management to evaluate the organizations performance and progress. It is management duty to stay on top of the company's situation, deciding whether things are going well internally and monitoring outside developments closely. Sub par performance or too little progress, as well as important new external circumstances will require corrective actions and adjustments in the company's long–term direction, objectives, business model and or strategy. Strategies must be evaluated to ascertain whether the process of implementation will succeed in attaining the objectives or not. It is necessary to know in advance if there is likelihood that the firm will attain its objectives by way of current strategies. If there is any doubt as to whether the targets will not be attained, then the course of events must be changed to divert to the routes that can take the company to the intended end results (Yabs, 2007).

Strategy evaluation is an integral part of organization process of planning, review and control. Strategy evaluation forms an essential step in the process guiding an enterprise whether the strategy should be aborted or adjusted. Strategy evaluation involves examining how the strategy has been implemented as well as the outcomes of the strategy. This includes determining whether deadlines have been met, whether the implementation steps and process are working correctly and whether the expected results have been achieved. If it is determined that deadlines are not being met, processes are not working, or results are not in line with the actual goal, then the strategy can and should be modified or reformulated (Coulter, 2005).

2.2 The Process of Strategy Evaluation

Rumelt (1980) argues that strategy evaluation can take place as an abstract analytic task, perhaps performed by consultants, but most often it is an integral part of an organization's processes of planning, review, and control. In some organizations, evaluation is informal, only occasional, brief, and cursory while others have created elaborate systems containing formal periodic strategy review sessions. The quality of strategy evaluation and ultimately, the quality of corporate performance will be determined more by the organizations capacity for self appraisal and learning than by the particular analytical technique employed. In most firms, comprehensive strategy evaluation is infrequent and if it occurs, is normal trigger by a change in leadership or financial performance. The fact that comprehensive strategy evaluation is neither regular event nor part of a formal system tends to be deplored by some theorists, but there are several good reasons for this state of affairs. Most obviously, any activity that becomes an annual procedure is bound to become more automatic. While evaluating strategy on annual basis might lead to some sorts of efficiencies in data collection and analysis, it would also tend to strongly channel the types of questions asked and inhibit broad ranging reflection.

A good strategy does not need constant reformulation. It is a frame work for continuing problem solving, not the problem solving itself. Strategy represents a political alignment within the firm and embodies the past convictions and commitments of key executives.

10

Comprehensive strategy evaluation is not just an analytical exercise, it calls into question this basic pattern of commitments and policies. Most organizations would be hurt rather than helped to have their missions validity called into question on a regular basis. There are competitive reasons for not reviewing the validity of a strategy too freely. There are a wide range of rivalrous confrontations in which it is crucial to be able to convince others that ones position, or strategy is fixed and unshakable.

According to Scheling (1963) analysis of bargaining and conflict shows that a great deal of what is involved in negotiating is finding ways to bind to commit oneself convincingly. Given these barriers to formal periodic comprehensive strategy review, it may seem that firm have little way of ensuring the continuing validity of their strategies. Most firms however suffer no lack of measures on their performance. Deviations from expected results are constant stimuli for management activity and problem solving. When such deviations are unusual in size and nature, or when corrective actions become ineffective, it is often evidence of strategic rather than operating problems. Thus for most single business firms, the problem of strategy evaluation is not one of some large analytic project but of separating out of the constant flow of information on problems and actions those pieces of evidence that point towards the need for more fundamental change. If the job of strategic management is done well, it may never be necessary to step back and call for a full evaluation of the firms position (Rumelt, 1980).

2.3 Strategy Monitoring and Evaluation Approaches

Rumelt (1980) argues that strategy evaluation is simply an appraisal of how well a business performs, whether it has grown or whether the profits rate is normal or better. According to Pearce and Robinson (1991) managers responsible for the success of a strategy are typically concerned with knowing whether the organization is moving in the proper direction, whether things are falling in place, whether the assumptions about major trends and changes are correct, whether organization is doing critical things that need to be done and should the organization adjust or abort the strategy. Thus strategy evaluation is concerned with whether the organization is performing and whether the schedules are met.

According to Kunwar and Nyandemo (2004) monitoring generates and collects data needed for evaluation. Yabs (2007) observes that strategy monitors the results of formulation and implementation activities and includes measuring individual organization performance and taking corrective measures. He further argues that there are many methods of evaluating progress of strategies. They include using different parameters to measure the performance of strategies which are quantitative and qualitative methods. Qualitative measures include, net profit, return on capital, return on investment and gross profit. Qualitative methods measures include, level of absenteeism of workers, job satisfaction and team work and cooperation of workers among others. According to Mintzberg et al (1998), strategy evaluation should initiate managerial questioning of expectations and assumptions, trigger a review of objectives, targets, and values and stimulate creativity in generating alternatives and formulating criteria of evaluation. Strategy evaluation activities should be performed on continuous basis rather than an end of a specific period after a problem occurs.

2.4 Strategy Monitoring and Evaluation Tools

It is inherent to the nature of tools that their purpose is to offer support. To fix a car, select and use the tools that will accomplish the job. The desired result is a car that runs, and it is of no importance whether a wrench, pliers, or screw driver was used. The same way the desired results for organisations are improved performance and competitiveness. They can use whatever tool fits as long as it gives results. It is thus far more important to know how to select and use the right tool to reach the set goals than to know about many different tools (Andersen, 1999).

Different tools have different requirements, serve different purposes, are dependent on the situation in which they are applied, and give different results. Different tools should supplement each other and function symbiotically. The tool to be used in a specific situation is dependent on characteristics of the organization using it and the situation in which it is applied. If we have one tool for instant a hammer, it is amazing how quickly all problems come to look like nails (Anderson, 1999)

2.4.1 The Balanced Scorecard

This is a technique to measure business performance which can also be used at departmental or cluster level developed by Kaplan and Norton (1996). The scorecard uses various perspectives to give a balanced picture of current performance and the drivers and future performance. The four perspectives are financial, customer, business processes and innovation. Many argue that managers cannot operate with multiple measures and therefore argue priority for aggregate financial measures such as operating income, return on investment and economic value added. The counter view is that on the whole financial measures focus on past performance saying little about the drivers of future performance. The balanced scorecard emphasis that financial and non financial measures are must be part of the information system for employees at all level of the organization. The objectives and measures for the balanced scorecard are more than just a somewhat ad hoc collection of financial and non financial performance measures, they are derived from a top down process driven by the mission and strategy of the business unit. The balanced scorecard should translate a business unit mission and strategy into tangible objective measures. The measures represent a balance between external measures for shareholders and consumers, and internal measures of critical business processes, innovation, learning and growth.

The measures are balanced between the outcome measures, the results from past efforts and the measures that drive future performance. The scorecard is balanced between objective, easily quantified outcome measures and subjective, somewhat judgemental performance drivers of the outcome measures. Innovative companies are using the scorecard as a strategic management system, to manage their strategy over their long run. The scorecard process starts with senior executive management team working together to translate its business unit strategy into specific objectives. The management team must be explicit about the customer and market segment in which it has decided to compete. To set financial goals the team must consider whether to emphasize on revenue, market growth, profitability or cash flow generation. The organisation then identifies the objectives and measures for its internal business process. The balanced scorecard highlights those processes that are the most critical for achieving breakthrough

performance for customers' and shareholders. Often this identification reveals entirely new processes that the organization must excel at for strategy to be successful. The process of building scorecard clarifies the strategic objectives and identifies the critical few drivers of strategic objectives. Because the balanced scorecard is developed by a group of senior executives, the scorecards creates a shared model of the entire business to which everyone has contributed. The scorecard objectives become the joint accountability of senior executive team, enabling it to serve as the organizing framework for a broad array of important team based management process (Kaplan & Norton, 1996).

Balanced scorecard strategic objectives and measures are communicated throughout an organization. Communication serves to signal to all employees the critical objectives that must be accomplished if the organization strategy is to succeed. The balanced scorecard fills the void that exists in most management systems the lack of a systematic process to implement and obtain feedback about strategy. Management processes built around the scorecard enable the organization to become aligned and focused on implementing the long term strategy. Used in this way, balanced scorecard becomes the foundation for managing information age organization.

2.4.2 Business Process Re-engineering (BPR)

BPR is an improvement philosophy. It aims to achieve step improvements in performance by redesigning the processes through which an organization operates, maximising their value added content and minimising everything else (Peppard & Rowland, 1993). Hammer and Campy (1993) defined reengineering as the fundamental rethinking and radical redesign of business process to achieve dramatic improvements in critical contemporary measures of performance, such as quality, cost, service and speed. Reengineering takes nothing for granted. It is a strategic approach to organizational change where the entire business architecture of the enterprise is restructured. It ignores what is and concentrates on what should be. BPR is vital, under modern conditions of customer expectations, intense competition and the pervasive nature of change. Processes include all the collection of activities that take one or more kinds of inputs and creates an output that is of value to the customer. Companies adapting a re-engineering approach

quickly learn to question everything they do and why they do it. Re-engineering first determines what a company must do, then how to do it. A key concept of re-engineering is to determine what a company should be doing, based on its core competences and experience that is, what it can do best. The focus of performance and payment shifts from activities to results which is expressed in terms of value created for the customer.

Business process reengineering (BPR) refers to the analysis and redesign of workflows and processes both within and between organizations. The orientation of the redesign effort is radical. It is a total deconstruction and rethinking of a business process in its entirety, unconstrained by its existing structure and pattern. Its objective is to obtain quantum gains in the performance of process in terms of time, cost, output, quality and responsiveness to customers. The redesign effort aims at simplifying and streamlining a process by eliminating all redundant and non value adding steps, activities and transactions, reducing drastically the number of stages or transfer points of work, and speeding up the work-flows through the use of information technology systems. (Rastogi, 1995).

According to Hammer (1990) the approach to BPR involves discontinuous thinking. It requires recognising, challenging, and breakthrough away from, the extant rules and basic assumptions that underlie the existing work operations of an organisation. BPR does not aim at improving the existing processes but aims to achieve breakthrough in performance by redesigning them radically and entirely. In view of the massive nature of organizational change involved, an effective implementation of a BPR effort is tied with the vision, commitment, persistence and determination, of the managerial leadership to see the effort through toward completion. BPR is a radical approach towards organizational change and development. Its aim at enabling a firm to cope with its current competitive pressures by reducing cost, improving customer service, and thereby increase its productivity performance, and profits. Its focus is essentially on the recent situation of the firm.

BRP has been challenged on grounds that much of what passes as BPR is not so much of process engineering, but process simplification is process led, rather than vision led. It is therefore not revolutionary just an improvement of existing systems and works with existing systems than challenging them. It is not oriented toward coping with future challenges that the firm may face in terms of change in industry, technology, and competition. This is a serious limitation of BPR and BPP approaches as instruments or organisation transformation. BPR invariably involves severe down sizing. It inevitably damages the creativity and commitment of the firm personnel, leading to a loss the firm's accumulated experience and expertise, and halting research and development and long term development activities.

BPR renders the firm more vulnerable to the uncertainties, exigencies, and turbulent of the future business environment. As a consequence, the firm's structure, values, assumptions, and skills may progressively become increasingly incompatible with the changing industry and competitive realities over time. BPR can serve to rectify the mistakes of the past, and can thus buy time for a troubled company. But it cannot create new business opportunities, new technology competencies and a new future markets for the company. It cannot provide a firm any insights toward the nature of its future markets, customers, competitors, competitive advantage and business skills. BPR cannot halt the decline of a company that has failed to prepare for the challenges of change. Preparing for the future, however requires fashioning of imaginative and creative strategies and approaches towards reinventing the enterprise. BPR can be, and often is, an important part of such a strategy/approach. However, in itself, it is not the whole strategy (Rastogi, 1995).

2.4.3 Total Quality Management (TQM)

TQM requires a never ending process of continuous improvement. The end goal is perfection, which is never achieved but always sought. The Japanese use the word Kaizen to describe this ongoing process of unending improvement, the setting and achieving ever higher goals. In the United States, TQM, zero defects, and six sigma are used to describe

such efforts. Whatever word or phrase is used, operations or production managers are key players in building a work culture that endorse continuous improvements (Render, 1996).

According to Deming (1982) management has the power to change system which is responsible for 85% of all defects of the system. These faults remain in the system until reduced by management. Special cause 15% and are specific to a certain worker or machine. A statistical signal detects the existence of a special cause which the worker can identify and correct. Statistical tools allow workers to keep the process in control once the management has provided them with a system capable of running in control. Management's responsibility is to provide adequate training and to continuously strive to improve the existing systems. Supervision and inspection is thereby replaced by training and education. Continuous improvement of our daily work processes and daily management the foundation of any TQM effort. If all members of an organisation constantly work to improve their process elements in a systematic and focused manner, they will lead the organisation closer toward perfection. The cumulative efforts of their daily management effort will help an organisation increase its market share and develop loyal and satisfied customers, contented employees, and satisfied shareholders. Everyone in the organization is responsible for establishing a system to define and assess the critical processes that make their job run smoothly. Once employee understands the critical processes they embark on a never ending journey of process standardization, continuous improvement and re-standardization of improvement in the process.

Continuous improvement helps change the direction when the process output slips or customer needs or expectations change, once a successful change is made, it is standardized. Daily management can be used to move a work team out of management by crisis mode and into management by facts. The team will appreciate that customer needs and expectations are dynamic and must be monitored continuously, thus the team will meet changes in these needs and expectations proactively not after the fact. Kaizen approach to quality means that an individual or organization cannot rest after any achievements. No matter how well things are going, the individual or organization can do better (Plunkett, Attner & Allen, 2008).

2.4.4 Management By Objectives (MBO)

One approach to setting objectives that enjoyed considerable popularity is the concept of MBO. MBO is a philosophy based on converting organizational objectives into personal Objectives. It is assumes that establishing personal objectives elicits employee commitment, which leads to improved performance (Drucker, 1954). MBO has been called management by results, goals and control work planning and review. The objective setting process in MBO is best accomplished by using the cascade approach to objective setting. Setting objectives from top to bottom creates an integrated hierarchy of objectives throughout the entire organization. It ensures that the various levels within the organization have a common direction. In MBO the objective setting process requires involvement and collaboration among the various level of the organisation. The joint effort enable people at each level become more aware of organization objectives. They understand the organization objectives and they see their roles in the total organization. The objectives for an individual are jointly set by the person and the superior. There is give take negotiating session between them. Achieving self formulated objectives can improve motivation and thus job performance. MBO encourages personal commitment to their own goals and organizational goals. It also helps in effective controls, measuring results leading to corrective action.

Setting of objectives in MBO is not always easy, and problems occur frequently. Often the most difficult problem is deciding the specific areas in which to set objectives. Objectives should be set in areas that are vital in the success of the organizational unit being measured. A practical way to identify key result area is the answer to areas that should be monitored to determine whether the organization is doing good, average or poor job. Key performance areas should reflect the performance of the organisation. After the objectives have been jointly set, a plan of action for achieving them should be developed. The individuals are allowed to pursue their objectives essentially in their own manner. MBO is a system of self control. There are policy constraints on individual but people achieve goals through their own abilities and efforts. Periodic progress reviews are an essential ingredient of MBO. This includes giving employee feedback on actual performance as compared to planned performance. Reward needs to be related to

objective attainment. According to Leonard (1986) research has shown that the success rate of MBO programs is dismal. However, a close investigation of the failures often reveals the fault is not in the program itself but rather the manner in which it is implemented. True MBO requires regular and periodic evaluation and feedback.

2.4.5 Benchmarking

Benchmarking is a comparative analytical tool to improve organizations, processes, products, and services. It can be defined as comparing products, processes, methods, and services with the best practices found in other organizations and adapting or adopting them as quality improvement projects (Cartin, 1999). According to Reider (2000) benchmarking can be defined as a process for analysing internal operations and activities to identify areas for positive improvement in a program of continuous improvement. The process begins with an analysis of existing operations and activities, identifies areas for positive improvement, and then establishes a performance standard upon which the activity can be measured. The goal is to improve each identified activity so that it can be the best possible and stay that way. The best practice is not always measured in terms of the least cost, but may reflect what shareholders value and expected levels of performance. A starting point for establishing organizational benchmarks is to decide which businesses the organization is really in so that operational efficiencies and effectiveness can be compared to such overall benchmarks.

According to Barnes (2008) benchmarking is the practice of comparing the performance of an operation with that of similar operations in another location. The idea is to establish a performance standard that can be used as a target for performance improvement. However, the main strength of benchmarking is when it is applied as a springboard to drive performance improvements. The act of measuring particular aspects of performance signals its importance. When accompanied by challenging performance standards this should galvanize managers into actions designed to achieve progress towards the targeted level of performance. However, an even more potent aspect of benchmarking is when it goes beyond measurement to encompass the study of the practices of benchmarked organizations. This idea is to compare the organizations own practices and methods with

19

those used in similar operations by organizations that achieve much better levels of performance. Where deficiencies are found, improvements can then be made based on what has been observed in those better performing organizations. When used in this why, benchmarking can offer a powerful mechanism to drive organizational learning. Benchmarking is the practice of being humble enough to admit that someone else is better at something, and being wise enough to learn how to match them and even surpass them at it (APQC, 1993).

Internal benchmarking is where practice is in one organisation locations compared to another. The advantage of it is that information about operations should be readily available and reliable. The main disadvantage of internal benchmarking is that even the best level of performance within the organization may be much worse than that achieved elsewhere. Competitive benchmarking is where organizational practices are compared with those of direct competitor. Best practice benchmarking in a particular operation within an organization is compared to practice in a similar operation in an organization thought to be exhibiting best practices, preferably world class performance. The idea is to learn from the best performers wherever they are found.

2.5 Challenges in Strategy Monitoring and Evaluation

Tilles (1963) argues that strategy evaluation can be complex and difficult undertaking. Too much emphasis on evaluating strategies can be expensive and counter productive. Yet too little or no evaluation can create worse problems. As effective evaluation system should include challenging metrics and timetables that are achievable. If it is impossible to achieve the metrics and timetable, then the expectations re unrealistic and the strategy is certain to fail.

According to Rumelt (1980), each business strategy is unique. Strategy evaluation must, then rest on a type of situational logic that does not focus on one best way but which can be tailored to each problem as it is faced. Many people including seasoned executives find it much easier to set or try to achieve goals than to evaluate them. In part, this is a consequence of training in problem solving rather than in problem structuring. It also

arise a tendency to confuse values, which are fundamental expressions of human personality with objectives which are devices for lending coherence in action.

Formal systems of strategic review, while appealing in principle can create explosive conflict situations. Not only are there serious questions as to who is qualified to give an objective evaluation, but the whole idea of strategy evaluation implies management by much more than the results. Strategy represents a political alignment within the firm and embodies the past convictions and commitments of key executives. Comprehensive strategy evaluation is not just an analytical exercise, it calls into question this basic pattern of commitments and policies. Most organizations would be hurt rather than helped to have their missions validity called into question on a regular basis. Given these barriers to formal periodic comprehensive strategy review, it may seem that firm have little way of ensuring the continuing validity of their strategies.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This study aims at identifying the various approaches used by K-Rep bank in monitoring and evaluation its strategy and the challenges that the bank face in strategy monitoring and evaluation. This chapter gives details on how the researcher carried out the research.

3.2 Research Design

The research design used was a case study. This was considered the most suitable method since only one study unit was used, K-Rep bank limited. The importance of a case study method is emphasised by Kothari (2004) and Young (1960) both of whom acknowledged that the case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study. Further Kothari (2004) states that it is a method in depth study rather than breath and places emphasis on full analysis of a limited number of events or conditions and their interrelations.

3.3 Data collection

The researcher used both primary and secondary data. Primary data was collected by personal interview by use of interview guide with open ended questions. Face to face interviews have been criticised due to interviewer bias and for being time consuming and costly. However, the method is considered to be highly flexible, interviewer is able to control interview situation and has high response rate and is the best method to get insights from respondents through probing (Cooper & Schindler, 2006). Secondary data was collected by use of desk search techniques from published reports and other documents such as company's publications, journals, periodicals and information obtained from internet.

The interview guide used in this study comprised of two sections. The first part included demographic characteristics of the respondents. The second part was devoted to the identification of monitoring and evaluations process where the main issues of the study

was put into focus. The respondents of this study were senior management staff at K-Rep bank. The study targeted a total of five senior management team staff. They include the heads of various departments of the bank.

3.4 Data Analysis

The data was analysed through content analysis in accordance with the objective of the study. According to Kothari (2004) content analysis consists of analysing the contents of documentary materials such as books, magazines, newspaper and contents of all verbal materials which can neither be spoken nor printed. Further Kothari states that content analysis is mostly qualitative analysis concerning the general import or message of existing documents.

Content analysis has been used successfully by Hinga (2007) in a similar study since it does not restrict the respondent on answers and has potential of generating more information with much detail. The data obtained from personal interview was analysed by use of descriptive statistics then presented.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This study aimed at establishing strategy monitoring and evaluation practices at K-Rep bank and the challenges that the bank face in strategy monitoring and evaluation. The study targeted senior management of the bank. A total of five senior management staff were interviewed. This was an adequate number since case study involve an in depth study rather than breath and places emphasis on full analysis of a limited number of events or conditions and their interrelations (Kothari, 2004).

4.2 Demographic Information

The respondents were senior management team drawn from different functional units. They include,

| Head of Business Development |
| Head of Finance |
| Head of Operations |
| Head of Internal Audit |
| Strategist |

The respondents have worked in the bank for a period of between two to eight years. They develop strategic plan, implementation plan indicators and provide projections.

Drawing senior management from different function ensure that all functional units are represented. The senior management champion strategy implementation in their functional units. They understand the direction of the bank and they know their contribution towards the success of the corporate objectives. A shared vision is developed and the senior management champions the same across the bank. Te bank therefore is able to marshal all its resources towards achievement of a common goal.

4.3 Strategic Planning

According to the respondents, strategic planning at K-Rep Bank Ltd is a structured elaborate process. This is done in collaboration with managers at different levels. As the bank network is spread across the country, a member is tasked with the responsibility of meeting with managers at their workstations and they give their inputs toward the strategy. The senior management then develops the strategic plans which guide the bank for the next five years period. During this period of strategic planning, review of the previous strategic plans is done to establish how far the bank achieved its intended plans. Assumptions which were made are also reviewed to establish whether they were realistic and help to guide the new strategic plan.

The five year strategic plans are then broken down into yearly objectives to be achieved over the five year period. The senior management outlines the objectives to be carried out within the first year of the strategic cycle. Budgets, performance standards and targets and performance measurement indicators are agreed upon by the senior management. The functional units draw their objectives from the agreed upon yearly objectives. This is cascaded down the organization hierarchy to operational level. The senior management then selects a custodianship of the strategy who keeps track on progress of overall corporate strategy implementation and performance of the same.

Involvement of all managers at all levels in strategy making brings about ownership of strategy during implementation. Managers become committed to ensure that the strategy succeeds as they consider as their own. Involvement further helps to clarify the objectives down the organizational hierarchical levels. The bank is able to develop a shared goal and marshal all its resources towards the achievement of the common goal.

Strategic planning at K- Rep bank is a product of numerous company personnel. The bank management involves other managers in strategy making process. The strategic life cycle is five year period. The strategic plans are broken down into yearly objectives within the five year period. Senior management prioritizes objectives based on objectives which must be achieved for others to follow and the most critical objectives to be

achieved in order to achieved the strategic plans. All functions marshal their resources towards achievement of common objectives.

4.4 Strategy Monitoring and Evaluation

Strategy alone does not mean the achievement or implementation of the objectives. Monitoring and evaluation provides the backup necessary to ensure that objectives are achieved. During the formulation of strategy, implementation plan indicators and projections are provided. These however may change in the course of the implementation and thus a management monitoring system is necessary to ensure the plan stays on course.

The implementation of strategic plan is closely monitored to ensure that the strategic objectives are realized as planned. The monitoring process helps determine whether the implementation is on course and establish the need for any adjustment in light of ever changing environment. The process include progress reports, review meetings and reports, budgets and reports from special committees of task forces among others.

4.4.1 Strategy Monitoring

According to the respondents, strategy monitoring and at K-Rep bank is done at different levels. They include operational, functional and corporate levels. Managers at operational level monitor their sub units target on monthly basis to determine how far they have achieved their set targets. They measure their actual performance against planned targets and discuss the performance of their sub units with their respective staff. They institute corrective measures to the variations identified at operational level. Functional heads normally present the performance of their functional units on monthly basis during their monthly management meetings. They report on how far they have achieved their functional targets, variations identified from planned and corrective measures that they have instituted in order to achieve the planned objectives.

The custodian of the strategy is also tasked with the responsibility of monitoring the progress of overall strategy of the bank. The custodian provides monthly report to

management on the progress on strategy implementation. The report of the custodian is on whether the bank is on track that is if the bank is within the expectation or if the bank is off track when the expectations are not as expected. Every quarter the functional heads presents their quarterly reports on their functions to the board.

4.4.2 Strategy Evaluation

Every quarter senior management presents their quarterly performance to the board. The quarterly reports include progress made against plan, causes of deviation from plan and areas of difficulties and alternative solutions that may adversely affect implementation. This forms the primary strategy evaluation within the bank. Every year, the bank holds a conference where the main aim is to review the strategy for the past year. All managers from all the units and sub units of the banks are invited. The review process can last for a period of one to three days. During this period, the functional heads presents their annual reports on actual performance of their units.

The report shows their achievements, failures and obstacles experienced in the implementation process. Performance is measured against the performance indicators agreed upon in the strategic plans. The report shows the variations of the actual from planned and an explanation of the same. The heads discuss the factors which caused variations of actual from planned objectives. Deviations could be as result of internal factors which are within the control of the organization. If the causes are internal factors then the team discuss on ways to improve on the issues indentified as the course of deviations of actual from expected. The conference is an open forum where the managers together with senior management give their reviews on the overall performance of the bank and ways to improve. If the causes of deviations are external factors which the organization has no control over, targets of the next year period can be lowered or raised based on actual performance of the bank. In most cases the identified causes of deviations from planned performance become learning's for the bank

The team then discusses the following year period objectives in detail. Budgets and performance parameters are set for the same. Assumptions on which the first year

objectives were based are reviewed to establish whether they were realistic or not. This forms the basis on which the following year period objectives are based. They focus of the next year may changed, targets may be lowered if the actual performance was way below the expected or they may be raised if the actual targets were equal or within the expected targets. The same is communicated to all staff within the bank. These include the actual report, variations identified and some of the identifiable factors, how to correct them, and plans for the following year period. The objectives set are inclusive of both financial and non financial objectives.

The bank holds a midterm-review of the strategic plans in the third year of the strategic life cycle to assess progress. The functional heads presents reports on actual performance of their functional units over the three year period. They highlight deviations identified from planned objectives and factors that contributed to these deviations. Assumptions of strategic plans are reviewed and form the basis on which the two year period objectives are based.

The bank strategy monitoring and evaluation process is structured. It is done at different levels, operations, functional and corporate level. The bank conducts strategy monitoring and evaluation review once in a year where performance of the past one year period is discussed. The review process is done internally by personnel of the bank. It is at this review period where the objectives are discussed and based on the performance the strategy may be changed or adjusted based on both internal and external factors. During the review period the bank is able to determine whether the strategy is still valid on not.

4.5 Strategy Monitoring and Evaluation Practices

The bank uses Management By Objective (MBO) philosophy. Senior management develop strategic plan which is broken down into per year objectives to be achieved over the strategic cycle. Senior management prioritizes these objectives based on critical success factors and dependency of the objectives. The objectives are both financial and non financial. Functional heads draw their business plans from the strategic plans. They

are expected to have their detailed business plans for their function which they cascade down to operational level.

Operational managers in work hand in hand with heads of units to develop objectives for their sub units. The objectives are further broken down into individual staff targets which they are to achieve within the quarter. MBO assumes that establishing personal objectives elicits employee commitment, which leads to improved performance. Setting objectives from top to bottom creates an integrated hierarchy of objectives throughout the entire organization. The joint effort enable staff at all levels to become aware of organizational objectives. Staff at all levels understands the bank objectives and they see their role in the total organization. Every quarter all staff within the bank are appraised. Performance appraisal is a joint effort of staff and their supervisor. Actual performance is measured against planned performance, variation identified and corrective adjustment is instituted.

4.6 Strategy Monitoring and Evaluation Tools

Strategy monitoring and evaluation at the bank is presented in form of reports. Performance management tool is used for monitoring purposes. The performance management tool is reviewed every year based on the objectives that have been set for the year. The set targets become the benchmarks against which actual performance is measured against. Every quarter of the year performance appraisal is carried out within the bank. Managers at all levels are expected to discuss with their staff on individual performance and institute corrective measures where deviations are identified.

The bank uses the management by objectives approach to setting objectives. Strategic planning in the bank is a collaborative process where managers are involved in the process. Setting of objectives starts from the top and it is cascaded down to operational level. Operational managers are expected to discuss with individual staff at their sub units on individual targets and they both agree on how the individual staff shall achieve the set objectives. During performance appraisal the managers are expected to discuss the actual performance of actual performance, planned targets, identify deviations and institute corrective measures.

According to the respondent's strategy monitoring and evaluation tool used is a challenge. Information required cannot be processed promptly and accurately. Strategy monitoring and evaluation is information based process. Monitoring collects the actual information during strategy implementation. The actual performance is measured against the expected performance and judgment made based on this information whether the objectives are realistic or unrealistic. The accuracy of the review is pegged on the accuracy of the monitoring process. The bank needs invest in information technology for accurate and promote collecting of information for monitoring.

4.7 Challenges in Strategy Monitoring and Evaluation

According to the respondents, the major challenge at K-Rep bank in strategy monitoring and evaluation is the tool. Information for monitoring cannot be obtained promptly and with accuracy. The bank therefore needs to invest in technology in order to improve on the information. Monitoring involves collecting of information on actual performance. The accuracy of the information is very important as evaluation is based on information from monitoring. When the actual performance is not accurately determined, decisions made as a result of the information obtained may be not be a true reflection of the actual position.

The respondents also indicated that performance measures are not clearly defined hence measuring them becomes a problem. Managers do not go back to the strategic plans to check whether the actual factors as outlined are used as targets against which actual performance is measured against. The bank ends up conforming to the environment hence leading to possibility of strategic drift. The bank therefore should constantly compare targets from strategic plan with the actual plans to avoid conforming to the environment.

Another major challenge highlighted by the respondents is the custodianship of the strategy. The custodian is also a head of a function and is expected to perform other duties of the function. Therefore strategy monitoring and evaluation is not given the weight as a process of strategic management. The proposal was that strategy monitoring

and evaluation should be given to an independent senior manager to whom all other senior management are accountable to. The custodian will monitor strategy implementation and ensure that the bank does not drift from its strategy.

The bank main challenges in strategy monitoring and evaluation includes, simplicity in the tool for strategy monitoring and evaluation hence not able to get information promptly and with accuracy, lack of clearly defined performance measures and strategy monitoring and evaluation not given the emphasis as part of strategy management process. It is imperative that the bank invest in information technology to improve on monitoring of actual performance. Management need to define performance parameters clearly as per strategic plans against which actual performance is measured and custodianship of strategy be under senior manager who is independent of a function.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary and Conclusion

Strategic planning at K- Rep bank is a product of numerous company personnel. The bank management involves other managers in strategy making process. The strategic life cycle is five year period. The strategic plans are broken down into per year objectives within the five year period. Senior management prioritizes objectives based on dependency and most critical objectives. All functions marshal their resources towards achievement of common objectives.

According to the respondents there is strategy monitoring and evaluation at the bank. Monitoring of strategy is done at different levels, operational, functional and at corporate level. Managers at operational level monitor their targets on monthly basis and measure the actual against the agreed target. They discuss their performance at the operational level with their staff and institute corrective measures if deviations are identified. Functional heads monitor their objectives on monthly basis and they give reports on the same. Corrective measures are instituted at business level. At corporate level monitoring is done by the custodian of the strategy who gives an overall performance in strategy on whether the bank is on track of off track in regard to strategy execution.

The bank strategy monitoring and evaluation process is structured. Every quarter senior management presents their reports to the board of directors on progress made against planned objectives, causes of deviations and areas of difficulties and alternative solutions to problems that may adversely affect implementation. Adjustments are made where necessary. The bank conducts strategy monitoring and evaluation review once in a year where performance of the past one year period is discussed. The review process is done internally by personnel of the bank. It is at this review period where the objectives are discussed and based on the performance the strategy may be changed or adjusted based on both internal and external factors. During the review period the bank is able to determine whether the strategy is still valid on not. A midterm-review is conducted in the

third year of the strategic plan period to assess progress in strategy implementation for the three year period which forms the basis for the other two year period.

According to the respondent's strategy monitoring and evaluation tool used is a challenge. Information required cannot be processed promptly and accurately. Strategy monitoring and evaluation is information based process. Monitoring collects the actual information during strategy implementation. The actual performance is measured against the expected performance and judgment made based on this information whether the objectives are realistic or unrealistic. The accuracy of the review is pegged on the accuracy of the monitoring process. The bank needs invest in information technology for accurate and promote collecting of information for monitoring.

The bank main challenges in strategy monitoring and evaluation includes, simplicity in the tool for strategy monitoring and evaluation hence not able to get information promptly and with accuracy, lack of clearly defined performance measures and strategy monitoring and evaluation not given the emphasis as part of strategy management process. It is imperative that the bank invest in information technology to improve on monitoring of actual performance. Management need to define performance parameters clearly as per strategic plans against which actual performance is measured and custodianship of strategy be under senior management who is independent of a function.

5.2 Recommendations of the Study

According to the respondent, the bank should improve on its strategy monitoring and evaluation process by improving on the tool. Strategy monitoring and evaluation is information based therefore the accuracy of the review process is based on accuracy of monitoring process. As suggested by respondents, the bank needs to invest in information technology in order to improve on the whole process of strategy monitoring and evaluation.

The bank should assign the custodianship of the strategy to senior management member who all other senior managers will be accountable to. The senior management will give

their detailed objectives which will acts as benchmarks against which actual performance will be measured to the custodian of the strategy. Every month the senior managers should present their actual performance which will be measured against targets. The custodian should constantly monitor strategy implementation process and incase deviations are noted the corrective adjustment should done on time to avoid strategy drift. As at now, the custodianship is under a functional head who is also required to carry out other duties and responsibilities.

5.3 Limitations of the Study

Because of time duration of research, the researcher was not able to interview many staff on strategy monitoring and evaluation. The researcher had only the opportunity to interview only a few senior management staff. More valuable information could have been gathered if all senior management staff were interviewed and some managers at operational level.

The research was a case study at K-Rep bank which was gathered from one bank only. The study would have been more helpful if it was a survey across the banks to determine the strategy monitoring and evaluation among commercial banks in Kenya. This would be helpful especially for comparison purposes.

5.4 Suggestions for further Research

The study focused on case study at K-Rep bank Ltd. Further studies needs to be done on strategy monitoring and evaluation among commercial banks in Kenya, challenges in strategy monitoring and evaluation within commercial banks in Kenya and tools for strategy monitoring and evaluation.

REFERENCES

American Productivity & Quality Center (1993). Basics *of Benchmarking: Course Material.* APQC, Houston, Texas USA.

Andersen, B. (1999). *Business Process Improvement: Tool Box.* ASQ Quality Press, Milwaukee, Wisconsin USA.

Ansoff,I. and McDonell, E. (1990). *Implanting Strategic Management.* Englewood Cliff, Prentice Hall.

Anthony, R. and Young, D. (1988). *Management Control in Non Profit Organization* (4th ed.). Richard Irwin.

Aosa, E. (1992). *An Empirical Investigation of Strategy Formulation and Implementation within Large Private Manufacturing Companies in Kenya.* Unpublished PHD Thesis, University of Strathclyde, Scotland, UK.

Awino, Z. B. (2001). *Effective and Problems of Strategy Implementation of Financing Higher Education in Kenya by Higher Education Loans Board.* Unpublished Dissertation, University of Nairobi.

Barabara, S. and Fleming, J. (2006). *Organizational Change.* Prentice Hall.

Barnes, D. (2008). *Operations Management: An International Perspective.* Thomson Learning.

Barney, J. B. and Hesterly, W. S. (2008). *Strategic Management and Competitive Advantage: Concepts and Cases.* (2nd ed.). Pearson Education, Pearson Prentice Hall Upper Saddle River, New Jersey.

Brown, S. and Eisenhardt, K. (1998). *Competing on the Edge Strategy as structured Chaos.* Boston, Harvard Business School Press.

Byers, L. (1991). *Strategic Management Formulation and Implementation* (3rd ed.) Harper Collins Publishes Inc.

Cartin, T. J. (1999). *Principles and Practices of Organizational Performance Excellence.* ASQ Quality Press Milwaukee, Wisconsin USA.

Comerford, R. and Callaghan, D. (1990). *Strategic Management : Text, Tools, and Cases for Business Policy.* Kent Publishing Company, Boston Massachusetts.

Cooper, D. and Schindler, P. (2006). *Business Research Methods* (9th ed.). McGraw-Hill.

Costin, H. (1998). *Strategies for Quality Improvement* (2nd ed.). The Bryden Press.

Coulter, M. (2005). *Strategic Management in Action* (3rd ed.). Prentice Hall.

Drucker, P. (1954). *The practice of Management*. HarperBusiness.

Drucker, P. R. (1992). *Managing for the Future*. New York McGraw-Hill, Talley Books.

Grant, R. (1998). *Contemporary Strategy Analysis: Concept, Techniques, Applications* (3rd ed.). Blackwell Business.

Hamel, G. and Prahalad, C. K. (1994). *Competing for the Future*. Harvard Business school Press, Boston, Massachusetts.

Hammer, M. and Champy, J. (1993). *Reengineering the Corporation*. New York Harper Business, 32-33.

Harvard Business Review on Knowledge Management (1998) Harvard Business School Press.

Hax, N. (1996). *The strategy Concepts and Process* (2nd ed.). Prentice Hall.

Heizer, J. and Reder, B. (1996). *Production and Operations Management: Strategic and Tactical Decisions* (4th ed.). Prentice Hall International Inc.

Hill, C. and Jones, G. (1999). *Strategic Management* (5th ed.). McGraw Hill, Irwin.

Hinga, E . (2008). Strategy *Evaluation at the World Health Organization Somalia Country Office*. Unpublished MBA Project Paper, University of Nairobi.

Hofer, C. and Schendel, D. (1978). *Strategy Evaluation*: *Analytical*. West

Jauch, L. and Glueck, W. (1988). *Business Policy and Strategic Management* (5th ed.). McGraw Hill.

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

Kangoro, V. (1998). *The Strategic Management Practices in Public Sector Organizations in Kenya*. Unpublished MBA Project Paper, University of Nairobi.

Kaplan, S. and Norton, D. (1996). The *Balanced Scorecard: Translating Strategy into Action*. Havard Business Scholl Press.

Kariuki, N. (2008). *Strategy Evaluation and Control among Dairy Processing Firms in Kenya*. Unpublished MBA Project Paper, University of Nairobi.

Kimithi, B. (2006). *Challenges Facing K-Rep Bank in the Implementation of Strategic*

Plans. Unpublished MBA Project Paper, University of Nairobi.

Koske. K. (2003). *Strategy Implementation and its Challenges in Public Corporation: The Case of Telecom Kenya Ltd*. Unpublished MBA Project Paper, University of Nairobi.

Kothari, C. R. (2004). *Research Methodology* (2nd ed.). New age International Publishers ,New Delhi.

Kunwar, S. and Nyandemo, S. (2004). *Aspects of Project Planning, Monitoring, Evaluation and Implementation*. Bishen Singh Mahendra, Pal Singh Dehra Dun.

Lawrence,T, Dyck. B. Maitlis, S. and Mauws, M. (2006) *The Underlying Structure of Continuous Change*. Sloan Management Review 47, 59-66M.

Machuki, V. (2005). *Challenges to Strategy Implementation at CMC Motors Group Ltd*: Unpublished MBA Project Paper, University of Nairobi.

Merchant, A.. Van Der Stede, A. (2007). *Management Control Systems : Performance Measurements, Evaluation and Incentives* (2nd ed.). Prentice Hall, London.

Mintzberg, H., Quinn, B. and Ghoshal. S. (1998). *The Strategy Process*. Revised European Edition, Prentice Hall Europe.

Mintzberg, H., Lampel, J., Quinn, J. and Ghoshal, S. (1996). *The Strategy Process: Concepts, Contexts, Cases* (3rd ed.). Pearson Education Limited.

Monari, C. (2009). *Strategy Evaluation and Control at Kenya Wildlife Service*. Unpulished MBA Project Paper, University of Nairobi.

Musyoki, M. (2003). *Creation and Implementation of Strategic Alliances among NGOs: Case study of Gedo Health Consortium*. Unpublished MBA Project Paper, University of Nairobi.

Muthuiya. A. (2005). *Strategy Implementation and its Challenges in NGOs in Kenya*. Unpublished MBA Project Paper, University of Nairobi.

Nachmias, F. and Nachmias, D. (1996). *Research Methods in Social Sciences* (5th ed.). Worth Pub.

Nagarajan. K. (2009). *Project Management* (4th ed.). New Age International.

Pearce, A. and Robinson, B. (1991). *Strategic Management: Formulation, Implementation and Control* (4th ed.). Richard D. Irwin.

Peppard, J. and Rowland, P. (1995). *The Essence of Business Process Re-engineering*.

Prentice Hall, Hemel Hempstead England.

Plunket, R., Attner, F. and Allen, S. (2008). *Meeting and Exceeding Customer Expectations* (9th ed.). South Western, Cengage Learning.

Porter, M.E. (1995). *Competitive Advantage*. New York. The Fress Press.

Rastogi, P. N. (1995). *Reengineering and Reinventing the Enterprise* .Wheeler Publishing.

Reider, R. (2000). *Benchmarking Strategies: A tool for Profit Improvement*. John Wiley & Sons, Inc.

Rumelt, R. (1980). *The Evaluation of Business strategy* (ed. WF Glueck). McGraw Hill.

Thompson, A. and Strickland, J. (1980). *Strategy Formulation and Implementation*. Richard D Irwin.

Rumelt, R. (1993). *The Evaluation of Business Strategy* (ed. Glueck) McGraw-Hill.

Scheling, T.C. (1963). *The strategy of Conflict*. Cambridge, Mass Harvard.

Smith, A. D. (1994). *Management Strategy Eavaluation – The light on the Hill. Population Dynamis for Fishers Management*. 249- 253.

Teece, D., Pisano, G. and Shoen, A. (1997). *Dynamic Capabilities and Strategic Management*. Strategic Management Journal 18, 509 -33.

Thompson, J. (1993). *Strategic Management: Awareness and Change* (2nd ed.). Chapman & Hall, London.

Thompson, A. and Strickland, J. (1998). *Crafting and Implementing Strategy: Text and Readings* (1th ed.). McGraw Hill Irwin.

Thompson, A. and Strickland, J. (2003). *Strategic Management: Concepts and Cases* (13th ed.). Tata McGraw Hill publishing Company, New Delhi.

Thompson, A., Strickland, J. and Gamble, E. (2007*). Crafting and Executing Strategy: The Quest for Competitive Advantage* (15th ed.). McGraw Hill Irwin, Americas, New York.

Tilles, S. (1963). *How to evaluate Corporate Strategy*. Harvard Business Review, July-August.

United Nations Centre for Regional Development, Africa Office Nairobi Kenya. *Project Planning, Implementation and Evaluation: A Training Manual*. UNCRD text book Series No. 8, August 2008.

Wheelen, L. and Hunger, D. (2008*). Strategic Management and Business Policy* (11th ed.). Pearson Prentice Hall Upper Saddle River, New Jersey.

Yabs, J. (2007). *Strategic Management Practices in Kenya Applications and Cases* (1st ed.). Lelax Global Limited.

APPENDICES

Appendix 1: Interview Guide

Part A: Demographic Information

1. Name of the interviewee
2. What is your position in the organization?
3. In what function do you work in the organization?
4. How many years have you served in the organization?

Part B: Strategy Monitoring and Evaluation

Section 1: Strategic Planning

1. Briefly describe how you perform strategic planning for the bank?
2. How many years is the strategic plan?
3. When formulating strategic plans are there assumptions made in the plans?

Section 2: Strategy Monitoring and Evaluation

1. Does the bank carry out strategy monitoring and evaluation?
2. Who carries out strategy monitoring and evaluation for the bank?

Section 3: Strategy monitoring and evaluation practices

1. Briefly describe how strategy monitoring and evaluation is done within the bank?
2. How often is strategy monitoring and evaluation done?
3. What do you do with the findings of strategy evaluation process (to whom are the results communicated to)?
4. Does the organization punish employees on the results of these reviews?
5. Are those involved in strategy monitoring and evaluation trained on it?
6. How do you deal with corrective action when deviations are detected?

7. Does the organization reward employees depending on the results of these reviews?

8. Does the organization train employees depending on the results of these review?

9. Is the process of strategy monitoring and evaluation unique to you or is it applied to the whole organization?

10. Does the organization change strategies based on the results of these reviews?

Section 4: Strategy Monitoring and Evaluation Tools

1. Who develops the tool for strategy monitoring and evaluation?

2. How are the metrics (if any) for strategy monitoring and evaluation formulated?

Section 5: Challenges in Strategy Monitoring and Evaluation

1. What are challenges which you experience in carrying out strategy monitoring and evaluation?

2. Any suggestions on how to improve strategy monitoring and evaluation?

Appendix 2: Introduction Letter

28th September 2010

The Human Resources Manager
K-Rep Bank Limited
P.O. Box 25363 00603
Nairobi

Dear Madam,

RE: REQUEST TO COLLECT DATA FOR MBA RESEARCH PROJCET

I am a student at the University of Nairobi pursuing a Master of Business Administration Degree majoring in Strategic Management.

Pursuant to the pre-requisite course work, I would like to conduct a research project on **STRATEGY MONITORING AND EVALUATION AT K-REP BANK**. The focus of my research will be K-Rep Bank Limited and this will involve an intensive use of interview guide administered to members of the Senior Management Team.

I kindly seek your authority to conduct the research at K-Rep Bank through personal interview. Your assistance will be highly valued.

Thank you in advance

Yours sincerely

Leah G. Githiomi

29th September 2010

Leah Githiomi
C/o K-Rep Bank Ltd.
Head Office

Dear Leah

RE: REQUEST TO CARRY OUT A RESEARCH IN K-REP BANK

This is to acknowledge receipt of your letter dated 28th September 2010 on the above mentioned subject.

You are hereby requested to sign a confidentiality agreement attached between yourself and the Bank before you can be allowed to carry out the survey.

On completion of the survey, we would like you to share your findings and final report with the Bank.

Yours sincerely,

Fidelis Mbagara
Human Resources Manager