

**APPLICATION OF CRITICAL SUCCESS FACTORS AND
PERFORMANCE OF GULF AFRICAN BANK LIMITED IN
KENYA**

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FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE
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DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

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

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DEDICATION

I would like to dedicate this research study to my mother Rose, for her inspiration throughout my academic life .To my daughter Rose and my son Peter for being the reasons for my hard work. My final dedication goes to my wife Berita for her invaluable support.

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ABSTRACT

There is abundant literature describing the performance of organizations based on strategy and competencies. Performance as a dependent variable can be explained by the focus on the extent of application of CSFs being the independent variables. The identification of the right CSFs and their effective application by management contributes greatly to the performance results attained in an organization and any differential results within an industry. The study aim was to identify the critical success factors applied by Gulf African Bank Limited and to establish the extent to which they contribute to the performance of the bank. The study reviewed relevant literature on critical success factors. The study used a case study GAB. Interview guides were administered to key top management officials across the bank. Their selection was by random sampling. Data collected was scrutinized for completeness, consistency, accuracy and uniformity. The results were analysed and the findings indicate that GAB has used several critical success factors that have enabled them to gain a competitive edge.

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ABBREVIATION AND ACRONYMS

GAB	Gulf African Bank Limited
CSF	Critical Success Factor
IT	Information Technology
ICT	Information Technology and Communication
RBV	Resource Based View
CBK	Central Bank of Kenya
KBA	Kenya Bankers Association
BMI	Bank Muscat International
PTA	Preferential Trade Area
CPI	Capital Finance International
IFC	International Finance Corporation
ATM	Automated Teller Machine
CEO	Chief Executive Officer

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The present time business environment has become competitive and dynamic. Organisations have in the same breath found themselves relooking at and rethinking their actions and strategies in order to compete in their respective industries. The strategies organisations adopt and execute depend to a larger extent on the industry related challenges, the organisations internal strengths, the prevailing opportunities and the threats prevalent. The cooperation and coordination activities undertaken within the organisations give them their reason or niche that they need to operate in. Securing success calls for a look at those things, areas and activities that guarantee long term success in many fronts including profitability.

There are various theories explaining performance. The Resource-Based View of the firm (RBV) emphasizes firm idiosyncratic resources (Barney, 1991; Penrose, 1959; Wernerfelt, 1984). RBV regards the firm as a bundle of resources and suggests that their attributes significantly affect the firm's competitive advantage and by implication performance. Secondly, social capital theory suggests that a firm's external networks form a major contributor to its performance. (Leenders and Gabbay, (1999). The Dynamic Capabilities Framework theory advances that organisations have intangible assets that overshadow the competitive advantage created by an organisations economies of scale. The game theory on its part interprets the decision making process in an environment of uncertainty. The use of game theory

along with other tools like simulation, optimization and decision analysis could aid management make decisions and use their experience to significantly improve the understanding of the dynamics in business interactions and hence lead to higher quality and more informed decisions.

Amendments in the banking regulatory framework in Kenya by the Central Bank of Kenya (CBK) permitted the offering of products and services that subscribe to Islamic law (shariah). This has resulted to increased competition for the largely unbanked Muslim Community with the Islamic banks outpacing their rivals with double digit growth in spite of the Muslim banks being home to less than 1% of the bankable population and controlling 1% of the banking sector's total assets. Gulf African Bank Limited is a sharia compliant bank and has been recording impressive performance results since its inception. This research will look at the extent to which GAB applies Critical Success Factors and establish how their application enhances its performance.

1.1.1 Concept of Strategy

Strategy is the unifying theme that gives coherence and direction to the decisions of an organisation. It is also the determination of the long term goals and objectives of an organisation, the adoption of courses of action and the allocation of resources necessary for pursuing these goals.

Strategy is commonly used to analyse competition, by focusing on the strengths and weaknesses of an organisation while also looking at the actions that the organisation or the individual members of the organisation need to pursue. Though strategy does not guarantee success, its features contribute to success directly because of the

simplicity, consistency and long term nature. A good strategy needs to demonstrate a profound understanding of the competitive environment, objective appraisal of resources and effective implementation. In a nutshell, strategy answers three analysis questions: What is the situation? Where does an organisation want to go and how does it get there?

Strategy was initially coined during the Second World War by the Greeks to mean the manoeuvring of troops into position before the enemy is engaged. The usage of the concept in battles was criticised as flawed since it intruded policy and viewed battle as the only means of achieving strategic ends B.H Lindell Hart (1967). Later, expanded the explanation of strategy by introducing strategic planning. Strategy refers to the basic directional decisions that are to purposes and missions, as well as the important actions necessary to realize these directions. In his contribution, Mintzberg (1994), introduced the 4ps that strategy is a plan (a "how"), a pattern in actions over time, a position and lastly a perspective, that is, vision and direction. Further, Kenneth Andrews (1980) drew distinction between corporate strategy (which determines the businesses an organisation will compete in) and business strategy (which defines basis of competition for a given business). He summarised strategy as the bridge between policy or high-order goals on the one hand and tactics or concrete actions on the other. Porter (1986) says strategy is a competitive position which emphasises the choice of a different set of activities that deliver a unique mix of value that is different from the other players. Therefore, strategy is a term that refers to a complex web of thoughts, ideas, insights, experiences, goals, expertise, memories, perceptions, and expectations that provide general guidance for specific actions in pursuit of particular ends by an organisation.

1.1.2 Concept of Critical Success Factors

Critical Success Factors are the handful of key areas where an organization must perform well on a consistent basis to achieve its mission. CSFs are derived through a review and analysis of the goals and objectives of key management personnel, as well as interviews with those individuals about their specific domain and the barriers they encounter in achieving their goals and objectives. In other words CSFs gives an organisation direction and spells how it is going to achieve the desired results.

CSFs were introduced by John F. Rockart in an effort to help senior executives define their information needs for the purpose of managing their organizations, Rockart (1979) .They are also those product features particularly valued by a group of customers, and therefore, where the organization must excel to outperform competition, Johnson and Scholes (2002).There exists a strong relationship between the focus on CSFs and the eventual success achieved by an organisation as they could be identified and applied to help exploit an opportunity, compete as well as address specific challenges faced by the organisation Rockart (1979).

1.1.3 Organisational performance

Organisational performance is the result that accrues from a company's undertaking a particular strategy. It is determined by company's competitive advantage. Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation. Competitive strategy is the search for a favourable competitive positioning in an industry. Competitive strategy aims to establish a profitable and sustainable position

against the forces that determine industry competition, Porter (1998). A good competitive strategy leads to a competitive advantage.

Maintaining a sustainable competitive advantage is the fundamental basis of long run success of a firm, Varadarajan and Jayachandran (1999). This, in essence enhances the performance of an organization. Sustainable Competitive Advantage emerged in 1985 when Michael Porter discussed the basic types of competitive strategies. He discussed low-cost as a strategy to achieve Sustainable Competitive Advantage. Continuously developing existing and creating new resources and capabilities in response to changing market conditions sustains the competitive advantage.

Sustainable Competitive Advantage as proposed by Coyne (1986) is also a strategy which an organisations can pursue to achieve better performance. He holds that for consumers to perceive some difference it must be due to some resource capability that the firm possesses and competitors do not. Also, this difference must be some product or delivery attributes that is a positive key-buying criterion for the market Coyne (1986).

According to Barney (1991) a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when other firms are unable to duplicate the benefits of this strategy. Organisations respond to competition by developing their unique position which therefore forms the basis for pursuing activities which enable them outperform and achieve sustainable performance within

the dynamic and ever changing business environment where the banking industry is not an exception.

1.1.4 The Banking Industry in Kenya

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the CBK. The CBK falls under the Ministry of Finance and is responsible for formulating and implementing monetary policy, fostering the liquidity, solvency and proper functioning of the financial system in which the banking industry belongs. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector's interests. The KBA serves as a forum to address issues affecting members.

Over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability, products and services offering. The growth has been mainly underpinned by an industry wide branch network expansion strategy both in Kenya and in the East African Community region and the automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' banking products.

The industry comprises of 43 commercial banks, one mortgage finance company, 6 deposit taking micro finance institutions, 5 representative offices of foreign banks, 111 foreign exchange bureaus and 2 credit reference bureaus. The total assets of the sector stood at Kshs.2.3 Trillion while loans and advances were Kshs.1.32 Trillion. The deposit base stood at Kshs.1.72 Trillion supported by a network of 1209

branches. The cumulative profit before tax was Kshs.80.8 Billion. The sector is also home to 15,072,922 deposit accounts and 2,055,574 loan accounts. (www.centralbank.go.ke).

The industry has recently experienced increased competition with the introduction of Islamic model of banking. This is a result of innovations among the players and new entrants bringing with them full compliance within the Sharia law. This has awakened interest from and in the huge unbanked Muslim community. In response to the competition, some key banks have opened Islamic windows to offer interest free products and services. Currently there are 9 such players offering interest free options.

1.1.5 Gulf African Bank Limited

Gulf African Bank Limited was conceived in 2005 when motivated Kenyans envisioned establishing a fully sharia Islamic bank as an alternative to conventional banking in the country. It started operations as a bank in January 2008 after being granted the country's first fully fledged commercial banking licence as a dedicated Islamic bank by the CBK.

The bank shareholding consists of both local and foreign shareholders. They include Istithmar World which is the investment arm of the Government of Dubai, Bank Muscat International (BMI) the Bahrain based associate of BMI Bank, Sheikh Abdallah Mohammed Al Romaizan (a leading investor from Saudi Arabia), Gulf Cap Group an investment company registered in the United Arab Emirates, PTA Bank whose support will be invaluable in helping Gulf African Bank to grow into a regional bank, individual Kenyan investors and recently the International Finance Corporation

(IFC), the investment arm of the World Bank who acquired a stake by injecting Kshs.564 Million into the bank.

GAB is the first, largest fully shariah compliant bank and the fastest growing bank in the history of banking industry in Kenya. The bank has expanded in its network to 16 branches in 6 years and is home to 49,962 account holders with 628 borrowers as at 31st May 2013. GAB is able to synchronise her efforts through a strategic plan supported by their mission of provision of innovative and competitive financial services solutions through principles of fairness and integrity while enhancing the well being of their customers, staff and the community.

The industry classifies GAB as a 3rd tier bank in the industry and the performance compared to others in this tier has won them several awards. In surveys conducted by Think Business, a business magazine assessing various performance parameters of banks in 2009, GAB was ranked 2nd position in customer satisfaction; in 2010 the bank got two awards, 2nd runners up in product innovation and first runners up in the category of best bank in tier III. GAB won several awards in year 2012 in the following categories: CPI Financial: Best retail bank in Africa, best Islamic bank in Kenya and the fastest growing Islamic bank in Kenya. In the current 2013, the bank did well and won the best Islamic initiative award by African banker's award and they also scooped the first position in the best recovery award by the Think Business Limited. These achievements underpin the journey of excellence the bank has been in pursuit of.

The bank has built a strong balance sheet over the 3 years starting 2010 to 2012. The total assets grew to Kes.13.6 Billion in 2012 from Kes.9.6 Billion in 2010 an

impressive 42% growth. The Net Profit has also grown by 227% to Kshs.242 Million in the year 2012 from Kes.74 Million in 2010. The financing book grew by 49% to Kshs.9.4 Billion from Kshs.6.3 Billion. The core capital of GAB has been strengthened by the major announcement that IFC which is the investment arm of the World Bank has acquired 12% stake in the bank. The current core capital to total deposit liabilities (as at 2012) of 12.69% against the statutory minimum of 8% has been strengthened by the signing of this deal in March 2013. The customer deposits reached Kshs.11.7 Billion in 2012 from Kshs.8.2 Billion in 2010 which is supported by growth in a network of 16 branches. GAB is involved in corporate social responsibilities drawn from the principles of humanity as dictated by the sharia principles of extension of concern to human kind. The bank is actively spending a sizeable budget in financing the Nairobi Hospice, an institution supporting patients with cancer and others suffering from terminal illnesses.

1.2 Research Problem

There is abundant literature describing the performance of organizations based on strategy and competencies. Performance as a dependent variable can be explained by the focus on the extent of application of CSFs being the independent variables. The identification of the right CSFs and their effective application by management contributes greatly on the performance results attained in an organization and any differential results within an industry.

The National Bank of Kenya profitability has been stagnant due to their choice of strategy in offering products that serve the retail section of the market over time. New Islamic modes of product and services have added to the already similar products

and services offered by the existing Banks yet people using shariah compliant products account for less than 1% of outreach, revealing considerable room for growth.

Monzer Kahf (2004) delved at the success factors of Islamic banks by focusing on their actual conduct. He found that some of the factors complement each other both in the short term and the long term. DR, Detta Melia of Dublin Institute of Technology related CSFs to organisational performance and measurement in the hospitality industry to location, competitive strategy, quality of product, employees, quality of service, customer satisfaction, location and the quality of the infrastructure and confirmed not all are relevant to each entity in the industry. Caralli (2004) discussed that CSFs can help organizations to guide, direct, and prioritize their activities to effectively manage security across the enterprise. Through an empirical research Jiangping Wan and Ruoting Wang (2010) concur that training and education plays an important role in promoting process improvement. Nassem Rahman (2012) surveyed various companies in Singapore to determine the relationship between CSFs and the quality of service and concluded that CSFs are bound to change as the information needs of companies change. Fatuma (2009) analyses Sharia compliant banking and gauged how the general public responded to the products and services offered by Islamic banks. She concludes that Shariah compliant banking is also appealing and suitable to the general public including non Muslim and recommends that the same should be rolled to the general public.

No study has so far been conducted to determine the CSFs adopted by GAB and how they have influenced the bank's performance results. There hence exists a knowledge

gap in the explanation and understanding of the fast growth of the bank with an Islamic concept that is in its infancy and in an industry that is not only competitive but also dynamic. This study therefore seeks to answer the questions: What are the critical success factors applied by Gulf African Bank Limited and to what extent are they contributing to the performance of the bank?

1.3 Research objectives

The objectives of the study were:

1. To establish how the application of CSFs enhances the performance of GAB.
2. To determine the extent to which GAB applies CSFs in its operations in Kenya.

1.4 Value of the study

The study is important in highlighting the importance of CSFs and how their reference will help top executives in executing their strategies. In particular, GAB would benefit from this research by helping and enabling management identify the CSFs that are the secrets to their performance and use the same to further evaluate and improve their performance. It will also contribute to the body of knowledge to the Islamic scholars and regulators of the banking industry in Kenya. It will form a further basis for search of policies by regulators of the industry on if to regulate all the players in the banking industry. Financial institutions aspiring to introduce *shariah* banking will find borrowing portions of this research very informative. Comparatively, academicians will be able to draw comparisons and support their arguments and discussions on the extent of difference between Islamic banking and Conventional banking. The study acknowledges that none of the theories discussed in

1.1 above can singlehandedly explain the various aspects about performance. It will therefore bring to light their interrelationship and hence form the basis for justifying a hybrid approach while discussing performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter examines the theoretical foundation of the study and literature on Critical Success Factors and how their application enhances performance in organizations.

2.2 Theoretical Foundation

There are theories and perspectives explaining performance differentials in organizations. Some perspectives have an external slant, most notably industrial organizations Caves (1984) and population ecology Hannan and Freeman (1985), and de-emphasized a concern for within-industry variations in performance. By contrast, other perspectives have a strong focus on organizational conditions and have explored the factors that drive performance differences.

2.2.1 The Resource Based View

The RBV of the firm emphasizes the firm's idiosyncratic resources Barney (1991); Penrose (1959), Wernerfelt, (1984), especially resources that reside within organizations. RBV regards the firm as a bundle of resources and suggests that their attributes significantly affect the firm's competitive advantage; and by implication performance. Most conspicuous among these resources are those that are valuable, scarce, imperfectly tradable, and hard to imitate (Barney, 1986; Dierickx and Cool, 1989; Peteraf, 1993; Reed and DeFillippi, 1990). The most prominently investigated

classes include human, technological, financial resources, organizational culture, and managerial capabilities (Barney, 1986; Hall, 1991, 1993; Prahalad and Hamel, 1990).

This theory is important as resources define the identity of the firm. It supposes that internal strengths of a firm are not likely to change even though the market may change. This theoretical approach to strategy is a definition of the firm not in terms of the needs it is seeking to satisfy but in terms of its capabilities. It also supports the view and point that profits are ultimately a return on the resources owned and controlled by an organization, i.e. resources are the sources of corporate profitability. Profitability in its terms is achieved and determined by attractiveness of the industry the firm is located and the ability to achieve competitive advantage over other firms within the same industry. This competitive advantage is the ability to establish a cost advantage over competition and may rest upon the firm possessing scale efficient plant, superior process technology, ownership of low cost sources of raw materials or locational advantage in relation to low wages or access to market.

Ownership and control of certain resources like superior brand names, patents, wide distribution and service networks offer an organization a differentiation advantage. This differentiation advantage diminishes once the resources depreciate, become obsolete or are replicated by other firms consequently making returns to the firm disappear.

In summary this approach explicitly outlines the basis for an organizations improved performance by suggesting the selection of a strategy that exploits an organizations principal resources and competences .Secondly, by ensuring the firm resources are

fully employed and their profit potential exploited to the utmost. Finally, the organization should work to build its resource base by not only analyzing resources not only in terms of their deployment but filling the resource gaps and building the future resource base.

2.2.2 Social Capital Theory

Social capital theory suggests that a firm's external networks form a major contributor to its performance Leenders and Gabbay (1999). Organizations transact with suppliers and other partners in order to acquire external resources to produce products or services at competitive prices, adjusted for quality such that they can attract and retain customers (Burt, 1992; Pennings and Lee, 1999; Pennings, Lee, and Witteloostuijn, 1998; Uzzi, 1995). The organisations ability to mobilize external resources and attract customers is conditional on external networks since social relations mediate economic transactions and confer organizational legitimacy Granovetter, (1985). Organizational networks have been and are a key factor that influences organizational actions and performance. Social capital captures the beneficial effect of social networks on organizational performance Pennings et al., (1998). Organizational social capital can be defined as "the set of resources, tangible or virtual, that accrue to a corporate organization through its social relationships, facilitating the attainment of goals Gabbay and Leenders (1999).

2.2.3 Dynamic Capabilities Theory

This theory was borne from the recognition of the global trends that impact the contemporary business enterprise operating in hypercompetitive environments. The notable trend is globalisation which makes the world “flat” Friedman (2007). Goods and services are now readily and widely available, while the capabilities required to orchestrate and deploy the available resources remain scarce and geographically isolated.

Dynamic capabilities advances other bases of competitive advantage unrelated to scale. These are the generation, ownership, and management of intangible assets, which have risen to overshadow economies of scale in enabling the enterprise to build and sustain a successful position. Value can flow to the enterprise from the astute creation, combination, transfer, accumulation, and protection of intangible assets. Such assets are the new “natural resources” of the global economy. But they are not naturally occurring and depend on managerial action and, in part, on systems of innovation (Nelson, 1993). Another intangible asset of central importance is a firm’s business model for a given market, i.e., the structure of a firm’s value proposition for its customers (Chesbrough and Rosenbloom, 2002; Teece, 2010) and the design of the business that will deliver a solution to the customer. Business-model innovations are critical to success in unsettled markets where traditional revenue and pricing models are no longer applicable. The Internet allows and requires business model innovation. In particular, the Internet requires new pricing structures because users are accustomed to getting information for free.

Other intangible assets are technological know-how, business process know-how, customer and business relationships, reputations, organizational culture and values, as well as formally identified intellectual property. Because knowledge assets by themselves will not yield value, they must almost always be combined with other intangible and physical complements and bundled as a product to yield value for a customer. Ownership and/or control of complementary assets are therefore also necessary for competitive success (Teece, 1986). The emergent of Dynamic Capabilities Framework embraces new elements of competition by offering a comprehensive, multidisciplinary approach to managerial decision-making. It has helped identify the factors likely to impact enterprise performance. It is gradually developing into a theory of the modern corporation (Teece, 2010). The Dynamic Capabilities perspective goes beyond a financial-statement view of assets to emphasize the “soft assets” that management needs to orchestrate resources both inside and outside the firm (strategic fit).

Dynamic capabilities involve activities and adjustments in one, identifying and assessing of an opportunity (sensing), Secondly, the mobilization of resources to address an opportunity and to capture value from doing so (seizing) and thirdly continued renewal (transforming). All these activities will be critical but are performed with different capacities by different organisations. Organisations require transforming capabilities radically and periodically. Radically to address new opportunities and periodically to soften the rigidities that develop over time from asset accumulation, standard operating procedures, and insider misappropriation of rent streams. A firm’s assets must also be kept in alignment to achieve the best strategic ‘fit’ i.e firm with ecosystem, structure with strategy, and assets with each other.

Complementarities need to be constantly managed (reconfigured as necessary) to achieve evolutionary fitness, avoiding loss of value should market leverage shift to favour external complements. Entrepreneurial managers and leaders building and deploying intangible assets are critical success factors. Capturing value is never certain, but it can be managed.

2.2.4 The Game Theory

Having game theory in the corporate 'bag of tricks' can mean the difference between success and failure, Investor's Business Daily (1996). It clarifies management thinking but not as a substitute for business experience, The Economist (1996). The use of game theory along with other tools like simulation, optimization and decision analysis could aid management make decisions and use their experience to significantly improve the understanding of the dynamics in business interactions and hence lead to higher quality and more informed decisions.

2.3 Critical Success Factors

CSFs are the few things that must go well to ensure success to a manager or an organisation and therefore they represent managerial or enterprise areas that must be given special and continual attention to bring about high performance. CSFs include issues vital to an organization's current operating activities and to its future success. The principle of identifying CSFs as a basis for determining the information needs of managers was proposed by Ronald Daniel H Daniel (1961). According to him a firm's information system should focus on 'success factors'. He is a proponent of the fact that success is determined by three to six success factors and he calls them tasks that should be carried out with care to ensure success. Daniel traces the earliest mention of

CSFs in the works of Lebreton, Preston, P (1957) looking into the efficiency of businesses “the factors which seem to be paramount in determining success in an industry” and it is this work that first mentioned what today is “Critical Success Factors”. (www.rapidbi.com).

Daniel’s concept was further developed by Anthony, Dearden, and Vancil (1972) with the introduction of the term ‘Critical Success Factors’ and how the concept varied from one company and manager to the other. The concept CSFs was later popularized by F Rockart (1979). Rockart applied the concept of CSFs in search for new methods of meeting the information needs of top level management. He defined CSFs as the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for an organization Rockart (1979). He introduced the four primary sources of CSFs namely; the structure of a particular industry; competition (position in the industry), and location; environmental (environmental or technological) and temporal factors (internal organisational needs and changes) (Rockart, 1979).

Ferguson and Khandewal (1999) defines CSF’s as those characteristics conditions or variables that, when properly sustained, maintained or managed, can have a significant impact on the success of a firm competing in a particular industry. Rockart (1979) observed that performing CSF’s satisfactorily ensures successful competitive performance and therefore a favourable competitive position in an industry. CSF in Supply Chain Management is linked to key tasks and priorities. Key tasks are what to be done to ensure that each CSF’s in Supply Chain Management are achieved. Priorities indicate the order in which the tasks are to be performed.

Critical success factors (CSFs) have been used significantly to present or identify a few key factors that organisations should focus on to be successful. As a definition, critical success factors refer to the limited number of areas in which satisfactory results will ensure successful competitive performance for the individual, department, or organization (Rockart and Bullen, 1981). Identifying CSFs is important as it allows firms to focus their efforts on building their capabilities to meet the CSFs, or even allow firms to decide if they have the capability to build the requirements necessary to meet critical success factors (CSFs).

Success factors were already being used as a term in management when Rockart and Bullen reintroduced the concept to provide greater understanding of the concept and, at the same time, give greater clarity of how CSFs can be identified. CSFs are tailored to a firm's or manager's particular situation as different situations (industry, division, individual) lead to different critical success factors. Rockart and Bullen presented five key sources of CSFs: the industry, competitive strategy and industry position, environmental factors, temporal factors, and managerial position.

According to Munro and Wheeler (1980), Critical success factors (CSFs) define key areas of performance that are essential for the organization to accomplish its mission. Managers implicitly know and consider these key areas when they set goals and as they direct operational activities and tasks that are important to achieving goals. However, when these key areas of performance are made explicit, they provide a common point of reference for the entire organization. Thus, any activity or initiative that the organization undertakes must ensure consistent high performance in these key

areas; otherwise, the organization may not be able to achieve its goals and consequently may fail to accomplish its mission.

The strong relationship between goals and CSFs results from the fact that managers are the origin of both goals and CSFs. When managers set goals, they also implicitly consider what they need to do to be successful at achieving the goals (Ramaprasad, and Williams, 1998). Thus, it is likely that managers consciously consider their CSFs during goal setting and consequently create the bond between goals and CSFs that is needed to contribute to accomplishing the organization's mission. In this way, the influence of CSFs on goal achievement is made explicit, even if the actual CSFs are not. Organizations that have been successful at achieving their goals have also likely achieved their CSFs, albeit in a less observable way.

Critical Success Factors (CSFs) in the banking industry were first applied in Geller's (1985) study in which he designed his hotel information systems. Brotherton and Shaw (1996) described CFSs as a combination of activities and processes designed to facilitate the achievement of objectives and goals specified by a company. Critical success factors can substantially improve the banking industry's capabilities in coping with future changes by identifying core competencies that are critical for their competitive advantage (Berry, Seider and Gresham, 1997).

2.3.1 Information Technology

Traditional Islamic banks look at technology just the same way as their conventional counterparts do but the realization has come that there is still paucity of systems that cater for Islamic principles. The current market is highly competitive with

management decision making stemming from very exhaustive management information system. There is scepticism about whether the information system and processes available are able to offer shariah compliant products and services. There is hope in the Islamic banks as they have been able to introduce flexible banking systems that offer a modular and architecture that conventional banks are slowly copying. This has increased internal efficiency and quick customer service.

The information in the internet has made the customer increasingly knowledgeable and in turn heightened competition. Customer loyalty has reduced and customers have developed sophisticated needs Jayawardhan and Foley (2001). Using technology offers competitive advantage through continuous innovation Jayawardhan and Foley (2001) and enhancement of security through fraud prevention by protecting customers personal data and transactions Enos (2001), Turban et al (2000), Regan and Macaluso (2000). IT has been effective in driving and managing risks Rolland (1998). This limits the usage and access of information by individual employees and hence secures the banks most valued customer's data and information and in effect raises the reputation of the organisation. Past mistakes are kept and used for future decision making contributing to proper management of risk.

2.3.2 Quality Customer Service

Service quality has a direct effect on organizations' profits, since it is positively associated with customer retention and customer loyalty Baker and Crompton (2000), Zeithaml and Bitner, (2000). It costs six times more to attract new customers than to retain the existing ones Rosenberg and Czepiel (1983). The net increase of the present value of profits that results from 5 percent increase in customer retention varies

between 25 percent and 95 percent over different industries Oliver (1999). Customers perceive their relationship with the firm in three different lights (i.e. mutualism, commensalism, and parasitism) depending on whether (in the customer's eyes) value was created and delivered or not. These perceptions will predict the kind of response (either support or resistance) that customers give to services providers each having different implications on the firm's profits and/or market share Ndubisi (2003).

Customer service enhances the reputation of an organisation while the quality of service mediates the relationship between satisfaction and loyalty Bontis et al (2007). Customer service can help acquire competitive advantage, empowering the position of the company, in turn determining customer satisfaction, loyalty and word of mouth advocacy. The ATMs network and flexibility of working hours in the branches Athanasopoulos (2000) among others are examples of areas of quality service to customers. Chakravarty et.al. (2004) concluded that the interpersonal relationships reduces chances of changing of a bank and hence creating high retention. The fast technological development and growth of internet banking should confer further retention. The level of appeal of a banking portal (e-portal) depends largely on the additional services offered beyond the traditional bank products. Bauer et.al. (2004) opine that the beneficial effect of making electronic transactions is a value-added service and is an important criterion for the evaluation of banking websites. The response, as expressed through the personalization of the services used can provide a bank with an advantage over its competitors.

2.3.3 Human Resource Development

Human capital is the major foundation of an organization's business competitive advantage and therefore organizations need to establish strategies to identify, develop, and retain their human scorecard. Central to this belief is that capable, agile, and motivated workforce will create business values added in support of organizational strategies and vision. To preserve and improve their market position, enterprises need to be able to use human resources to innovate and create new knowledge instead of relying only on the existing one.

The dynamics of human resource development are increasingly complex and therefore knowledge quickly becomes obsolete and there is need for new and higher quality one. This means organisations respond to dynamic business environment through the perceptions, understanding and actions of its people at different levels thereby influencing the actions and emphasized priorities. People working in a competitive organisation depict unique traits which put them above competition. Among them are innovativeness, entrepreneurship, self discipline and speed. The first two guarantees 'out of the box thinking' while self disciplined members of staff will act responsibly and volunteer to check overzealousness. Speed on its part ensures that innovation is capitalised in time and that business opportunities are not lost.

2.3.4 Efficient Processes, Systems and Operations.

The robustness of the above in any organisation determines the quality of decisions made, measuring results, providing feedback and in return making an organisation develop internal strength. Policies developed within organisation provide guidelines and controls the operations in a manner that is consistent with the long term

objectives. Policies help to standardize many routine decisions, reduce the discretion of managers, and speed up decision making. Policies if communicated effectively to employees can speed up strategy implementation hence desired results achievement. Robust systems and processes help minimize deviations from the desired behaviours. If approached correctly, systems and processes will act as enablers rather than constraints Kaplan and Norton (2008). They also suggest that building on the balanced score card approach is essential in enhancing internal capacity where the key long term financial goals are linked with the customer value proposition and the subsequent process and the people working in the organisation.

The organisation design plays a key role in coordinating the internal activities. Organization structure groups similar tasks and activities and delineates roles and responsibilities. Structure improves the efficiency of operations and balances the need for specialization with that need for integration. The need for structure becomes evident as the business evolves thus little attention is paid to it in the early days of an organization. Over time, and as the scale and complexity of operations increase, problems emerge Robert Simons (2005). Structures tend to have a life of their own, and change in response to various factors. Sometimes rapid growth may prompt changes in the structure. Expansion of product/business lines may also lead to a new structure.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Methodology is a related set of assumptions that reflect how a researcher views reality and how this reality is articulated through research. The Choice of the method is reflective of what the researcher wants to uncover. This chapter shall cover research design, data collection and data analysis.

3.2 Research design

A design is used to structure the research, to show how all of the major parts of the research project work together to try to address the central research questions. Orodho (2003) defines research design as the scheme outline or plan that is used to generate answers to research problems. It is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance with research problem.

This study entails a case study. A case study is an empirical enquiry investigating a contemporary phenomenon within its real context when the boundaries between phenomenon and contexts are not clearly evident, and in which sources of evidence are used. Similar approach has been used before by Steve Biko (2006). The research design was in the form of a case study intended to identify the CSFs applied by GAB Limited and establish the extent to which the application of the CSFs has enhanced the performance of the bank.

3.3 Data Collection

The study involved collecting both primary and secondary data. Primary data was collected through observation and interview with senior members of the bank both at the management and at the business units and department level. An interview guide was administered to key top management officials across the bank. Their selection was by random sampling. To ensure good response rates in the exercise, the managers were informed in advance to allow them plan their availability and to prepare themselves to respond comprehensively and with as much factual information as possible.

Secondary data was also used. This included information posted on the banks website, annual financial reports as well as journals from the Central Bank of Kenya and the Kenya Bankers Association.

3.4 Data Analysis

Data Analysis is the processing of data to make meaningful information. Sounders Lewis and Thornbill (2009). Burns and Grove (2003) define data analysis as a mechanism for reducing and organizing data to produce findings that require interpretation by the researcher.

The data collected was both qualitative and quantitative. It was scrutinized for completeness, consistency, accuracy and uniformity. Content analysis was used in

analyzing the data. There was qualitative data in terms of staff and Customer satisfaction. Qualitative data was used to expand understanding of research objective and to identify plausible investigative questions. Confirmation data analysis was used to validate findings to confirm previous data or information.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter entails data analysis and interpretations of the study findings. The main objective of the study was to determine critical success factors adopted and applied by Gulf African Bank Ltd in Kenya. The main objective of the study was achieved through establishing how the application of CSFs enhances the performance of GAB and determining the extent to which GAB applies CSFs in its operations in Kenya.

The research was conducted among interviewees who included branch managers at head office, finance manager, credit manager, IT manager, operations manager, business development manager, human resource manager and relationship manager corporate banking in Gulf African Bank Ltd. All the respondents participated in the study making a response rate of 100%. Mugenda and Mugenda (1999) stated that a response rate of 80% and above is a good for statistical reporting.

4.2 Critical success factors

This section covers critical success factors inline with the interview guide. It is divided in the following subjections; critical success factors drivers, why they are critical, Critical success factors identification, role of top management in identification and application of critical success factors, challenges encountered in implementing critical success factors, other factors that can improve performance in the bank and relationship between management and staff and gauging the success in application of critical success factors.

4.2.1 Critical success factors drivers

The study sought to find out the drivers of critical success factors in Gulf African Bank Ltd. From the findings, the drivers of critical success factors in Gulf African Bank Ltd that were identified included: IT platform superiority, strategic location, product attributes, competitive capabilities, resources, competencies and market achievements.

Other CSFs that made the company successful were the open door policy with little bureaucracy, empowerment of staff to manage their areas with minimal supervision, strategic partnerships with other sectors like education, investment in new market areas like diaspora, focus on customer service, establishment of call centres, investment in staff satisfaction, superior product offering, culture, innovative distribution channels, teamwork, good and visionary leadership, updated ICT systems and innovation.

4.2.2 Why they are critical

The respondents were required to indicate why the factors were critical. The respondents indicated that the factors were critical because; IT enabled globalization and therefore foreign customers could be served locally. This was a way of growing the market share of the bank with minimal capital expenditure. IT also enhances the competitive ability of the bank through entrenchment of product innovativeness that offer personalised solutions to both the Muslim and non Muslim customers. The success factors are critical because in today's rapidly changing business environment, there is need, to plan and manage change in order to stay competitive and achieve the

growth that will justify the existence of the bank in the years to come. It is very important for the strategists to understand the landscape of industry in order to identify the most important competitive success factors and IT helps in gathering ,analysing and reporting most of the information that the management finds relevant for competitive.

The respondents indicated that location was critical as it ensured the bank's brand was visible and present. By opening the branches within easy reach by the unbanked muslim population changed their customers status by making them feel non marginalised. The customers perception changed drastically while identifying themselves with a financial institution of their own. In effect the psychological effect degenerated to high advocacy levels through words of mouth hence developing the capacity of the bank.

The market achievements in terms of award and recognition coupled with the financial achievements raised and attracted investors' confidence. Foreign investors were said to have developed interest and even others committing substantial investment amounts like the IFC due to the promising future and trajectory as demonstrated by the achieved results so far. The presence of IFC and other strong shareholders indirectly accords the organisation a competitive muscle within the loyal peers. There is diversity within the corporate culture that comes through the employees and senior management. This boosts the image of the bank and spares itself the wrath of negative publicity which earlier was seen to be inclined to serving a specified group of customers.

4.2.3 Critical success factors identified and rate

The respondents were required to rate the factors provided and they were required to indicate whether the factors do drive corporate performance in Gulf African Bank. The results indicated that the respondents agreed that the factors were drivers of critical success and performance in the company. The respondents indicated that the factors were not exhaustive but were complementing other factors to drive the bank to superior performance.

The respondents were also asked to rate the importance of the success factors to the organization by giving a percentage according to their level of importance. The table below shows the summary of the findings.

Table 4.1: success factors

Critical Success Factor	% Rate
Information technology	Above 75%
Quality customer service	51%-75%
Human resource development	26%-50%
Efficient processes, systems and operations	51-75%

From the table above, the results show that the most important critical success factor was the Information technology. It was rated with the highest percentage which was higher than 75%. Quality customer service and Efficient processes, systems and operations were also critical drivers of the business with both having the rating at 51-

75%.The factor that was rated lowest was on human resource development since it was rated between 26%-50%.

The reasons for the ratings given on the critical success factors were that information technology was used extensively on provision of reports, research, protection of customer data and information, ability to offer superior and innovative products as a result of using technology. Through the application of IT the bank could reach diaspora market and thus helped it remain competitive and grow customer numbers, market share and in return profits from commissions and fees levied from this much forgotten constituency of customers. Technology has also been rated well as it has come in handy in lowering the cost of transactions and improving the quality of products and services.

On quality customer service, it was noted that there was loyalty by customers, retention rates were goods, confirming good levels of advocacy by word of mouth and competitiveness. On efficient processes and systems it was noted that it brought about convenience to clients, the error rates were minimised and there was reduction of costs hence profitability increase. By capitalising on efficient systems, the turnaround time for processing client's requests was significantly improved. The bank also managed to track and monitor client complaints through setting the service level agreements which has helped them relook at the way they offer service to the customer in a more satisfying manner. On human resource development the results showed that the staffs were motivated and they worked with great professionalism. It however rated lowest compared to the other three due to high turnover pointing to a likely inability by the management to address the employees issues. Learning and

training sessions were not fully sustained hence pointed to staff experiencing challenges when it comes to disseminating accurate information to the customers. The respondents however felt that management should strive to ensure rating and investment in human resource development is improved as employees form critical assets to organizations.

4.2.4 Role Of Top Management In Identification And Application Of Critical Success Factors.

The respondents were required to give information on the role of top management in identification and application of critical success factors at Gulf African Bank. The study established that the management had the responsibility of identification and cascading to staff the key CSFs. This started with the management initially coming up with a strategic plan to determine the direction of business. The management also drew budget and allocated time and resources to ensure proper execution. Management also have the responsibility to review performance and the relevance of each critical success factor so as to be able to prioritise.

4.2.5 Challenges Encountered In Implementing Critical Success Factors

The respondents were required to indicate the challenges facing Gulf African Bank Limited during implementation of the critical success factors. The respondents attested that the challenges facing Gulf African Bank and arising from implementation of the critical success factors were fast growth, strain in structure, undocumented processes and procedures for reference and inadequate capital to meet

the big borrowing needs of their big customers. Capital inadequacy and profitability also limited the rate at which the bank would open branches to the areas where they would enjoy good returns. Staff turnover was also identified as a challenge as this affected the consistency in service delivery.

Perception challenges that the bank is serving only Muslim faithful was evident. The non Muslim customers remained adamant before they could buy in into products or subscribe to an Islamic service. Knowledge gaps also existed within the staff in articulating the technical aspects or features of Islamic finance and banking in general. This therefore had a direct trigger to management on how to review and carefully align the human resource skills with the expertise required in the market without upsetting its employees or causing service disruption to the customers due to rapid emerging Islamic financial needs.

4.2.6 Other factors that can improve performance in the bank

The respondents were asked to identify the other factors which they thought were important to the bank in managing or improving the performance of the bank. The factors identified were pricing which is supposed to be a key tenet in Islamic finance offering. Pricing should be certain, openly reflected without ambiguity in all contractual engagements with the bank. This the respondents attributed to the nature and in compliance with sharia banking. Another factor identified was creation of effective awareness through marketing activities. The awareness fights the perception barriers harboured by the non Muslim customers hence strengthening foothold in a more conventional banking environment.

Product Innovation is another major critical success factor in the banking industry. Since all the banks were offering similar products there is therefore need for differentiation to assure the future survival of an organisation. Gulf African Bank has come up with different innovative products in order to improve their performance and compete in the market.

Service Quality includes all the dimensions of quality which the consumers want. Gulf African Bank has the advantage to directly contact the customers an attribute which customers felt a personalised touch thus enhancing their satisfaction. On the other hand, in virtual banks there was lack of person-to-person contact which forces customers to result to non personalised channels to solve their problems like the phone or via E-Mail. In many cases such contacts frustrate customers and do not take into account the customers emotional feelings and overall the bank is taken as not responding appropriately to their customers concerns.

The size of the company is an important key success factor where the size can be gauged through various parameters such as the total market share, total assets, total number of branches and ATM's, total number of customers e.t.c. The study found that Gulf African Bank is strategically expanding its presence in the market to enjoy the economies of scale and thus being able to compete effectively with other peers in the industry. The bank has over 16 operating branches countrywide and have efforts geared to opening two more others before end of year.

4.2.7 Relationship between management and staff in the application of critical success factors

Gulf African Bank came up with a forward together tagline whose undertone is that no one person or group of people can ever take the organization forward singlehandedly. There was acknowledgement that going forward this had to be done collectively with everyone demonstrating the commitment to getting the goal and objectives set achieved. Therefore a good relationship had been established at all levels of staff in the bank.

Respondents' findings indicated that everyone in the organization had no option but to work together with the rest of the team members. The good relationship results to better coordination and synergy accumulation to enable overcome challenges and difficulties arising along the way. Each employees efforts complement the efforts of the other and therefore feedback is assured on the end to end view of various aspects of performance within the bank. So when everybody in the bank is working in sync then the bank can work well in sync with the customers and thereby enjoy and reap the benefits of long term relationships with the customers.

The respondents agreed that the management bore the responsibility of motivating the staff. Management devised policy to recognise employee's achievements and also rewarding high performance. Of the things management was doing, respondents identified bonus payment to employees upon the organisations satisfactory financial excellence. This was carefully done to reward the most hardworking employee who surpasses or near his performance targets as set out in the balance score card. To

encourage team work the management also rewards the best performing team or department.

To give employees a sense of belonging and encourage longevity of service from employees the management offered share ownership option to the employees to own a portion of the bank. This in response acted to motivate the staff to work harder as they could sense the huge potential the bank has.

4.2.8 Performance attained by GAB

The respondents were asked to rate performance of GAB and indicate how the critical success factors influenced performance. The respondents were asked to state whether performance was average below average or above average. The findings indicate that the performance of the bank was above average. The critical success factors have influenced the bank performance by narrowing the factors into specific areas of focus and continuous attention. A balanced score card system has been put in place to fast track, gauge and review the progress. The critical success factors have also contributed to deeper understanding of the bottle necks in managing and measuring the performance and also on how to align its response to competition. The critical success factors have also formed the basis for bench marking of the company against peers in the industry in bid to evaluate position in the market and industry.

The researcher further sought to establish the extent to which the critical success factors influenced Gulf African bank operations in gaining a competitive advantage. From the findings, the research established that CSFs facilitated better customer

focus; it also led to easy and fast decision making process thus gaining competitive advantage in the banking sector.

The CSFs have been instrumental in building confidence in the market areas they operate in by establishing strong customer relationships and among management and staff. Analysis of the CSFs implementation challenges further informed the need to correct deviant performance hence responding timely to ensure sustainable growth and maintaining only the desired positive results. Positive performance was also fuelled by technological advancement as a key CSF.

The systems deployed accounted essentially for greater efficiency in operations. Fraud and risk detection, their management and prevention has erased the security concerns with customers, adding integrity to the way the bank conducts business and thus strengthening its goodwill which in turn translated to value as customers refer others and as they themselves come for repeat business from the bank. The respondents' findings indicated fewer instances of profit erosion in compensation to losses incurred by customers as they do business with the bank thus sustaining its income and in turn protecting its reputation and brand growth.

4.2.9 Other concerns on the critical success factors

The respondents were asked to indicate other concerns they had in regards to critical success factors. The findings indicate that the CSFs were subject to change as business needs change and thus management should always try and align the CSFs with changing business needs. The respondents acknowledged that different banks employ different business models in spite of the fact that they compete in the same

industry. It was therefore imperative for the management to select CSFs that suit their model and improve their results. Imitating what the competition has done before is risky for any organisation and hence respondents felt careful analysis of their strengths should take precedence and adopt CSFs that are value adding. Responsible and competent management that is able to analyse threats to the bank was also raised, a concern worth putting into account as management is responsible for the vision of the bank.

Another concern was that the external environment to a large extent changes to influence the direction and focus of management. The industry structures changes, regulators impose regulations, stakeholders hold different attitudes towards the industry and therefore the management should always be on the lookout for any changes, developments and trends that inform the landscape of competition in the future. Once this is attained it will be able for the bank to control and allocate sufficient time resources to respond appropriately and hence remain in competitive business.

4.3 Discussion

According to Rockart and Bullen, (1981), Critical success factors (CSFs) have been used significantly to present to identify a few key areas that organizations should focus on to be successful. As a definition, critical success factors refer to the limited number of areas in which satisfactory results will ensure successful competitive performance for the individual, department, or organization. The study findings outlines the CSFs attributes that have accounted for the company successful results as the open door policy with little bureaucracy, superior up to date ICT Plat form ,

efficient processes and systems, staff empowerment and motivation to manage their areas with professionalism, strategic business partnership with other sectors like education, location, investment and successful penetration in new diaspora markets, focus on quality customer service, establishment of call centres for round the clock correspondence with clients, superior Islamic product offering and compliance, innovative distribution channels, teamwork and integrity, good and visionary leadership, innovation and research.

The findings indicated that responsibility of strategic application and implementation of CSFs as a strategy to drive performance is vested with the incumbent of the highest office of the CEO. He drives the vision and mission of the bank with the help of all other directors, senior management team comprising the departmental heads and other unit managers. It is at this level that strategic management practices are coined and cascaded downwards to other members of staff. They are vested with discussion and outcomes on how to engage with relevant stakeholders, how to protect the internal innovation should it be legally or otherwise, how much resources to allocate in resources to research and alternative distribution channel, technology, how to monitor and evaluate performance on regular basis and the recruitment of resource staff, development, match their training with the needs of the bank and review of the same.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusion and recommendations of the study on critical success factors applied by Gulf African Bank Kenya.

5.2 Summary of Findings

The section covers a summary of the key findings as established by the study. This section gives the findings on how the study of application of CSFs enhances the performance of GAB and the extent to which GAB applies CSFs in its operations in Kenya.

5.2.1 Application of CSFs in GAB

The main CSF applications that GAB has adopted include the IT platform superiority, strategic location, product and services pricing attributes, quality customer service, Islamic competencies and market orientation achievements. Other CSFs that made the company successful were the open door policy with little bureaucracy, empowerment of staff to manage their areas with minimal supervision, strategic partnerships with other sectors like education, investment in new areas like diaspora, establishment of call centres, diverse product and solution offering, culture, customer service, innovative distribution channels, teamwork and empowerment, good and visionary leadership.

The reasons for the ratings given on the critical success factors were that information technology was used extensively on provision of reports, the bank had also innovative products as a result of harnessing technology and due to technology factor the bank retains a competitive edge. Latest technology plays a very important role in the banking industry. Technology can be used and has been used by GAB to lower down the cost of transaction, has helped reduce the error rates and losses from human intervention hence preserving the profits that the bank makes with an overall improve the return to shareholders.

Quality customer service was applied and this has accounted for customers' loyalty with retention rates high, and an increased activity through advocacy from satisfied customers. Efficient process systems has brought about convenience to clients, the error rates minimised and the reduction of costs translating to higher profitability. In the area of human resource development the staffs were motivated and they worked with great professionalism although the turnover is an aspect that needed management's attention to preserve the talent that goes to the competition.

5.2.2 Critical success factors that enhance performance

On how the company implemented the chosen strategies, the study established that the company used balance scorecard approach in implementing the overall adopted strategy. The company also implemented the chosen strategies by coming up with strategic business units to handle the identified market, opening up more distribution channels including branches, through regional expansion, and through developing alternative channels like through web based and mobile phone based services. The application and implementation of CSFs is also executed through innovative solutions

that are in tandem with the clients' needs and to the interest of shareholders to own the strategy. CSFs are only successful if the management engages in recruiting and training of competent staff who have the knowhow to cascade the intentions and objectives of the management to other junior staff. The measurement of the extent of success of the CSF is embodied and reviewed in the banks objectives usually through four or five year strategic plan.

The study established that GAB top management role was to monitor its internal environmental factors when considering the development of a strong customer - oriented culture semiannually, when the business is growing, when there is a slow-down in some market, when the company is not on good profitability. The respondents also poised that the management conducts regular meetings to review the performance. The board of directors meet to be briefed on the progress and offer their strategic input on a quarterly basis, business department also hold their meetings as dynamically as the business dictates , whereas senior management conducts theirs on a weekly basis. The bank further monitors its internal environmental factors through quarterly customer satisfaction surveys.

5.3 Conclusion

The purpose of this study was to examine the critical success factors (CSFs) which are applied in Gulf African Bank. In an industry as complex as that of financial intermediation, no simple formula can predict winners and losers from the surrounding environment. Instead of guessing winners and losers, we try to identify the principal factors that determine a bank's success.

CSFs are identified from the various business strategies adopted and applied competently. Because the quest for competitive advantage from CSFs is the essence of the business level, as opposed to that of the corporate level, the business strategy is then the focus of attention. Business strategy is an effective management tool and it obviously affects resource allocation and competitive advantage in an enterprise.

An appropriate CSF identification successfully leads to creating a fit between organizations resources within the competitive environment. This success capability is when the bank heads in the desired direction and thereby being able to show enhancement in the banks' performance in both monetary and non monetary achievements. The competitive edge gained over competition and over time should also be sustainable as long as the resources don't deplete, become obsolete or are imitated by peers and only at that time should the CSFs composition and attributes can change.

5.4 Recommendations

The CSF approach represents an accepted top-down methodology for corporate strategic planning, and while it identifies few success factors, it can highlight the key information requirements of top management. In addition, if the critical success factors are identified and are controllable, management can take certain steps to improve their potential for success.

Developments in ICT (Information and Communication Technology) have dramatically changed working of organizations, connecting globally remote places into networked organizations. Knowledge portals can provide a ground to develop a

consensus in interpretation of Shariah as is applied in the banking fraternity. Gulf African Bank would have to facilitate the requirements of digital economy. This implies that the bank would have to offer a broad range of new services that are compliant to Islamic laws and at the same time fulfill the requirements of the modern businesses.

5.5 Areas for further research

Since this study explored critical success factors as applied by GAB in Kenya, the study recommends that; similar study should be done on critical success factors applied by other Islamic financial institution like the sacco and insurance companies in Kenya for comparison purposes and to allow for generalization of findings on the critical success factors adopted by Islamic organizations in Kenya.

5.6 Implication of the Study on Policy, Theory and Practice

The study contributed to the policy development in that the emerging issues like ICT, the ever changing banking environment due to the restructuring of the industry that affects strategy implementation need to be incorporated in the formulation of CSFs.

The study also identified the CSF adopted by Gulf African Bank, citing the CSFs that have made it gain a competitive edge in the banking industry. These CSFs could be adopted and applied by other players in the industry in their practice to remain competitive.

The study also contributed towards development of the theories on the concept of strategy. It argued that the changing environment and technological advancement in

the banking industry necessitates review of the existing theories on CSFs and their relation to strategy development and proposes for the adoption of a hybrid approach when discussing same.

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APPENDIX I: Interview Guide

Section I: Background information

1. Can you please tell me what your current position is and the department you are in?
2. How long have you been with GAB?

Section II: Application of Critical Success Factors at Gulf African Bank Limited

3. What do you consider as the Critical Success Factors that have been key drivers to the performance of the bank?
4. Why do you think they are critical?
5. According to my research from reference books and journals, I have identified some critical success factors in driving corporate performance, what do you think of these factors listed below?
 - i. Information Technology
 - ii. Quality Customer Service
 - iii. Human Resource Development
 - iv. Efficient Processes, Systems and Operations.

Do you agree? Why?

6. How important is each factor according to your opinion?
7. What is role of the top management in the identification and application of the critical success factors?
8. What are some of the challenges encountered in implementing the Critical Success Factors in the bank?
9. What other factors do you think are important to the bank to manage or improve current performance?
 - i).....
 - ii).....
 - iii).....
10. What is the relationship between the management and the staff in the application of the Critical Success Factors? How does the management motivate the employees in performance in these critical success factors?
11. How would you rate the performance attained by GAB so far? How have the Critical success factors influenced the performance?
12. What other concerns would you have in regard to the critical success factors?