IMPLEMENTATION OF INTERNATIONALIZATION STRATEGY
AT KCB GROUP LIMITED

BY

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DECLARATION
This research project is my original work and has never been submitted for the award of a
degree or any certificate in any other university or any other institution of higher
learning.

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

I dedicate my project to my late mother Mrs. Stella Musita. Mom, thank you for having instilled in me the values of education, for having brought me up to believe in myself.
ABSTRACT

This study aimed to investigate the implementation of internationalization strategy at Kenya Commercial Bank group limited. A case study approach was adopted with the interview method used to gather data for the study. Based on the data from the interviews, two research objectives were addressed, to determine how Kenya commercial bank group limited implements its internationalization strategy and to establish the challenges faced by Kenya commercial bank group limited in the implementation of internationalization strategy. Data was analyzed using content analysis and the analysis of the findings revealed congruence with theoretical strategies identified in previous studies. It was found that Kenya commercial bank group has adopted greenfield investments as its foreign market entry strategy. From the findings, it’s clear that KCB group limited has been motivated by a number of factors to go international, the main ones being increase of profits and shareholder value, better serve customers who have relocated abroad. The implementation basically involves communication through emails, cascades which are quarterly publications by KCB group and involvement of the members of staff to encourage ownership of the strategy, the different licenses are bought, office space identified and the human resource team recruits members of staff who will handle the implementation of the strategy. From the findings it’s clear that KCB group experiences some challenges during the implementation of internationalization strategy including cultural diversity, language barriers, political instability, human resource constraints, custom delays, poor infrastructure and high setup costs pegged to the choice of entry mode. The study recommended that the company should develop policies that cover, communication, recruitment and training handling of challenges.
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ACRONYMS AND ABBREVIATIONS

BGU - Business Governance Unit
CEO - Chief Executive Officer
HR - Human Resource
ISA - Information Systems Audit
KCB - Kenya Commercial Bank
M & A’s - Mergers and Acquisitions
PMO - Project Management Office
SME - Small and Medium Enterprises
SWOT - Strengths Weaknesses Opportunities Threats
CHAPTER ONE:
INTRODUCTION

1.1 Background of the Study

Growing globalization and competition have made the issue of internationalization to become more and more important and relevant for companies all over the world. With fading barriers to trade, investment opportunities and technological innovation, more and more companies see new openings for increased profit and growth by going international. Going international helps firms to deal with globalization. The most crucial issues that firms must therefore address in their efforts to go international are how to manage their business and establishing the appropriate international strategy. It is important to recognize what strategies are practicable to be transferred in a foreign country and then learn what needs to be personalized (Alina and Emilia, 2009). It is paramount for organizations to adopt strategies for survival in the market, globalization has made it even more important for organizations to adopt strategies.

Strategy can be viewed as building defenses against the competitive forces, or as finding positions in the industry which forces are weakest (Pearce and Robinson, 1997). Porter (1996) also noted that strategy is all about competitions and trying to gain competitive advantage. Batemand (1990) suggested that strategy is a pattern of actions and resource allocations designed to achieve the goals of the organization. The strategy that an organization implements is an attempt to match the skills and resources of the organization to the opportunities found in the external environment. Jauch (1988) argued
that decisions and actions taken will lead to the development of an effective strategy which will help to achieve organizational objectives.

The internationalization of companies into emerging markets is a development that involves a great deal of risk due to volatile markets in terms of both political and economical instability of countries. Under these circumstances, it becomes quite intricate to evaluate how a firm can enter emerging markets. Therefore, firms choose different alternatives when entering these markets for different reasons. Some companies prefer the gradual path considering one market after the other, taking into consideration time and knowledge; whereas others avoid a step-by-step approach (Alina and Emilia, 2009).

According to Kieti (2006), the choice of foreign entry mode greatly impacts on the entrant’s future decisions and performance in foreign markets. The choice of entry mode also carries with it great implications on the resource commitment levels for a foreign firm, which is difficult to transfer from one to another, especially from high levels of resource commitment (Zhao and Decker, 2005).

Globalization has led to various developments in economic, cultural and political spheres. This has led to increased competition and firms adopting internationalization strategies. KCB Group Limited just like any other organization has found it necessary to adopt internationalization strategy. KCB group has a presence in Kenya, Uganda, Tanzania, Rwanda, South Sudan and Burundi. KCB group limited has also been targeting the target market by the introduction of diaspora banking with road shows conducted in South Africa, UK and USA.
1.1.1 Internationalization of Business

Regardless of size or scope of the entities in which they operate, business development worldwide tends to become a condition of existence for companies and business strategy must respond to the demands of globalization. The evolution of contemporary society, characterized by increased freedom of action, gives to entrepreneurs a wide field of functional integration in the foreign trade of the European Union and internationally frame. In the current context of globalization of world economy, functioning and coordinated on sustainable development of economic systems involve, necessarily, to obtain the highest results and meeting the needs of present without compromising the ability of national economies to meet/satisfy their own requirements in the more or less removed future (Pop, 2001).

As a result, an increasing number of firms face immense pressures to compete on an international basis. This is reflected both in the increase in the importance of international operations for many large firms and in the emergence of strategic alliances among often competing firms. Internationalization of business has taken on many facets. Competitive activity has assumed an international dimension in trade investment and ownership manufacturing and sourcing markets and customers finance and technology and research and development (Pathak, 2011).

1.1.2 Internationalization Strategy

Welch and Luostarnen (1988) define internationalization as the process of increasing involvement in international operations across geographical boarders. It therefore suffices that internationalization strategy is a course of action or plan that enables an organization
to extend its operations across geographical boarders.

According to Makino et al., (2002) there are two main management motives associated with firm internationalization are asset seeking defined as the desire to access critical resources in the host country unavailable to the firm such as knowhow, technology, and brands and market seeking defined as the motivation to exploit new local market opportunities by capitalizing on the firm’s competitive advantage locally. Firms pursue internationalization strategy for different reasons to seek opportunities for growth through market diversification, to earn higher margins and profits, to gain new ideas about product, services and business methods. Some firms pursue internationalization strategies to better serve key customers that have relocated abroad. Other firms do this to be closer to supply resources, to benefit from global sourcing advantage or gain flexibility in the sourcing of products. Seeking to gain access to better value factors of production and lower cost, investing in a potentially rewarding relationship with a foreign partner, confronting international competitors more effectively or thwart the growth of competition in the home market are also reasons that firms have for seeking internationalization strategy (Cavusgil, Knight and Riensenberger, 2008).

According to Lecraw (1993), the international priorities of internationalizing firms are to tap into resources otherwise unavailable to them if they chose to compete at home. These resources include know-how in sophisticated products for example, derivatives for managing risk and legitimacy and reputation within the international banking community so that they could collaborate with international banks to serve their clients abroad more effectively (Yannopoulos, 1983; Elango and Sethi, 2007).
1.1.3 Strategy Implementation

Strategy implementation is an essential stride in gyrating a company's vision and objectives into reality. It is critical for companies to implement strategies successfully since it determines the destiny of an organization. If strategies are not well implemented, even the most superior ones will fail to achieve desired results. A number of researchers have dedicated time on the issue of strategy implementation especially in the last decade. As a result of the studies, models have been drawn suggesting how best companies can implement strategies successfully. The first model of strategy implementation is called the McKinsey 7 S’s model developed in 1980. In 2005 the Eight S’s model was developed by Higgins and is a revision of the original McKinsey 7 S’s model (Bhatti, 2011).

According to Hill (2009), implementation of strategy involves developing an organization that has potential of carrying out strategy successfully. Disbursement of abundant resources to strategy essential activities, creating strategy encouraging policies, employing best policies and programs for constant improvement, linking reward and structure to accomplishment of results are all steps in implementation of strategy. Strategy implementation is a manner in which an organization should develop, utilize and amalgamate organization structure, control systems and culture to follow strategies that lead to competitive advantage for a better performance. Organization structure allocates special value development tasks and roles to the employees and states how the tasks and roles can be correlated so as to maximize efficiency, quality and customer satisfaction. An organization’s control system is needed to equip managers with motivational incentives for employees as well as feedback on employees and organization
performance. Organization culture refers to specialized collection of values, attitudes, norms and beliefs shared by organization members and groups (Hill, 2009).

According to Higgins (2005) strategy execution revolves around aligning key organizational functions with the strategy to be implemented. Nevertheless with regularly occurring changes in the business environment, strategies must be reviewed more often as compared to the past, making the alignment process a bigger challenge. Executives must align the cross functional organizational factors; structure, system and processes, leadership style, staff, resources and shared values with the new strategy so that the strategy opted can succeed. All these factors tinted above in the Eight S model are vital for successful strategy execution (Higgins, 2005).

The Eight S’s model by Higgins (2005) indicates that there are eight issues that companies must give a closer look when implementing strategies. The first S represents Strategy and Purpose: According to Higgins, strategies are formulated to achieve an organization’s purpose. Change in strategic purpose leads to change in strategy. Strategic purpose includes strategic intent, vision, focus, mission, goals and strategic objectives.

There are four types of strategies famed by Higgins corporate, business, functional and process strategies. When executing a business strategy, decisions are to be made regarding how an organization is structured. This incriminates decisions in terms of jobs to be completed, authority to do the jobs, grouping of jobs into departments and divisions, the span of manager’s control and the mechanisms of control of such a structure. Systems and processes enable an organization to execute daily activities. Style which refers to leadership and management mode exhibited by the leaders/managers when relating to subordinates and other employees. Staff covers aspects such as staff
training, career management and promotion of employees. Resources are also very important in strategy implementation. Shared values and strategic performance are important since the financial performance of an organization reflects the level of strategy implementation (Bhatti, 2011).

Models in the field of international business describe the internationalization process as a gradual development taking place in distinct stages over a relatively long period of time. Two often cited models are product life cycle model (Vernon 1966) and (Uppsala) Internationalization process model (Johanson and Vahlne, 1977). Product life cycle identifies stages in a life cycle of a product with different implications for internationalization of the innovative company and product itself. Introduction stage has orientation in country where the product was developed. In growth stage, export activities and foreign direct Investments in manufacturing plants are made in countries with expanding demand for the product. At maturity stage, the company relocates to countries with low labor costs. In internationalization process model, a firm gradually increases its international involvement. Each firm goes through a number of logical steps of international behavior, based on its gradual acquisition, integration and use of knowledge about foreign markets and operations and on its successively increasing commitment to foreign markets (Melin, 1992).

1.1.4 Kenya’s Banking Industry

According to the publication by Pricewaterhouse Coopers Kenya (2012), the Banking industry in Kenya is governed by the Company Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya.
The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. As at March 2011 there were forty nine banking and non-bank institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. 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 a forum to address issues affecting members. The report shows further that over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and products 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 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. Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market.

According to Njuguna (2011) the presence of Kenyan banks is now felt in most East African countries. Banks such as Kenya Commercial Bank, Equity, Cooperative bank and Diamond Trust have got branches outside Kenya. This is one of the strategies that the banks have adopted to take advantage of the regional integration that has provided a larger market for banking services. Kenya’s experience on internationalization is impressive and banks leading the way. Innovations in the banking sector have embraced a partnership approach. Consequently, several initiatives have been undertaken over the last
years aimed at the three envisaged goals of stability, efficiency and financial inclusion. These initiatives include rollout of mobile phone financial services, introduction of agent banking mechanism in May 2010, licensing of credit reference bureaus, licensing of deposit taking micro finance institutions (DTMs) and lowering the cost of doing business.

1.1.5 KCB Group Limited

The history of KCB Group Limited dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years later in 1904, the Bank extended its operations to Nairobi, which had become the headquarters of the expanding railway line to Uganda. The next major change in the Bank’s history came in 1958. Grindlays Bank merged with the National Bank of India to form the National and Grindlays Bank. Upon independence, the Government of Kenya acquired 60% shareholding in National and Grindlays Bank in an effort to bring banking closer to the majority of Kenyans. In 1970, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. National and Grindlays Bank was renamed Kenya commercial bank. In 1972, savings and loan (K) ltd was acquired to specialize in mortgage finance. In 1997, another subsidiary, KCB (Tanzania) limited was incorporated in Dar-es-Salaam, Tanzania to provide banking services and promote cross border trading. Since then, the subsidiary has 11 branches. In pursuit of its vision to be the preferred financial solutions provider in Africa with a global reach, in May 2006 KCB group limited extended its operations to Southern Sudan to provide conventional banking services. The subsidiary has 20 branches. The latest addition into the KCB group family came in November, 2007 with the opening of KCB Uganda limited which has 14 branches. In December 2008 KCB Rwanda began operations with one branch at
Kigali. There are currently 9 branches spread out in the country. KCB Burundi being the latest addition was opened in 2012, with only one branch operating (KCB, 2012)

Since its first branch as National Bank of India, the KCB group limited has really grown in terms of branch network. Its ownership has changed from 100% government ownership to the public owning shares. Globalization has increased competition and KCB group limited has adopted internationalization strategy since 1997 when it opened its first branch in Tanzania, to date and it has been venturing into new foreign markets the latest being Burundi (KCB, 2012)

1.2 The Research Problem

Globalization is a process that, based on international strategies, aims to expand business operations on a worldwide level, and was precipitated by the facilitation of global communications due to technological advancements, and socioeconomic, political and environmental developments. Globalization effects and trade barriers across countries being opened among other reasons, have led to the increase of competition, and organizations have embraced the internationalization strategy. The goal of globalization is to provide organizations a superior competitive position with lower operating costs, to gain greater numbers of products, services and consumers. This approach to competition is gained via diversification of resources, the creation and development of new investment opportunities by opening up additional markets, and accessing new raw materials and resources (Petrou, 2007).
According to Petrou (2007), internationalization strategy involves different countries, cultures, political set up, among other differences. Internationalization strategy therefore has interesting issues apart from the observation when organizations open branches in different countries. Numerous companies have engaged aggressively in internationalization, propelled by the conviction that this is an irreversible market trend. There is however a warning that the decision to internationalize is often made for the wrong reasons. The internationalization strategy may also fail or succeed depending on how the same is implemented.

Kenya Commercial Bank Group has branches outside Kenya, it continued to adopt internationalization strategy by venturing to Uganda, Tanzania, Rwanda, South Sudan with the latest being Burundi and introduction of diaspora banking in South Africa, UK, and USA. It is important to study how KCB group limited has managed to open these and if it has faced any challenges during the implementation of the same.

A number of studies both international and local have been carried out on internationalization (Luo and Tung, 2007; Mathews, 2002; Petrou, 2007; Koumparoulis and Wong, 2012; Roth et al., 1991; Muthoka, 2011; Salim, 2010; Ngetich, 2010; among others). Luo and Tung (2007) tackled the topic on international behavior of the second wave of internationalization of firms from emerging countries, Mathews (2002) tackled the topic on the international expansion of the second wave of firms by developing countries, Petrou (2007) looked at the topic on foreign ventures of banks from developing countries, Koumparoulis and Wong (2012) tackled the topic on strategy implementation in the international environment and Roth et al. (1991) examined global strategy implementation at the business unit level. Muthoka, (2011) studied the factors

These studies are evidence enough that firms internationalize differently and seek internationalization strategy for different reasons. The results for these studies might not apply to all organizations, since different organizations have different structures and policies hence might end up using different approaches when adopting the internationalization strategy. Most local studies have focused on strategy implementation and not international strategy implementation. How is KCB group limited implementing its internationalization strategy?

1.3 Research Objectives

This study sought to achieve the following research objectives;

i. To determine how KCB Group Limited is implementing the internationalization strategy.

ii. To establish the challenges faced by KCB group limited in the implementation of internationalization strategy.

1.4 Value of the Study

The findings of this study have advanced the frontiers of knowledge in the area of internationalization. Specifically, the findings have enhanced our understanding of the
process of implementation of internationalization strategy and the challenges faced during the same process. The findings have also confirmed what other researchers have studied on implementation of internationalization strategy.

The findings of this study have provided KCB’s group management team with knowledge thus enable them to understand the implementation of internationalization in the organization and the challenges faced during the whole process. Based on the findings, they will be able to formulate better policies and procedures that will ensure successful implementation of internationalization strategy.

The findings of this study have enhanced the understanding of directors and the entire management team at KCB group limited on how to better handle the process of implementing internationalization strategy. The challenges of implementation can be better handled thus achieving better results.
CHAPTER TWO:
LITERATURE REVIEW

2.1 Introduction

This is a chapter on literature review. It represents theoretical, conceptual and empirical literature on the key themes of the study. It covers literature on internationalization of business, internationalization strategy, implementation of internationalization strategy and the challenges faced by organizations when implementing internationalization strategy.

2.2 The Concept of International Business

International business development tends to become a condition of existence of firms, regardless of size or scope of activity and the consequence is that the internationalization and globalization constitute the fundamental features of the early century and millennium. The internationalization of business transactions, understood as the pursuit of such activities across national borders is not a new phenomenon in the global economy. During the post-war it has taken an unprecedented boom under the momentum of several factors, such as: post-war reconstruction process, the institutionalization of international economic relations, progressive reduction of barriers to trade flows and international financial, cost of transport and communications, technical arrangements of transport, expanding transnational business (Pathak, 2011).

International banking and financial services are among the most internationally active service industries. Explosive growth of investment and financial flows begin in 1970’s leading to development of capital markets worldwide. Much of this growth is due to money flowing across national borders into portfolio investments and the
internationalization of banks. Another reason for flourishing international banking is the high oil prices, a boom in consumer banking and low taxes (Cavusgil, Knight, Riesenberger, 2008).

2.3 Internationalization Strategy

The concept of internationalization has evolved in the past three decades. Johanson and Vahlne (1977) defined internationalization as a process in which the firms gradually increase their international involvement. They claimed that internationalization is the product of a series of incremental decisions. Welch and Luostarinen (1988) discussed the internationalization as a dynamic concept: the process increasing involvement in international operations, both sides of inward and outward should be involved in a broader concept of internationalization. Beamish (1990) provides another comprehensive definition: the process by which firms both increase their awareness of the direct and indirect influences of international transactions on their future, and establish and conduct transactions with other countries” (Beamish 1990, pp. 77-92; Coviello and Munro 1997).

There are several ways in which an organization can internationalize. According to Lambin (2007), in a joint venture, a third firm is created when the host and home country firms partner. This gives the international firm better control over operations and also access to local market knowledge. The international firm has access to the network of relationships of the host country firm and is less exposed to the risk expropriation thanks to the partnership with the local firm. Joint ventures are very popular in international management. Their popularity stems from the fact that they permit the avoidance of control problems of the other types of foreign market entry strategies. In addition, the
presence of the local firm facilitates the integration of the international firm in a foreign environment.

Green field investments are forms of foreign direct investments where the parent company establishes a new wholly owned subsidiary. It is potentially costly and complex, but it is liable to full control to the firm and has the most potential to provide above average return. Greenfield investments create new long term jobs in foreign country by hiring new employees. They are also more likely preferred where physical capital intensive plants are planned (Hitt, 2009). According to Barret (2009) this strategy is attractive if there are no competitors to buy or to transfer a competitive advantage that consists of embedded competencies, skills, routines, and culture. There are several modes that firms can choose to serve foreign markets; exporting, licensing or franchising to host country firms, establishing of joint ventures with a host country firm, setting up a new wholly owned subsidiary in a host country to serve its markets.

Mergers and Acquisitions (M&As) are important growth strategies dealing with the buying, selling, and combining of different firms that can aid, finance, or help growing company in a given industry expand rapidly without creating another business entity. M&As play key role in external growth of leading global firms. These are the fastest way to grow because target firm with its value chains already exists (Luypaert, 2008). Acquisition has been increasing because it is a way to achieve greater market power. The market share usually is affected by market power. Therefore, many multinational corporations apply acquisitions to achieve their greater market power require buying a competitor, a supplier, a distributor, or a business in highly related industry to allow exercise of a core competency and capture competitive advantage in the market.
Licensing is another way to enter a foreign market with a limited degree of risk. It differs from contract manufacturing in that it is usually for a longer term and involves greater responsibilities for the local producer. Licensing is similar to franchising except that the franchising organization tends to be more directly involved in the development and control of the marketing programme. The international licensing firm gives the licensee patent rights, trademark rights, copyrights or know-how on products and processes. In return, the licensee will be able to produce the licensor’s products, market these products in his assigned territory and pay the licensor royalties related to the sales volume of the products (Lambin, 2007).

Franchising is a system in which semi-independent business owners pay fees and royalties to a parent company in return for the right to become identified with its trademark, to sell its products or services, and often to use its business format and system (Zimmerer and Scarborough, 2008). The franchisee uses the franchisor’s strategies and trademarks and in exchange the franchisee pays initial fee and royalties based on revenues. The parent company provides support, advertising and training. A licensing agreement involves things such as intellectual property, trade secrets and others while in franchising it is limited to trademarks and operating know-how of the business (Hoy and Stanworth 2003).

2.4 Strategy Implementation

The term strategy has several definitions that have been given by different writers. The early definition of strategy was provided by the, Chandler (1962). The strategic
management process can be divided into three phases, i.e., the formulation phase is a strategy that aims at ensuring that organizations achieve their objectives (Certo and Peter, 1991). David (1997) stated that strategy formulation include deciding which business to pursue, how to allocate resources without hostile takeovers and whether to enter international markets. He also added that strategy formulation phase comprises development of a mission statement, identification of external opportunities and threats, determination of internal strengths and weaknesses, establishing long-term objectives, generating alternative strategies, and choosing the best strategy to be implemented. Second is the implementation phase that initiates activities in accordance to strategic plans (Sharplin, 1985). This requires firms to establish objectives, devise policies, motivate employees, and allocate resources to execute formulated strategies. Certo and Peter (1991) stated that without the effective strategy implementation, organizations are unable to reap the benefits of performing an organizational analysis, establishing organizational direction, and formulating organizational strategy. Lastly, is the evaluation and control phase that requires information to be obtained on strategic performance and comparing it with existing standards.

The importance of a strategy in a firm can be answered by analyzing the relationship between strategic management and organizational performance. Generally strategic management practices can improve efficiency in various organizations (Bakar et al., 2011). A strategy is designed to effectively relate the organization to its environment internal and external environment. Bracker (1980) argues that the major significance of strategy is that it gives organizations a framework for developing abilities for anticipating
and coping with change in the environment. Bracker further indicates that a strategy helps an organization to deal with future uncertainty by defining goal accomplishing procedures. The main steps in implementing a strategy include: Developing an organization having potential of carrying out strategy successfully. Disbursement of abundant resources to strategy-essential activities. Creating strategy-encouraging policies. Employing best policies and programs for constant improvement. Linking reward structure to accomplishment of results. Making use of strategic leadership.

**2.5 Implementation of Internationalization Strategy**

According to Watts (2008), firms internationalize their operations for a host of different reasons, both general and specific. The decision to internationalize is a major strategic decision. Although it shares general characteristics of all strategic decisions, the rare fact of seeking to operate across national borders gives the internalization strategic decision added complexity (Dicken, 1992)

The various modes of serving foreign markets are exporting, licensing or franchising to host country firms, establishing joint ventures with a host country firm, setting up a new wholly owned subsidiary in a host country to serve its market. Basic entry decision include identifying which markets to enter, when to enter those markets and on what scale (Hill, 2009).

According to Pop (2001), the globalization of a firm means the opening of worldwide markets and the probability of expansion beyond present operational levels. This inevitably requires operation changes. Operational strategies and resources to be planned for are necessary to ensure the successful transition from a domestic business into being a
global business. He points out that the process of implementing internationalization strategy is done in several stages, each being related to forms of transactions and specific concepts: The first stage is the internationalization process of trading goods. To this stage it corresponds, in the forms of international transactions, the business/commercial operations. It is, first, the export of goods, supplies and services, and combined operations (the counterparty, re-export) or some type of commercial implant in foreign trade (creation of trade offices); the second stage is the internationalization of production. This can be done through various forms of alliances and international cooperation aimed at: the technology transfers for the multiplication of goods abroad (licensing, franchising, selling know-how etc.) the partial or total relocation of production capacity and integrating goods in distribution system for domestic and international creation of overseas units of production and marketing system in joint ventures. The third stage is the internationalization of the firm. In this case, the main way of achieving internationalization is direct investment, and which form it takes is the implantation abroad. Implantation process, are usually a stage character, ranging from the establishment of abroad branches and processing until assembly to complete the industrial and commercial implementation (Pop, 2001).

2.6 Challenges of Implementing Internationalization Strategy

As business people survey the world marketplace today, they are both impressed and intimidated by the diversity and change they see in the national markets and billions of people. Yet this is the market place they must understand in order to build products and services for worldwide customers in the face of increasing international competition. Successful international corporations are those that recognize the diversity of the world
marketplace, and are able to cope with the uncertainties of doing business in continually changing market environments. The internationalization strategies employed by businesses may therefore face a number of challenges that have to be addressed (D’Amico et. al, 2001).

The task of understanding the diversity of the world marketplace is immense. International executives when implementing internationalization strategies must cope with various forms of diversity. Foreign markets have political diversity as world markets may be governed by autocracies (chiefs, kings, dictators, one-party governments) or democracies, economic diversity due to varying national wealth disparities, regional diversity in distributions of wealth and population, cultural/linguistic diversity since nations are divided into about 10,000 linguistic/cultural groups, a crude average of some 50 languages or ethnic groups diversities in country size and populations and developmental diversities (D’Amica, 2001). If an organization does not understand these diversities well, then it will be hard to successfully implement its internationalization strategy. The world marketplace is characterized by constant change, resulting in major political, economic, cultural, and financial uncertainties. Political change occurs as nations seek to establish stability and order within their national borders. In democratic nations, there are uncertainties as voters decide what political directions their countries should take. On average, there are national elections somewhere in the world almost every week. Companies implementing internationalization strategies in these markets must pay attention to national, regional, and local elections to determine how they will affect their businesses (Prince, 2001).

In some developing countries, especially where democracies are not established, there are
uncertainties as rival ethnic, religious, or social groups compete for political recognition (for example, in Somalia, Sudan, and Ethiopia). In democratic nations, account must be taken of splinter groups (e.g., environmental Green movements in Western Europe, fundamentalist Muslim groups in Iran, leftist guerillas in Colombia). Wherever there are major differences in political opinions, there is the potential for political unrest. Organizations must find ways of overcoming these challenges if their internationalization strategies have to succeed. Economic downturns may also affect implementation of internationalization strategies. Executives must be able to analyze global and regional economic trends and appreciate their impacts on internationalization strategies (Prince, 2001).

Financial changes occur as international businesses conduct transactions in a world marketplace with over 180 currencies. When most international business transactions occur, exchange rates (the price of one currency in terms of another) are involved. Firms must monitor two types of financial change: First, the values of many currencies fluctuate with respect to each other, affecting pricing and asset valuations as goods and resources across national borders. Second, countries’ abilities to make payments to foreigners are variable. Only a minority of national currencies (the dollar, yen, euro, and a few others) are fully acceptable (convertible) in all world markets. Many developing country currencies, for example, are unacceptable to non-residents as means of payment (inconvertible). As increasing numbers of developing countries enter the international marketplace, a key issue is how they can pay for needed goods and services (Borck, 2001).
CHAPTER THREE:
RESEARCH METHODOLOGY

3.1 Introduction

This chapter consists of the research methodology that was used in the study. This includes the research design, data collection method, and research instruments and data analysis. The chapter also looked at the data analysis techniques that were used in analyzing the data that was collected.

3.2 Research Design

The research was on the implementation of KCB Group Limited’s internationalization strategy. A case study approach was chosen for the purposes of gaining a sharpened understanding of how KCB Group Limited implements its internationalization strategy. Kothari (1990) describes a case study as a form of qualitative analysis that involves a careful and complete observation of a social unit. He describes a social unit as a person, family or institution. A case study involves an intensive analysis of an individual unit, stressing developmental factors in relation to the context.

KCB Group Limited being a unit, a case study was the most appropriate research design to be adopted as this allowed probing of information to find out what is unknown, and confirm what is known. Case study approaches have also been used successfully by other researchers for previous similar studies like Omwenga (2007) and Awuor (2006)

3.3 Data Collection

The data sought was related to the various ways employed by the bank in implementing
its internationalization strategy as it expands in different regions. This study intended to use both primary data and secondary data. Data collection methods are various including interviews, group discussions, observations and many others. An interview guide was used, but the interviews were conducted in a way that allowed flexibility to allow participants to develop issues and expand upon initial responses. Interviews with senior managers from strategy and new business division, company directors, senior managers in the office of project management-international business, the business analyst at KCB Group Limited, the director strategy and new business, director marketing, director back office and customer service and director finance.

Secondary data were obtained from company’s records like cascades and news flashes which are quarterly and weekly in-house publications by KCB Group limited, the strategic plan and the organogram for KCB Group Limited. These assisted in collecting data quickly and cheaply and assisted in probing when primary data was being collected.

3.4 Data Analysis

Data collected were analyzed using qualitative techniques. The qualitative data were analyzed by use of content analysis so as to locate more important structures of the interviews. According to Kothari (1990), content analysis consists of analyzing the contents of documentary materials such as books, magazines, newspapers and the contents of all other verbal materials which can be either spoken or printed. It is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate to trends. Content analysis examines the intensity with which certain words have been used. Content analysis
systematically describes the form or content and or spoken material.

Referring to the research questions, data were organized and reduced in a manner that made sense to the overall study. They were organized so that they were manageable and allowed one to look at issues at hand in the overall study. Data were sorted in different categories as common themes in responses were identified. Similarities and differences in responses were also considered and then the data was grouped in both broad and sub categories.
CHAPTER FOUR:
DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction
The aim of the study was to find out how KCB group limited implements its internationalization strategy. The study adopted a case study approach and the interview guide was designed in line with the objectives of the study. The interviews were conducted with directors and senior managers who covered core functions of the organization dealing with implementation of internationalization strategy. This chapter includes the introduction, the internationalization of KCB group limited, the implementation of internationalization strategy at KCB group limited and the challenges of implementing internationalization strategy at KCB group limited.

4.2 Internationalization of KCB Group Limited
KCB group limited has a presence in Kenya, Uganda, Tanzania, Rwanda, South Sudan and Burundi and Zambia is on top of the list of the bank’s expansion consideration. KCB group limited has also targeted diaspora market with roadshows in South Africa, UK and USA (KCB, 2012)

“Begun in 1997 by opening Tanzania business. Presently in all East African countries, i.e. Tanzania, Uganda, S. Sudan, Rwanda and Burundi. Out of over 220 KCB branches, at least 50 are out of Kenya” (Senior Manager, Project Management Office International Business)
The study established through strategy and new business division that KCB group limited adopted internationalization strategy by setting up branches in several countries in the East African region.

“Initially, KCB group had an office in London which was closed in the year 2005. In 1997, KCB group ventured to Tanzanian market then South Sudan and since then, we have opened branches in Uganda, Rwanda and Burundi.” (Director Strategy and New Business)

KCB group’s vision being ‘to be the preferred financial solutions provider in Africa with a global reach’ has been a clear guide to providing financial solutions without boundaries. The main motivation is the critical need for affordable, flexible and accessible banking for residents of East African countries living and working outside their mother countries (KCB, 2012).

“KCB group has found it fit to go international because of several reasons, like the market in Kenya is saturated so KCB developed strategies to venture into international markets. KCB is rich in skills in providing financial services these have been put in use to achieve the vision of being the preferred financial solutions provider in Africa with a global reach. The point of increasing shareholder value and seeking for higher profits has also been a motivating factor. KCB group has customers who live and work in countries outside Kenya, in order to give them quality services, KCB group has implemented internationalization strategies in countries of the East African Community. Since KCB group has the relevant expertise to improve the provision of financial services in the East
African countries, it has sought to adopt internationalization strategy for this reason.” (Director Strategy and New Business)

According to the group’s business analyst, there have been several motivating factors for KCB group to go international.

“Business opportunity and market consolidation remains the motivation. Noting that several commercial entities operating cross-border are already clients in KCB Kenya and a number of others likely to go over cross border are potential clients, KCB Group positioning is to tap businesses emanating from these movements. Over and above that, as a business KCB brand has become strong enough to compete beyond Kenyan borders. KCB has identified a need to serve customers who live away from their home countries. This potential market has been captured by introduction of diaspora banking which will enable customers to open accounts and transact while away from home.” (KCB’s Group Business Analyst)

The study revealed through the director mortgage that East Africa has a rich potential for market growth. He pointed out that KCB group limited then chose to adopt internationalization strategy to capture this rich market and to support businesses of customers in every part of East Africa.

“Positioning operations close to the target markets so as to tap into the vast potential in the East African countries has been one of the motivating factors for KCB group limited to expand its operations in foreign countries. Another
motivating factor is the desire to support the businesses of customers in every part of East Africa.”(Director Mortgage)

4.3 Implementation of Internationalization Strategy at KCB Group Limited

Addressing the question of how KCB group implements its internationalization strategy, all respondents pointed out that KCB adopts internationalization strategy using the Greenfield entry mode.

“KCB has always been using Greenfield foreign entry mode due to mainly cost efficiencies that come with it, but as time goes by, we are considering brown fields as a mode of entry. Greenfield investments have always been our choice of mode of entry for the reason that it allows setting up subsidiaries according to KCB’s specifications. Also because the profits are solely owned by KCB and there is no sharing in cases of mergers.”(Director Human Resource)

From the responses, it was clear that KCB usually adopts vigorous communication when implementing a strategy. The use of emails, cascades which are quarterly publications, news flashes, meetings dubbed ‘tea breaks’, posters and billboards, newspapers, magazines like msafiri.

“When it comes to communication, KCB has time immemorial been using cascades, emails, tea breaks, billboards, newspapers.”(Director Back Office and Customer Service)
The study revealed through the group’s director marketing that KCB group limited has adopted vigorous communication methods to promote the ownership of both the internationalization of strategies and their implementation process.

“Communication is very important during the process of strategy implementation. We as KCB have been using different forms of communication in order to reach each and everyone. Cascades, radio, newspapers, magazines, billboards, posters in strategic areas such as airport waiting bays and basically any form of media.”  
(Director Marketing)

The fact that implementation of strategy is a combination of effort from different departments was clearly pointed out by the respondents.

“When implementing strategy, KCB usually has a steering committee and the members of the board who provide high level vision, a project team is the selected based on experience and skills. This team then picks resources from different departments who will work as point men making sure that whatever is needed of the department is achieved. As the different departments come together to achieve this, the human resource department sources for skilled members of staff both within and outside the business.”(Senior Manager, Subsidiary IT Support)

The study established that implementation of internationalization strategy involves a combination of efforts from different departments. Captured from the finance division, a project team is usually created with representatives from every department.
“The implementation process entails the project team made up of representatives from all divisions coming together, then licenses are bought, the identification of office space is done. Meanwhile the human resource team recruits staff to handle this, so that the whole handover process is smooth and there is no break at any point.” (Director Finance)

On the question of whether KCB group limited puts in place any monitoring and evaluation process, it was pointed out by the director strategy and new business that monitoring and evaluation is put in place to ensure that the implementation is successful.

“KCB group usually gets the capital to go international from equity and profits. For any strategy to be well monitored there has to be some form of monitoring and evaluation process. KCB’s strategy implementation is monitored and evaluated against the strategic plan by strategy, risk, audit and finance divisions, also based on the points of breaking even.” (Director Strategy and New Business)

On the question of how KCB implemented its internationalization strategy and whether different departments in subsidiaries worked independently or dependently upon home country’s divisions, the respondents pointed out that this was mixed, both dependently and independently.

“To be able to pass best practice and skills, initial staffing has been a mix of Kenyans and staff from countries we choose to do business. With a single IT platform, KCB moves across borders as one branch networks with standardized processes and procedures and a little tweak on products to meet local feel and
taste. From integrated single IT platform that supports processes and procedures, KCB has leveraged on strength of highly skilled staff to quickly train new staff engaged in respective countries through on job, in class and exchange programs across countries. There is usually minimal need for culture change at the entry times, however, with time, KCB passes both subtle and conspicuous messages of performance culture change for alignment and execution driven themes through in class training and on job attachment for middle level management. The different departments have a mixed mode of working. They work independently, but with support from the headquarters units. KCB has shared services like credit quest, T24 system which all run from Nairobi. The departments in the subsidiaries run locally with basic support from the headquarters units. Of course there are hierarchies with subsidiaries being accountable up to some level.” (Senior Manager, Subsidiary IT Support)

4.4 Challenges of Implementing Internationalization Strategy at KCB Group Limited.

This section attempted to address the second objective of the study which was to establish the challenges faced by KCB group limited in the implementation of internationalization strategy. The recurrent themes on the challenges of implementation of internationalization strategy at KCB group limited brought out the fact that KCB group faces some challenges during the implementation process.
“KCB group has faced several challenges since the first implementation of internationalization strategy and has continued to face more challenges which are different. There have been human resource constraints where the host countries happen not to have the desired skills, there has been custom delays in terms of clearance for things imported from Kenya. The infrastructure has been a challenge in terms roads especially in South Sudan where only air transport can be relied on from one town to another. IT infrastructure has been a challenge also, a good example is that in Kenya, KCB relies on fibre optic cables for better and quick links, in Burundi there are no fibre optic cables. A comparison with Kenya where there are so many internet service providers, in Burundi, there is only one internet service provider which limits KCB group on the choices so KCB has to work with that one even if the services are not up to KCB standards.” (Senior Manager, Subsidiary IT Support)

The study established that language is a challenge during the implementation of internationalization strategy at KCB group limited. It was noted that in South Sudan, the passports for the nationals are written in Arabic language, when customers wish to open accounts, the staff have to understand Arabic in order to assist the customers. It was pointed out that in places like Burundi and Rwanda, French is the main language, during the initial stages of implementing internationalization strategy, this poses as a challenge to the organization.

“Language is a challenge during the implementation of internationalization strategy at KCB group limited. This has been a challenge since when recruiting
staff, we have to get panelists who understand Arabic in order to be able to get the right people to be interviewed. In places like Burundi and Rwanda, French is the main language, during the initial stages of implementing internationalization strategy, this poses as a challenge to the organization, when it comes to recruiting members of staff who have experience from within KCB to take up positions in the setup subsidiaries. There are other challenges also like political stability, different cultures, work ethics, employee turnover, competition for capital between home country units and the urge to go international.” (Director Strategy and New Business)

The study established through the human resource department, that employee turnover has been a challenge during the implementation of internationalization strategy at KCB group limited. Another challenge pointed out was the high costs of training other employees to handle the same duties after an employee has left, it also tends to delay the whole process of implementation of internationalization strategy. The complexity of international taxation, benefits and compensation, housing arrangements was also pointed out by the director human resource as a challenge during the implementation of internationalization strategy process.

“The whole process of recruiting employees to take up positions in subsidiaries is complex as it involves new human resource responsibilities like international taxation, relocation of staff, need for international perspective in compensation policy, housing arrangements, healthcare, safety and security as well as proper compensation. Other challenges include Challenges include the setup costs for a
greenfield type of entry mode which are very high making it quite challenging to achieve the breakeven status.” (Director Human Resource)

4.5 Discussion
The findings of this study are in line with the argument by Cavusgil, Knight and Riesenberger (2008) and Makino et al., (2002) that firms do have different motivating factors for adopting internationalization strategy. According to Makino et al., (2002) the motivating factors range from asset seeking to market seeking. It is evident from the findings that KCB group has adopted internationalization strategy to earn higher profits and build a greater market share, to better serve key customers that have relocated abroad. The financial service market in Kenya is saturated so KCB group developed strategies to venture into international markets. It is evident that KCB group is rich in skills in providing financial services these have been put in use to achieve the vision of being the preferred financial solutions provider in Africa with a global reach.

The findings of this study are in support of Hill (2009) suggesting that there are various modes of foreign entry such as franchising, greenfield investments, joint ventures and licensing. It is evident that KCB group limited has chosen the greenfield investments as its mode of foreign entry for reasons such as it allowing setting up subsidiaries according to KCB’s specifications and the profits being solely owned by KCB.

The findings are consistent with those of Hill (2009) that firms pursuing internationalization strategy tend to centralize some functions in the home country. The findings also support Thompson’s (2007) suggestion that decentralized organization
structures promote motivation and involvement in business. It is evident that KCB group limited has adopted both decentralized and centralized structure in terms of decision making.

The study findings also reinforce the literature by Hill (2009) suggesting that strategy implementation is reliant on its organization architecture which includes formal organization structure, control systems and incentives and the organization culture, processes and people. That the operations of the organization must be configured in such a way that supports the strategy of the firm and the organization architecture must match the operations and strategy of the organization. It is evident that KCB group has adopted a change in the organization structure, included control systems, incentives, organization culture, processes and people that all support the implementation of the internationalization strategy.

The study findings are in line with the argument by Thompson (2007) that staffing the organization and building core competencies play vital roles in the implementation of internationalization strategies. He further suggests that many companies have established internal ‘universities’ to lead training effort and to facilitate continuous organization learning. On the issue about staffing in KCB group limited, there was a common theme that a strong team is put together based on experience. The human resource department recruits and select managers with skills and talents who can be counted on to turn decisions and actions into results that meet beat the established performance targets. It was pointed out that once new members of staff are recruited, they are sent to KCB’s
management center in Karen Nairobi for training on culture and basics in KCB group limited.

Thompson (2007) building core competencies and competitive capabilities are important adoptions by organizations as part of the process of implementation of internationalization strategies. KCB group limited has embraced technology like T24 (Temenos) banking system which has played a key role to the success of implementing internationalization strategy in that customers are able to access their accounts even while in other countries. It is evident that KCB group limited has acquired a backup system in case the main system is not accessible, this can be used to provide uninterrupted customer service. This has enabled KCB group limited to become better than its rivals thus building up a competitive advantage over them.

This study is also in line with the argument by Cavusgil, Knight and Riesenberger (2008) that forms of financing implementation of internationalization strategy can include equity financing. It is evident that KCB group limited has in the past been involved in selling shares to the public under rights issue to get finances also KCB group has been relying on profits also for generation of capital for implementation of Internationalization strategy.

The findings prove the literature by D’Amico et al., (2001), Prince (2001) and Borck (2001) that there are several challenges facing organizations that choose to internationalize their operations. Among the challenges they pointed out are cultural diversity, language barriers, political instability. It is evident that KCB group has faced
several challenges since the first implementation of internationalization strategy which include human resource constraints where the host countries happen not to have the desired skills, custom delays in terms of clearance for things imported from Kenya to these subsidiaries, infrastructure in terms roads especially in South Sudan where only air transport can be relied on from one town to another. In line with the responses from the interviews there was an indication that IT infrastructure has been a challenge also a good example is the limited number of internet service providers present in these subsidiaries. In Burundi, there is only one internet service provider which limits KCB group on the choices so KCB has to work with that one even if the services are not up to KCB standards. It is clear that political stability, different cultures, work ethics, employee turnover, competition for capital between home country units and the urge to go international have also been challenges facing KCB group limited during the implementation of internationalization strategy.
CHAPTER FIVE:
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents a summary of the key findings based on the two objectives of the study and draws conclusions. It also covers recommendations for policy and practice, limitations of the study as well as suggestions for further study.

5.2 Summary
The focus of this study was on the implementation of internationalization strategy at KCB group limited. In order to establish this, various modes of entries, motivation factors and challenges were discovered through a literature review and personal interviews with directors and senior managers at KCB group limited. KCB group limited adopted the internationalization strategy long time ago with an office in London which was later closed down and the first subsidiary being opened in 1997 in Tanzania. To date KCB has ventured its business in to different countries including South Sudan, Rwanda, Uganda and Burundi. KCB group has also gone into overseas markets like London, USA by the product diaspora banking. Several reasons led to this including the desire to obtain higher profits and shareholder value, taking the financial services closer to the customers who live and work away from Kenya. Basically KCB has entered foreign markets using the green field investment mode of entry.

The implementation of internationalization strategy entails coming up with a project team and a representative of all divisions (directors) who are usually actively involved in every detail regarding the same. KCB then gets the required licenses and identifies office space.
Parallel to all these, the human resource team recruits suitable staff who are then deployed to these subsidiaries. This is usually to enable smooth handover process. The whole implementation process consists of critical tasks like the management commitment, the team appointments, training and communication, development of the implementation plan which is critical for ownership of the strategy for successful implementation.

KCB group has been consistent with the communication regarding the implementation of internationalization strategy. The use of cascades which are internal magazines published on quarterly basis has been adopted, emails, meetings dubbed ‘tea breaks’ where the ideas for going international are usually communicated to the members of staff. As KCB group adopts the internationalization strategy, the structure of the organization has been changing to adopt this change. Different departments in subsidiaries have been adopted, also in the headquarters, the organization structure has changed to accommodate this change. KCB has chosen to adopt both centralized and decentralized ways of decision making in that there are decisions which are solely made by the management team in the subsidiaries while some processes are centralized for example credit processes are centralized in the headquarters.

From the point of considering internationalizing KCB group has faced various challenges including language barrier, poor infrastructure, host countries’ policies, employee turnover and political instability, different cultures and work ethics, the competition for capital to internationalize and to focus on the home country strategies. KCB group has
had the challenge of having gone international ‘too big’ and not in all subsidiaries has it managed to break even. Despite the challenges faced, KCB group limited has continued to open branches after branches in different countries.

5.3 Conclusion
Cavusgil, Knight and Riesenberger (2008) and Makino et al., (2002) point out that firms do have different motivating factors for adopting internationalization strategy. Makino et al., (2002) further explains that the motivating factors range from asset seeking to market seeking. The study findings that KCB group limited has adopted internationalization strategy due to many motivating factors among them being desire to earn higher profits and build a greater market share, to better serve key customers that have relocated abroad supports this theory.

Hill, (2009) suggests that there are various modes of foreign entry such as franchising, greenfield investments, joint ventures and licensing. In line with the literature from previous studies, KCB group limited has chosen the greenfield investments as its mode of foreign entry for reasons such as it allowing setting up subsidiaries according to KCB’s specifications and the profits being solely owned by KCB.

KCB group limited has adopted both decentralized and centralized structure in terms of decision making. This is supported by previous studies by which suggest that Firms pursuing internationalization strategy tend to centralize some functions in the home country (Hill, 2009). Decentralized organization structures promote motivation and involvement in business (Thompson, 2007).
KCB group has adopted a change in the organization structure, included control systems, incentives, organization culture, processes and people that all support the implementation of the internationalization strategy. These findings reinforce the literature by Hill (2009) suggesting that strategy implementation is reliant on its organization architecture which includes formal organization structure, control systems and incentives and the organization culture, processes and people.

KCB group limited puts a strong team that will handle implementation of internationalization strategy together based on experience. KCB’s group human resource department recruits and select managers with skills and talents who can be counted on to turn decisions and actions into results that meet beat the established performance targets. Once new members of staff are recruited, they are sent to KCB’s management center in Karen Nairobi for training. This is supported by a suggestion by Thompson, (2007) that staffing the organization plays a vital role in the implementation of internationalization strategies. He further suggests that many companies have established internal ‘universities’ to lead training effort and to facilitate continuous organization learning.

KCB group limited has embraced technology like T24 (Temenos) banking system which has played a key role to the success of implementing internationalization strategy in that customers are able to access their accounts even while in other countries. KCB group limited has acquired a backup system to be used in cases when the main system is not accessible, the aim being to providing uninterrupted customer service. This proves true the suggestion by Thompson (2007) that building core competencies and competitive
capabilities are important adoptions by organizations as part of the process of implementation of internationalization strategies.

KCB group limited has been relying on equity financing and profits for generation of capital for implementation of internationalization strategy. This proves that the suggestions by previous scholars are factual. Cavusgil, Knight and Riesenberger (2008) suggest that forms of financing implementation of internationalization strategy can include equity financing.

D’Amico et al., (2001), Prince (2001) and Borck (2001) point out that there are several challenges like cultural diversity, language barriers, and political instability that face organizations which choose to internationalize their operations. The study findings have evidenced that the literature by previous scholars is factual. KCB group limited has faced several challenges since the first implementation of internationalization strategy which include human resource constraints where the host countries happen not to have the desired skills, custom delays in terms of clearance for things imported from Kenya to these subsidiaries, infrastructure in terms roads especially in South Sudan where only air transport can be relied on from one town to another. It is clear that political stability, different cultures, work ethics, employee turnover, competition for capital between home country units and the urge to go international have also been challenges facing KCB group limited during the implementation of internationalization strategy.
5.4 Recommendations for Policy and Practice
From the conclusion it can be observed that vigorous communication is relevant in cascading the implementation of strategy to promote a feel of ownership and shared values, also to promote motivation of members of staff handling the same. There is a need therefore for communication in strategy implementation to be inculcated in the policy framework especially on the rules and regulations that governs the implementation of internationalization strategy at KCB group limited.

The study findings reveal that implementation of internationalization strategy is a task that involved all departments in an organization. There is a need for this to be included in a company’s policy framework with clear guidelines on what is expected from each department. Also to be included in the policy framework should be the reporting method used and the monitoring and evaluation procedures. It is also paramount that well structured rules and regulations should be developed regarding the handling of challenges that are associated with the implementation of internationalization strategy.

KCB group limited should consider providing better terms for its employees so that they can avoid incidents of high employee turnover. The human resource department should review the current terms of service by critically putting into consideration international taxation, international compensation policies, housing arrangements, healthcare, safety and security.

5.5 Limitations of the Study
The findings for this study were limited due to some factors that arose while taking the study. Basing on the fact that the study adopted a case study approach, there were
challenges faced on the method of collecting data. The researcher was not able to interview all directors in all divisions as some were not available for interviews due to their busy schedules.

The focus of the study was on one organization, the KCB group limited. Since strategy implementation process differs from one organization to another, one cannot assume that the results apply to any organization which has adopted internationalization strategy. There are different modes of entry to the foreign markets and different organizations use different modes.

This study having focused on implementation of internationalization strategy involves sensitive data in regard to the competitive advantage that is drawn. Strategy implementation is the backbone of any organization and some respondents were a bit reluctant to share information even after advising them that the information would only be used for academic purposes. There was a possibility of having de-contextualizing the meaning of the participants’ intent when analyzing the interviews. The participants were not comfortable with the idea of tape recording to get their exact words and nuance.
5.6 Suggestions for Further Study
Many organizations are internationalizing therefore similar studies should be carried out in these organizations to contribute to the body of knowledge in the area of Implementation of Internationalization strategy. Since also one strategy implementation procedure could differ from another and not apply to all organizations, comparative studies on implementation of internationalization strategy should be done in order to have a larger knowledge on how different organizations handle the same.

This study adopted a case study approach, to get a better focus on how a wide range of organizations implement internationalization strategy, further studies should be adopted. A suggestion of a survey method should be adopted to capture several organizations. Based on the contextual issues raise related to the challenges being faced by KCB group limited in implementation of internationalization strategy, a more in-depth study into the same would be helpful in order to gain a better understanding of these challenges and how they could be handled to ensure that the process of implementation of internationalization strategy is successful.

During the analysis of the interviews, there was a possibility of de-contextualizing the meaning of the participants’ intent when analyzing the interviews. The participants were not comfortable with the idea of tape recording to get their exact words and nuance. The researcher suggests that during the interviews there be tape recording to get the participants exact words and nuance. Also to verify the accuracy if any transcriptions, copies of the interview notes should be forwarded to the interviewees for feedback.
REFERENCES


APPENDICES

APPENDIX I: INTERVIEW GUIDE
IMPLEMENTATION OF INTERNATIONALIZATION STRATEGY AT KENYA COMMERCIAL BANK GROUP LIMITED.

For academic use only

1. What role does your office play in internationalization strategy implementation at KCB?

2. When did the journey of KCB’s internationalization begin and what is the progress to date?

3. What is the motivation behind KCB Group’s Internationalization initiative?

4. Which foreign entry modes have been used by KCB group to enter foreign markets?
   a) What are the reasons for these choices?

5. How is KCB Group implementing its internationalization strategy?
   a) How has institutionalization of internationalization strategy been handled?
   b) How is operationalization being handled?

6) Is there a necessity for culture change during this implementation? How is it carried out?

7) How is the structure of the organization has to be adjusted for the strategy to bear fruit?
8) How is action planning done? Who is in charge of the budget for subsidiaries?

9) How are different divisions involved in the process of implementation of internationalization strategy?

11) Monitoring and evaluation is important in any strategy process. Does KCB have any set in place and how does this work?

12) The different departments/divisions in subsidiaries, do they work independently or dependently upon the home country divisions?

13) Ever KCB adopted the internationalization strategy, what challenges can you point out in regard to Institutionalization of internationalization strategy?

  a) In regard to relationship between subsidiary and corporate headquarters?
  
  b) Are there any challenges faced due to the choice of modes of entry to foreign markets and the implementation of the same?
APPENDIX II: INTRODUCTION LETTER 1

The Respondent,
P.O. Box ......,
Dear Sir/Madam,

Re: Request for Research Data

I am a postgraduate student at the University of Nairobi pursuing a Master of Business Administration (MBA) program. My research project topic is ‘Implementation of Internationalization strategy at Kenya Commercial Bank Group Limited’. The purpose of the research is to find out how KCB implements its internationalization strategy. The attached interview guide has been designed to help the researcher gather data from the interviewee with respect to this purpose. You have been identified as one of the interviewees. The information sought is purely for academic purposes.

Yours Truly,

Student,

Musita Victoria

Cell: 0722614486
DATE: 04/09/2012

TO WHOM IT MAY CONCERN

The bearer of this letter, MUSIITA VICTORIA OMWOMA

Registration No. DG1 64422/2010

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI

MBA OFFICE

IMMACULATE OMWOMA
MBA ADMINISTRATOR
MBA OFFICE, AMBANK HOUSE

04 SEP 2012