THE INFLUENCE OF INFORMATION TECHNOLOGY ON
STRATEGIC MANAGEMENT PRACTICES OF BARCLAYS BANK
OF KENYA

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DECLARATION

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

Signature……………………………                    Date………………………………………..

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D61/8322/2006

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

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DEDICATION

I dedicate this research project to my loving wife Marlene Ngatia, who encouraged and supported me throughout my Masters of Business Administration studies. Her willingness to sacrifice and allow me time to be away to complete my studies and develop my skills is deeply appreciated.
ABSTRACT
Companies are in the race for improving their organizational competitiveness in order to compete in the 21st century global market. This market is electronically connected and dynamic in nature. Therefore, companies are trying to improve their agility level with the objective of being flexible and responsive to meet the changing market requirements. Technology development is faster each day and new IT applications are regularly offered for potential implementation strategic implementation. As the internet becomes more important for commerce, internet websites will take on a more central role in most companies' strategic plans. The success of electronic banking is determined not only by banks or government support, but also by customers' acceptance of it. Electronic banking acceptance has gained special attention in academic studies during the past several years as banks move towards implementing electronic banking as part of their overall strategy. The business benefit of the electronic banking is to generate additional revenue, improve customer service, extend marketing, and increase cost saving. Our study focused on determining the the influence of information technology on strategic management practices of Barclays bank of Kenya. The study reviewed literature in the area of business strategies in response to competitive environment. This study used case study on to investigate on the influence of information technology on strategic management practices of Barclays bank of Kenya, by targeting senior-level managers since they are mainly involved in strategic planning of the multinational company. The findings indicate that Barclays' organizational processes were well thought of and were designed in accordance with the need of the environment. Each organizational process whether it relates to production, marketing or sales has a specific goal that contributes to the success of the firm. The processes of Barclay underwent a rigorous analysis. The management team made sure that they choose well the processes that they used.
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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Today in many organizations information technology (IT) is playing a strategic role and has become more important than it was before for the business strategy. Moreover aligning IT with business strategy is a major concern for many IT leaders. Strategic IT management according to Plenert (2001) a multidimensional construct that characterizes the extent to which organizations are deemed to plan, implement and use information systems in a competitively oriented manner. The four dimensions of this construct are the followings: IT environment scanning that is knowing the IT used by your competition, IT strategic planning of IS in relation to the organization’s business objectives, IT acquition and implementation that choosing IT related to the strategic orientation of your firm) and strategic use of IT.

Thompson & Strickland (2003) noted that the cornerstone of strategy implementation is building an organization capable of carrying out the strategy successfully. Strategic formulation includes the setting of the mission, goals and objectives for the organisation, the analysis of the external environment as it affects the organisation, together with its internal resources and the choice of strategic alternatives. Kaplan & Norton (2001) see the ability to execute the strategy as an even bigger management challenge than determining the right vision and the quality of the strategy itself. They point to the importance of adequate performance management systems as a critical success factor for implementing strategies.
In contrast to imposed-forces, theorists who perceive strategy as imposed and thus reject teleological forces in explaining strategy formation (Aldrich, 1979), other management theorists hold that an overall common purpose permeating an organization is an essential feature of the processes through which organizational strategies emerge. Teleological forces influence strategy formation to the extent that organizational members adopt and internalize a sense of common purpose that energizes organizational members and leads organizational actors and behaviors towards fulfilling this overall purpose.

1.1.1 Strategic Management Practices

Strategic management can be considered as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company or organization’s objectives. It consists of the analysis of decisions and actions an organization undertakes in order to create and sustain competitive advantages. Thompson and Strickland (2007) opined that strategic management focuses on the total enterprise as well as the environment in which it operates, the direction management intends it to head, management’s strategic plan for getting the enterprise moving in that direction and the managerial task of implementing and executing the chosen plan successfully.

Management practices involves a set of processes that are employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 1999). Balancing strategic management’s outward-, inward-, and forward-looking functions helps develop a vision and a strategy for where
and how to move organization reform forward. Balancing these different perspectives is the essence of managing strategically (Kerzner, 1989).

Strategic management therefore involves identifying of long-range targets, scanning of the organization’s operating environments, evaluating the organization’s structures and resources, matching these to the challenges the organization face, identifying stakeholders and building alliances, prioritizing and putting in place plan of actions, and making adjustments to fulfill performance objectives over time. Brinkerhoff (1994) characterizes strategic management practices as looking out, looking in, and looking ahead. “Looking out” means exploring beyond the boundaries of your organization to set feasible objectives, identify key stakeholders, and build constituencies for change. “Looking in” implies critically assessing and strengthening your systems and structures for managing personnel, finances, and other essential resources. Finally, “looking ahead” entails welding strategy with structures and resources to reach policy goals, while monitoring your progress and adjusting your approach as needed.

An organization’s strategy must be appropriate for its resources, circumstances and objectives. The process involves matching the companies’ strategic advantages to the business environment the organization faces. One objective of an overall corporate strategy is to put the organization into a position to carry out its mission effectively and efficiently. A good corporate strategy should integrate an organization’s goals, policies, and action sequences (tactics) into a cohesive whole. Organizations employ strategic planning as a way of moving towards their desired future state. Strategic planning, more
than anything else, is what gives direction to an organization (Mintzberg, Quinn & Ghoshal, 2009).

1.1.2 Information and Communication Technologies

Over the past three decades, information systems have revolutionized worldwide businesses by coordinating and transforming data into a tremendously valuable strategic asset: information. Technology made storing and distributing information economical and immediate, especially given the recent use of global standards and Internet technologies. Corporations have literally achieved their reputations and business success based on their ability to bring timely and accurate information to their employees. IT management refers to the way of how organizations plan and implement IT initiatives to achieve their business objectives and results. IT management within organization is critical and consists of three processes that predict the realization of IT benefits (Andresen et al. 2000) Information and Communication Technologies (ICTs) have become ubiquitous with current and future social and organisational development. The role of these technologies in national development is undeniably significant. As the positive effects of ICTs have continually been noted in developed countries, it has become critically important for developing countries of Africa to embrace these technologies. The United Nations Development Programme (2001) refers to ICTs as a “powerful enabler of development” because of the significant impact on the economic, scientific, academic, social, political, cultural and other aspects of life.
The four “structural levers” are actions, programs, systems, and policies. In the case of actions, the authors stress the importance of involving all levels of the company in strategy implementation. “Programs” refers to the need to place innovation throughout a company, particularly with regards to how an organization learns. “Systems” emphasizes the importance of information technology to strategy implementation. The final structural lever, “policies,” points to the need for companies to have formal policies that are in harmony with the overall strategy (Plenert, Gerhard, 2001).

1.1.3 Banking Sector in Kenya

The banking sector in Kenya comprises of, the Central Bank of Kenya, as the regulatory authority, Commercial Banks, Non-Bank Financial Institutions, Forex Bureaus and Deposit Taking Microfinance Institutions as the regulated entities. As at 31st December 2009, the banking sector was composed of 46 institutions, 44 of which were commercial banks and 2 mortgage finance companies. In addition, there was 1 licenced deposit taking microfinance institution and 130 foreign exchange bureaus. Commercial Banks and Mortgage Finance Companies are licensed and regulated under the Banking Act, Cap 488 and Prudential Guidelines issued there under. Deposit Taking Microfinance Institutions on the other hand are licensed and regulated under the Microfinance Act and Regulations issued there under. Foreign Exchange Bureaus are licensed and regulated under the Central Bank of Kenya Act, Cap 491 and Foreign Exchange Bureau Guidelines issued there under. Out of the 46 institutions, 33 were locally owned and 13 were foreign owned. The locally owned financial institutions comprised 3 banks with public shareholding, 28 privately owned commercial banks and 2 mortgage finance companies.
(MFCs). The foreign owned financial institutions comprised 9 locally incorporated foreign banks and 4 branches of foreign incorporated banks

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. The dynamism in the Kenyan banking sector is expected to continue as banks seek new opportunities in the face of an anticipated subdued risk appetite.

1.1.4 Barclays Bank of Kenya

As a commercial enterprise, Barclays must be profitable to survive. The previously mentioned values set out how we aim to undertake business in the interests of our employees and customers. Underpinning these values is a fundamental principle to maintain and protect customer confidentiality and to comply with the laws and regulations governing our industry. Barclays bank has operated in Kenya for over 90 years. Financial Strength coupled with extensive local and international resources have positioned Barclays Bank of Kenya as a foremost provider of financial services.

The main sectors of the Kenyan economy are agriculture, manufacturing, tourism and financial services. Tea and Horticulture are the country's leading exports and tourism sector continues to play a key role in contributing towards foreign exchange earnings of the country. Barclays bank has established an extensive network of 117 outlets with over 230 ATMs spread across the country. The bank's financial performance over the years
has built confidence among the Bank's shareholders, with a reputation as one of the leading blue chip companies on the Nairobi Stock Exchange.

Barclays Bank of Kenya (Barclays Bank) has identified five destinations in Asia, one in the United Kingdom and one in the United States of America. The purpose of the tours is to facilitate networking opportunities between the Bank’s customers in the SME sector and potential suppliers and partners in foreign countries. In addition to the international events, Barclays bank has organised local networking events; one in Mombasa during April and the second in Samburu during August, as well as the 4th Annual Business Club Members Trade Fair scheduled for Nairobi in July. Barclays Bank scale and global reach to create unique growth opportunities for the customers. By exploring and encouraging unique international SME activities, that broadened the reach of small business owners, Barclays Bank hope to add value and stimulate the local Kenyan economy.

1.2 Research Problem

Nowadays, companies are in the race for improving their organizational competitiveness in order to compete in the 21st century global market. This market is electronically connected and dynamic in nature. Therefore, companies are trying to improve their agility level with the objective of being flexible and responsive to meet the changing market requirements. Technology development is faster each day and new IT applications are regularly offered for potential implementation strategic implementation. We live in a time when everybody organization want to have their own strategy. To be without strategy is like wandering in the darkness and being incapable to do things right. And it is
not important whether it is a corporate strategy, a strategy of individual business area or a department strategy as long as there is one.

Recent studies carried out in Kenya concentrated on strategic responses in commercial banks and the petroleum industry. Kiptugen (2003) undertook a study on strategic responses to the changing environment in Kenya Commercial Bank and established that changes in the environment has led to intense competition in the banking industry through availability of substitute products. Studies have been done on the challenges of strategy implementation. For instance, Arumonyang (2009), did on a survey of strategy implementation challenges facing regional development authorities in Kenya, Patrick (2009) on challenges of strategy implementation at Kenya wildlife service, Njoki (2009), challenges of strategy implementation at Oxfam great Britain-Kenya, Martha Merikol (2010), challenges of strategy implementation at the ministry of road and public works in Kenya a Aosa, (1992) on An empirical investigation of aspects of strategy formulation and implementation within large, private manufacturing companies in Kenya Adoyo (2005) focused his study on responses to changes in the external environment at PostBank. He established that the bank has responded adequately to changes in the environment through re-organizing its organizational structure, improving its service delivery, developing new products and cultural transformation. Mwaura (2004) addressed environment as moderator of the relationship between business strategy and performance a case of Small and Medium Enterprises in Kenya. Ndungu (2002) undertook a study on an investigation of the relationship between human resources systems, business strategy implementation and performance. As observed from the above, the studies conducted
have focused attention more in the strategic responses and therefore there has been no study done on specifically business strategy in response to changing competitive environment, and this is the gap that this study is aiming to address. What are influences of information technology on strategic management practices of Barclays bank of Kenya?

1.3 Research Objective

The study objectives is to determine on the influence of information technology on strategic management practices of Barclays bank of Kenya

1.4 Value of the Study

In a nutshell this study will assist in addressing issues relating to the body of Business strategy in response to investigate on the influence of information technology on strategic management practices, particularly in the following areas:

Policy and Decision makers at various levels of management will gain value added information on the influence of information technology on strategic management practices. For instance, the managers responsible for strategy may use the findings to formulate effective monitoring and control systems to mitigate against the challenges while formulating and adopting business strategies.

Academics and business researchers will be able to borrow from the findings of this research to support literary citations as well as develop themes for further research. Specifically, the study hopes to make theoretical, practical and methodological
contributions. The findings will contribute to professional extension of existing knowledge in business strategy management by helping to understand the current challenges for adopting strategy and their effects on environmental response in various organizations in general.

Business people and entrepreneurs can use the findings from this research to aid them in implementing their organizational strategies. The findings will also enable the business people to understand how business strategy and structure relationship contributes to a firm’s performance in a changing environment.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This section draws on literature in the area of business strategies in response to competitive environment. Secondary material such as books, journals, and articles which carry previous research work on the study topic are analyzed. The material is of importance to this study as it forms a basis for observations which will be made during the study in line with the aims and objectives of the study.

2.2 Theoretical Foundation of the Study
Strategy theory concerns the explanations of firm performance in a competitive environment (Porter, 1980). There are many strategy perspectives, and the strategy process perspective bases their views on what competitive advantage are and on what it are based influence of information technology on strategic management practices. A business that engages its external accountant to provide advice which directly assists performance (strategic advice on growing revenue), or advice that has an indirect impact on performance, such as advice directed at improving management control (advice on regulatory compliance, risk, systems, performance reviews), finance structure (introducing sources of finance) or financial planning will lead to a competitive edge of the other. Strategic management required active information gathering and active problem solving. Functional strategies include marketing strategies, new product development strategies, human resource strategies, financial strategies, legal strategies, supply-chain strategies, and information technology management strategies. The
emphasis is on short and medium term plans and is limited to the domain of each department’s functional responsibility. Each functional department attempts to do its part in meeting overall corporate objectives, and hence to some extent their strategies are derived from broader corporate strategies. The underlying theory is that a company's ability to gather, analyze, and use information is a necessary requirement for business success in the information age. (See organizational learning.

2.3 Information Technology

Technology adoption research shows in almost all cases, especially in network technologies such as ICT, that S-shaped adoption curves can be observed. The diffusion of an innovation starts slowly with a few early adopters. Information technology facilitates communication between individuals or groups who are not physically present at the same location (Raymond, 2005). Systems such as telephones, telex, fax, radio, television, and video are included, as well as more recent computer-based technologies, including electronic data interchange and e-mail. In the early days of e-procurement, buying enterprises and solution providers underestimated the time, effort, and resources required to enable suppliers to transaction business electronically. Leading enterprises typically use a combination of supplier enablement approaches. Various approaches with their benefits and trade-offs are reviewed (Lui, 2008).

Though tremendous progress has been made in supplier enablement, all involved parties end users, suppliers, and solution providers continue to work to make enablement as simple and cost effective as possible. Individual end users and entire business units will
naturally resist any change in business processes that takes away buying power and buying flexibility (Lui, 2008). IT is transforming the way that business is conducted. Computers prepare invoices, issue checks, and keep track of the movement of stock, and store personnel and payroll records.

2.4 Strategic Management Practices

Strategic management practices involve the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. It is the formal process, or set of processes, used to determine the strategies (actions) for the organization. It focuses on many areas, including the integration of management; marketing; finance/accounting; production/operations; research and development; and computer information systems (McKernian, 2006).

Strategic management as a practice involves behaviors and actions that are determined by both individual human agency and structural/institutional forces. Individuals and groups who are embedded in social structures that are reproduced and shaped by individual and group actions make strategic choices (Jarzabkowski, Balogun & Seidl 2007). According to Vinzant and Vinzant (1996), strategic management is a process carried out at the top of the organization, which provides guidance, direction and boundaries for all aspects of operational management.

According to Mintzberg (1978) there are three theoretical groupings or modes of strategy formulation: the planning mode that depicts the process as a highly ordered, neatly
integrated one; Adaptive mode that depicts the process as one in which many decision
makers with conflicting goals bargain among themselves to produce a stream of
incremental, disjointed decisions and finally; Entrepreneurial mode where a powerful
leader takes bold, risky decisions toward his vision of the organization’s future.

2.4.1 Strategic Planning Practices

According to Bresser and Bishop (2003), strategic planning practice is the product of the
best minds inside and outside the corporation. The process considers future implications
of current decisions, adjusts plans to the emerging business environment, manages the
business analytically, and links, directs, and controls complex enterprises through a
practical, working management system. Strategic planning practice involves formulation
of vision and mission statement, performance of situational analysis and finally strategy
implementation and choice (Pearce and Robbinson, 2008).

The formality of strategic planning has been associated with the field of strategic
planning from its earliest foundation. The early developments significantly include that of
Andrews (Ansoff, 1965). According to Bresser and Bishop (2003), formalization is the
degree to which the norms of the organization are explicitly defined. He further
distinguished between “formalization”, referring to whether these norms are written
down in manuals and other documents. Formality in strategic planning requires explicit
practices. The reason of having strategic planning written in detail is to ensure strategic
planning process receives commitment from those who are affected by it and to allow an
explicit evaluation and clearly specify objectives is part of the formal strategic planning (Armstrong, 1982).

Strategic decisions determine the organizational relations to its external environment, encompass the entire organization, depend on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization (Shirley, 1982). Although strategic planning is important, what is more important is how it is practiced in different organizations. Many organizations keep on redefining their mission and vision statements, organize seminars and include consultants to formulate strategies so as to achieve competitive advantage and be able to deal with the unexpected environmental changes.

Strategic planning practices is important as it leads to customer focus, quality management, technology strategies, research and development, production operation strategy, human resources strategies and financial strategies, performance of the organization of the organization achievement must be supported by strategic decisions. According to Bryson (2004), strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization or other identity is what it does and why it does it. It allows organization allows organization to anticipate and deal with dynamic and rapidly changing environment and accounts for allocation of resources.
Every business must be regenerated again and again. Ian (2006) point out, strategy today is occurring at a rate that is difficult to sustain. Globalization of markets, fluctuations in world economy, diversification in services, mergers, acquisitions and industry deregulations are but a few of the challenges faced by companies today. Companies are quickly realizing that to thrive in today's competitive environment, they must rapidly deploy new technologies to support key business objectives.

2.4.2 Strategy formulation

Strategic formulation includes the setting of the mission, goals and objectives for the organization, the analysis of the external environment as it affects the organisation, together with its internal resources and the choice of strategic alternatives. Strategy formulation is the development of long-range plans for they effective management of environmental opportunities and threats, taking into consideration corporate strengths and weakness Johnson and Scholes (2002). It includes defining the corporate Vision, mission, specifying achievable objectives, developing strategies and setting policy guidelines Mintzberg (1991). Vision is a short, succinct and inspiring statement of what the organization intends to become and to achieve at some point in the future. Its often state in competitive terms Rosen (1995).

An organization’s mission is its purpose, or the reason for its existence. It states what it is providing to society Johnson and Scholes (2002). A well-conceived mission statement defines the fundamental, unique purpose that sets a company apart from other firms of its types and identifies the scope of the company’s operation in terms of products offered
and markets served Thomson (1999). Objectives are the end results of planned activity; they state what is to be accomplished by when and should be quantified if possible Grant (2005). The achievement of corporate objectives should result in fulfillment of the corporation’s mission David (1989).

Mintzberg (1999) state that just as every product or business unit must follow a business strategy to improve its competitive position, every corporation must decide its orientation. A corporation’s directional strategy is composed of three general orientations towards growth (sometimes called grant strategies): Growth strategy expands the company’s activities, Stability strategies make no change to the company’s current activities and Retrenchment strategies reduce the company’s level of activities. Assessment of stakeholder power and the impact of the organization’s culture on strategic decision-making are also important areas for analysis. Strategic choice is based on factors such as what is desirable for the organization, what it is feasible for it to achieve with the available resources and competences and what is the desirability of potential strategies.

### 2.4.3 Strategy implementation

Strategic implementation is concerned with affecting the chosen strategy for the organisation that is, putting the strategy into practice. Strategic implementation always involves a degree of change and the effective management of change can significantly affect the successful implementation of the desired strategy Alexander (1985). Strategy implementations amongst schools that are members of British Curriculum Schools of Kenya (BCSK) for instance involves summing the total of the activities and choices
required for the execution of strategic plan by which strategies and policies are put into action through the development of programs, budgets and procedures Coulter (2005). Although implementation is usually considered after strategy has been formulated, implementation is a key part of strategic management.

Thus strategy formulation and strategy implementation are the two sides of same coin. Depending on how the corporation is organized those who implements strategy will probably be a much more divorced group of people than those who formulate it. Most of the people in the organization who are crucial to successful strategy implementation probably had little to do with the development of corporate and even business strategy. Therefore they might be entirely ignorant of vast amount of data and work into formulation process. This is one reason why involving middle managers in the formulation as well as in the implementation of strategy tends to result in better organizational performance Johnson and Scholes (2002). The managers of divisions and functional areas worked with their fellow managers to develop programs, budgets and procedures for implementation of strategy Johnson and Scholes (2002). They also work to achieve synergy among the divisions and functional areas in order to establish and maintain a company’s distinctive competence.

Programs: A program is a statement of the activities or steps needed to accomplish a single use plan. The purpose of program is to make a strategy action oriented. Budgets: A budget is a statement of corporation’s program in monitory terms. After programs are developed, the budget process begins. Planning a budget is the last real check a
corporation has on the feasibility of its selected strategy. An ideal strategy might found to be completely impractical only after specific implementation programs are costed in detail. Procedures: These are system of sequential steps or techniques that describe in detail how a particular task or job is to be done.

Synergy achievement: One of the goals to be achieved in strategy implementation is synergy between functions and business units, which is why corporations commonly reorganize after an acquisition King (2002). The acquisition or development of additional product lines is often justified on the basis of achieving some advantages of scale in one or more of company’s functional areas. Implementation also involves leading, motivating people to use their abilities and skills most effectively and efficiently to achieve organizational objectives Slack (2002). Leading may take the form of management leadership communicated norms of behavior from the corporate culture or agreement among workers in autonomous work groups.

Company Manage Corporate Culture: Because an organization’s culture can exert a powerful influence on the behavior of all employees, it can strongly affect a company’s ability to shift its strategic direction Cagliano (2001). An optimal culture is one that best supports the mission and strategy of the company of which it is a part. This means that, like structure and staffing, corporate culture should follow strategy. A key job of management is therefore to evaluate; what a particular strategy change will mean to the corporate culture, whether a change in culture will be needed and whether an attempt to change the culture will be worth the likely costs Pearce and Robinson (2000).
Communication may be used to manage Culture. Communication is crucial to effectively managing change Pfeffer (1998). Companies in which major cultural changes have successfully taken place had the following characteristics in common; the Chief executive officer and other top managers had a strategic vision of what the company could become and communicated this vision to employees at all levels and the vision was translated into the key elements necessary to accomplish that vision. Deculturation involves the disintegration of one company’s culture resulting from unwanted and extreme pressure from the other to impose its culture and practices (Pearce and Robinson 2000).

2.4.4 Strategy evaluation and control

Strategic evaluation is perhaps the less-researched part of the strategy process but it is vital in assessing the level of success of the chosen strategy. It is not only concerned with performance and performance measures but also helps to signal when the strategy requires adjustment in the light of experience and in the context of a rapidly changing external environment, as strategy is a continuous process rather than a single event that involves four basic elements.

Evaluation of schools that are members of British Curriculum Schools of Kenya (BCSK) for instance involves examining how the strategy has been implemented as well as the outcomes of the strategy Coulter (2005). This includes determining whether deadlines have been met, the implementation steps and processes are working correctly and
whether the expected results have been achieved. If a shortcoming is discovered against the mentioned outlined expected results, then the strategy can be modified or reformulated Johnson and Scholes (2002).

Measurement of performance - The standard performance is a bench mark with which the actual performance is to be compared. The reporting and communication system help in measuring the performance. If appropriate means are available for measuring the performance and if the standards are set in the right manner, strategy evaluation becomes easier. But various factors such as manager’s contribution are difficult to measure. Similarly divisional performance is sometimes difficult to measure as compared to individual performance. Thus, variable objectives must be created against which measurement of performance can be done. The measurement must be done at right time else evaluation will not meet its purpose. For measuring the performance, financial statements like - balance sheet, profit and loss account must be prepared on an annual basis.

Analyzing Variance - While measuring the actual performance and comparing it with standard performance there may be variances which must be analyzed. The strategists must mention the degree of tolerance limits between which the variance between actual and standard performance may be accepted. The positive deviation indicates a better performance but it is quite unusual exceeding the target always. The negative deviation is an issue of concern because it indicates a shortfall in performance. Thus in this case the strategists must discover the causes of deviation and must take corrective action to overcome it.
Taking Corrective Action - Once the deviation in performance is identified, it is essential to plan for a corrective action. If the performance is consistently less than the desired performance, the strategists must carry a detailed analysis of the factors responsible for such performance. If the strategists discover that the organizational potential does not match with the performance requirements, then the standards must be lowered. Another rare and drastic corrective action is reformulating the strategy which requires going back to the process of strategic management, reframing of plans according to new resource allocation trend and consequent means going to the beginning point of strategic management process.

2.5 Technological Strategy and Environment

Technology strategy is a firm’s approach to the development and use of technology. Although it encompasses the role of formal Research and Development (R&D) organizations, it must also be broader because of the pervasive impact of technology on the value chain. Because of the power of technological change to influence industry structure and competitive advantage, a firm’s technology strategy becomes an essential ingredient in its overall competitive strategy. However, technology strategy is only one element of overall competitive strategy, and must be consistent with and reinforced by choices in other value activities.

A technology strategy designed to achieve differentiation in product performance will lose much of its impact, for example, if a technically trained staff force is not available to explain the performance advantages to the buyer if the manufacturing process does not
contain adequate provisions for quality control (Porter, 1998). Technology has an influence on all aspects of business from the very general to the very specific. The advent of technology has made it easier for people to communicate with each other, whether they operate in the political, economic, social or general business arena. Communications technology takes the form of mobile phones, fax machines, video conferencing, the internet and the world wide web, and its key benefit is that staff are contactable all the time while at work, and should be able to contact customers and clients without having to return to an office (Capon, 2008).

Capabilities are a company’s proficiency in combining people, process and technology which allow it to continually distinguish itself along the dimensions that are important to its customers. For example, in a high-tech industry, the ability to quickly develop new state-of-the-art products with features and performance that deliver value to customers creates an enduring advantage. In a commodity industry, it may be the ability to constantly reduce costs through innovative actions that creates lasting competitive advantage. Business strategy is therefore composed of both market focused and capabilities focused perspectives and in fact both are essential. The market focused elements determine the products and markets where the organization is presently competing. Capabilities not only support the current strategic thrust but, more importantly, determine future competitiveness (Edwards and Peppard, 1994).
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

The chapter discusses the research design, the methodology applied, the sampling procedure, data collection and data analysis techniques that will be used in the study. The discussion in this chapter includes study limitations and other pertinent issues related to the study at hand.

3.2 Research Design

This study used a case study to investigate the influence of information technology on strategic management practices of Barclays Bank of Kenya. This design is most appropriate for a single unit of study because it will offer a detailed in-depth analysis that will give valuable insights to phenomena. Case study is considered suitable as it allows an in-depth study of the subject on business strategy used by Barclays Bank of Kenya in response to changing competitive environment in Kenya. According to Mugenda and Mugenda (2003), a case study involves a careful and complete examination of a social unit, institution, family, cultural group or an entire community and embraces depth rather than breadth of the study.

3.3 Research Paradigm

According to Taylor, Kermode, and Roberts (2007), a paradigm is “a broad view or perspective of something”. Additionally, Weaver and Olson’s (2006) definition of paradigm reveals how research could be affected and guided by a certain paradigm by
stating, “paradigms are patterns of beliefs and practices that regulate inquiry within a
discipline by providing lenses, frames and processes through which investigation is
accomplished”. Therefore, to clarify the researcher’s structure of inquiry and
methodological choices, an exploration of the paradigm adopted for this study will be
discussed prior to any discussion about the specific methodologies utilized in this study.

The quantitative methodology shares its philosophical foundation with the positivistic
paradigm. The positivistic paradigm arose from the philosophy identified as logical
positivism and is based on rigid rules of logic and measurement, truth, absolute
principles and prediction. The positivistic philosophy argues that there is one objective
reality. Therefore, as a consequence, valid research is demonstrated only by the degree
of proof that can be corresponded to the phenomena. In this study, such rigid principles
lend themselves more to the scientific forensic aspects such as scientific knowledge,
logic and measurement incorporated into this study. The qualitative methodology shares
its philosophical foundation with the interpretive paradigm which supports the view that
there are many truths and multiple realities. This type of paradigm focuses the holistic
perspective of the person and environment which is more congruent on the influence of
information technology on strategic management practices of Barclays bank of Kenya

3.4 Data Collection

Primary data was used in this study. To achieve this, an interview guide was used to
collect primary data (see appendix 1). The interview were conducted by the researcher on
business strategy used by Barclays bank of Kenya in response to changing competitive
environment. The study involved top level management, who mainly consist of managing director, human resource, finance, marketing, ICT respectfully.

The interview guide had unstructured questions which was used so as to encourage the respondent to give an in-depth response without feeling held back in revealing of any information. With unstructured questions, a respondent’s response may give an insight to his feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back.

3.5 Data Measurement

Independent variables were those which influenced the dependent or criterion variables and account for the variance or difference in the dependent variables (Mugenda and Mugenda, 2003). A dependent variable is one that is influenced by other variable (Boyd et al., 2004). The dependent variable that serves as a function of the independent variable tries to help conceptualizing and explaining the influence of the independent variable on the dependent variable on the influence of information technology on strategic management practices of Barclays bank of Kenya.

Content validity refers to a measure of a degree to which data collected using a particular instrument represent a specific domain of indicators or content a particular concept. Instrument reliability of measurement concerns the degree to which a particular measuring procedure gives similar results over a number of repeated trials (Orodho, 2008).
3.6 Data Analysis

The study used content analysis for data presentation. Mugenda and Mugenda (2003) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends.

The data was obtained from the various management team members belonging to different departments; they were compared against each other in order to get more revelation on the influence of information technology on strategic management practices of Barclays bank of Kenya. Analysis of data collected was compared with the theoretical approaches and documentations cited in the literature review.

3.7 Reliability and Validity

Instrument validity is the degree to which research results obtained from the analysis of the data actually represent the phenomenon under study (Mugenda Mugenda, 1999). To ensure instrument validity content validity was tested. Validity, according to Borg and Gall (1989) is the degree to which a test measures what it purports to measure. According to Borg and Gall (1989) content validity of an instrument is improved through expert judgment. As such, the researcher sought assistance of the assigned supervisor, who, as an expert in research, helped improve content validity of the instrument on the influence of information technology on strategic management practices of Barclays bank of Kenya.
Mugenda and Mugenda (2003) define reliability as a measure of the degree to which a research instrument yields consistent results after repeated trial. The questionnaires were divided into two equivalent halves and then a correlation coefficient for the two halves computed using the Spearman Brown Prophesy formula. The coefficient was showing the degree to which the two halves of the test provide the same results and hence describe the internal consistency of the test.
4.1 Introduction

This chapter entails data analysis and interpretations of the study findings. The main objective of the study was to determine on the influence of information technology on strategic management practices of Barclays bank of Kenya. The main objective of the study was achieved through determination of the Strategic Planning Practices, Strategy formulation, Strategy implementation and Strategy evaluation and control of Barclays bank of Kenya.

Data was collected using interview guides administered to top level management in Barclays bank of Kenya who includes the managing director, human resource, finance, marketing, ICT directors since they were the main people involved in strategy implementation of Barclays Bank of Kenya.

The interviewees were asked to indicate their length of service in Barclays Bank of Kenya and it was noted that they all had been in service for more than 4 years in Barclays Bank Kenya and also they revealed that they had been in the banking sector for more than 5 years and therefore had enough experience to handle the different operations they were deployed in.
4.2 Adoption of ICT strategy in Barclays bank

4.2.1 Competitive environment in the organization

In pursuit of these goals Barclays are now more than ever depending on the contribution of our supply partners to deliver high performance that directly and positively impacts on the service they give to their customers and the creation of value for their shareholders. Barclays is committed to leading the development of professional sourcing and supplier management and maximizing the value derived from the relationships they have with their supply partners. This is key in establishing high and continuously improving standards of practice and behavior across both the Barclays Group and their supply partners. Barclays will increasingly be working with a smaller number of trusted supply partners for the majority of our key requirements. In return for this commitment we will require higher levels of performance, openness and collaboration than have been required in the past.

Barclays, in terms of reaching goals and objectives can look at its market. As was mentioned the company does little of everything to accommodate almost each individuals needs. By focusing on specific needs of the market, Barclays gain more information, try as much as possible to provide for these needs. It is seen that Barclays has segmented its market, one good strategy used, in order to provide for its specific needs i.e. young, old, rich, poor etc.

The Barclays uses the means of technology for their business especially in the areas of inclusive banking. Their aim to help the people in fight against poverty is possible
through financial system. The technology makes it possible to empower the system and establish a competitive advantage. Pioneering the new ideas, adding the skills and operational excellence are the guiding principle of the organization. Using the latest gadgets within the company would usually mean they have time and energy to deal with issues, whether it is customer complaints or otherwise, effectively. More of these technology used means that Barclays is a growing company and it is up to date with what is going on; making things easier. The downfall to this, however, is the fact that it can be very costly to get it started. Firstly there has to be proper training for effective use and then there is the maintenance of it both of which can be a very risky endeavor.

According to the managing director of Barclays bank Kenya, information technology becoming increasingly sophisticated, and banks are adopting information Technology for their competitive environment. Barclays bank has not been left behind in coming up with strategies for their information and technology environment. Barclays bank Kenya has adopted multiple banking channels depending on the preferences of the consumers within a particular market; which is culturally influenced.

Barclays Bank has advanced its plans to become a top five global bank with a strategic refresh of its Internet business, taking the best that emerging technology has to offer to deliver improvement to cross channel collaboration, customer satisfaction, and sales volumes. The bank has optimized decision making and mitigated risk for IT investment with a new, comprehensive ROI model and a better informed commercial view of the market.
Interview with the ICT director revealed that Today’s business environment is very
dynamic and experiences rapid changes as a result of creativity, innovation, technological
changes, increased awareness and demands from customers. Business organizations,
especially the banking industry of the 21st century operates in a complex and competitive
environment characterized by these changing conditions and highly unpredictable
economic climate with Information and Communication Technology (ICT) is at the
centre of this global change curve. Barclays Bank is also operating in this environment by
ensuring they are using the right technology in order to cope with the changing
environment for business in the country.

Barclays Bank has developed a comprehensive distribution system that will enable
customers to touch them at multiple points. Barclays Bank also creates performance
measurement systems to assure the mix products and services they offer are beneficial to
both the customer and the bank. They determine whether to deploy new technologies
themselves or with other service providers. Nevertheless, technology alone does not solve
issues or create advantages. This technology needs to be integrated in an organization,
with the change management issues linked to people resisting new concepts and ideas. It
also needs to support a clearly defined and well communicated business strategy.

4.2.2 Review of response strategies adopted
The interviewees indicated that review of response strategies adopted by banks was done
regularly. Some strategies are reviewed on short term while some are reviewed in long
term. Review has to be done. The ICT Operations Strategy laid down a clear and selective work programme under two pillars for the short term: that is development of regional and national backbone infrastructure; and creation of enabling policy and regulatory environment to attract investment and promote public-private partnerships. Capacity building, knowledge management and coordination were also considered important cross-cutting activities to facilitate the implementation of the two pillars. This Strategy was elaborated considering the Bank’s commitment to be the “Go To Bank” in the area of broadband infrastructure development.

4.2.3 Financial Implications

The ICT director indicated that financials were an important aspect of consideration in implementation of ICT strategy. This is because a budget has to be made which will assist in directions on which method of software should be adopted. IT budget for banking is by far larger than that of any other.

The managing director indicated that in adoption of technological innovations, the Barclays bank introduced ICT products that are relatively simple and standard and that offer clear value added. The rapid proliferation and diffusion of ICT in the Barclays bank Kenya provides a platform to use modern technologies to develop operational efficiency and quality of service to attain and retain customers and in the process enhance the financial performance of the Barclays banks.
The interviewees indicated that the increased use of ICT for process efficiency has implications. Banks need to put resources into securing intuitive ICT software and hardware. Otherwise the costs especially in terms of educational and re-schooling will outgrow the benefits from ICT enabled processes and may lead to dissatisfaction among employees. It is important to eliminate the need for manual "work-rounds" or excessive retraining.

4.2.4 Considering of competition formulating business strategies

The managing director indicated that every industry including banking and also Barclays bank, has an underlying structure or a set of fundamental economic and technical characteristics which give rise to competitive forces. A firm can clearly improve or erode its position within an industry through its choice of strategy. Competitive strategy, then, not only responds to the environment but also attempts to shape the environment in its favour.

The ICT director indicated that Barclays bank is among the leading banks in Kenya. Competition is at the heart of the success or failure of Barclays bank. Competitors determine the appropriateness of Barclays bank activities that can contribute to its performance, such as innovations and cohesive culture and therefore the competitive environment has to be considered before implementing the strategies.

The Competition is a pillar of capitalism in that it may stimulate innovation, encourage efficiency, or drive down prices. In micro-economic theory, resource allocation is more
efficient under conditions of perfect competition. However, competition in this work would consider the profit margin, credit, deposits and customer base.

The finance director indicated that competitive strategy is the search for a favourable competitive position in an industry, the fundamental arena in which competition occurs. The sustainability of this positional advantage requires that the business sets up barriers that make imitation difficult, because these barriers to imitation are continually eroding, the firm must continue to invest to sustain or improve the advantage.

The marketing director indicated that competitors analysis is done before implementing a strategy. The management tool used in marketing and strategic management in an assessment of the strengths and weaknesses of current and potential competitors. It provides both an offensive and defensive strategic context through which to identify opportunities and threats. Competitor profiling coalesces all of the relevant sources of competitor analysis into one framework in the support of efficient and effective strategy formulation, implementation, monitoring and adjustment.

4.2.5 Factors that influenced the adoption and implementation

The HR manager indicated the main factors that influenced the adoption of ICT strategy is completion. The industry is characterized by intense competition, serious poaching and luring of talented personnel from one bank to the other. There has been the introduction of innovative technology-driven products which are more customer-friendly. Various products have being designed to suit different categories of customers.
The managing director indicated that achieving competitive advantage, reducing costs, and protecting an organization's strategic position are the factors that encouraged them in diffusion of an innovation. He also indicated that the new age business environment is very dynamic and undergoes rapid changes as a result of technological innovation, increased awareness and demands from customers.

The ICT director indicated that they were motivated by the fact that Internet banking gives the customers a better overview of their banking business and enables them to handle their everyday financial transactions without having to visit their local branch. Customers who start to bank online are also proving to be more active as they engage in more banking transactions. As for the banks, the Internet enables them to make the distribution and production of their banking services more efficient.

The interviewees indicated that they had to consider the effect of perceived ease of use on intention to adopt and use of technology Banking. Consumers will seek out those financial products and suppliers which offer the best value for money and they are educated about it. Hence, for adoption of electronic banking, it is necessary that the banks offering this service make the consumers aware about the availability of such a product and explain how it adds value relative to other products of its own or that of the competitors.
The interviewees indicated that the bank considered the fact that the role of the banking industry in Kenya needs to change to keep up with the globalization movement, both at the procedural level and at the informational level. This change will include moving from traditional distribution channel banking to electronic distribution channel banking. Given the almost complete adoption of e-banking in developed countries, the reason for the lack of such adoption in developing countries like Kenya is an important.

The interviewees indicated that the environmental changes create pressure for change in the organization and this means that they have to respond to relevant central change to ensure that they survive. Technology which is a constituent of the environment has facilitated electronic commerce, which has in turn relied heavily on the presence of a stable and secure means of payment. The banking industry has taken advantage of the opportunities presented by electronic commerce. Electronic Banking is a complimentary to, and a manifestation of electronic commerce, for the simple reason that electronic commerce requires a payment system that is easily and readily processed.

4.2.6 Challenge in implementation of strategic plan

The ICT director indicated that the main challenge was ICT security. The security issue is of special concern in the Banking Industry, as banking is highly based on trust from its customers. Hence, the risk of hackers, denial of service attacks, technological failures, breach of privacy of customer information, and opportunities for fraud created by the anonymity of the parties to electronic transactions all have to be managed. Depending upon its nature and scope, a breach in security can seriously damage public confidence in
the stability of a financial institution or of a nation's entire banking system. Hence, by introducing the appropriate security measures and putting security concerns at ease, the BI might be able to attract the segments among consumers who previously were not inclined to use e-banking. Furthermore, it is also in the banks’ own interest to improve security, as digital fraud can be costly both in financial losses, and in terms of the damage it does to the brand of the bank in question.

The interviewees indicated that Banks today are becoming increasingly aware of both the threat and the opportunity that the Web represents. ICT- mediated services such as automatic teller machines, electronic fund transfer, electronic smart cards, cell phone banking among others, are transforming the traditional ways of banking and providing competitive edge for banks that provide those services. But, to be competitive in the Internet economy, companies need to harness the power of the Internet successfully hence it is important to understand the benefits, barriers and challenges related to companies’ adoption of e-business.

The managing director indicated that many of the factors affecting the successful adoption of new technologies such as e-business are generic in nature and that the successful adoption of internet technologies in part depends on how these are used in conjunction with the other technologies and management practices that form a technology cluster. However, the most critical barrier can be ascribed to the very limited information and communication infrastructure available in Kenya.
The interviewees indicated that common barriers include: unsuitability for the type of business; enabling factors (availability of ICT skills, qualified personnel, network infrastructure); cost factors (ICT equipment and networks, software and re-organisation); security and trust factors (security and reliability of e-commerce systems, uncertainty of payment methods, legal frameworks and Intellectual Property Right); and challenges in areas of management skills, technological capabilities, productivity and competitiveness. Lack of reliable trust and redress systems and cross-country legal and regulatory differences also impede e-business adoption.

The interviewees indicated that the introduction of Internet banking has created highly competitive banking market environment which has in a way favored the larger and well established banks. However, the issue of great concern is how perceived customers would trust the system and adopt it. As Internet banking helps banks in managing and understanding better their customers’ attitudes towards new technology

4.2.7 Changes in the external environment that affect response to business strategies

The interviewees indicated that the Banks indulge in the use of strong and persuasive marketing communication efforts to promote their products, although bank products offered by competitors seem alike. New products and services are easily replicated by rivals. The only difference is the quality of service and the charges levied by various banks.
The interviewees indicated that all the banks are now licensed to carry out universal banking. They offer loans and overdrafts, export and import financing, corporate finance and facilities for small and medium scale enterprises (SME’s). The previous regulatory regime which categorized banks into Commercial, Investment and Development banks is no longer applicable thereby increasing the level of competition, as each bank can venture into any area of activity. Commercial Banks in Kenya is one of the industry leaders in terms of market share, quality human resource and solid financial assets base.

The interviewees indicated that electronic business methods enable companies to link their internal and external data processing systems more efficiently and flexibly, to work more closely with suppliers and partners, and to better satisfy the needs and expectations of their customers. E- Business refers to more strategic focus with an emphasis on the functions that occur using electronic capabilities.

4.2.8 Factors influencing the business strategies

The interviewees indicated that managers cannot ignore Information Systems because they play a critical role in contemporary organization. The application of information and communication technology concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamental importance and concerns to all banks and indeed a prerequisite for local and global competitiveness. ICT directly affects how managers decide, how they plan and what products and services are offered in the banking industry. It has continued to change the way banks and their corporate
relationships are organized worldwide and the variety of innovative devices available to
ehance the speed and quality of service delivery.

The interviewees indicated Information and Communication Technology (ICT) is the
automation of processes, controls, and information production using computers,
telecommunications, software’s and other gadget that ensure smooth and efficient
running of activities. It is a term that largely covers the coupling of electronic technology
for the information needs of a business at all levels. ICT has surpassed the role of support
services or only electronic data processing; its fields of applications are slightly global
and unlimited. Its devices especially the Internet and modern computer email facilities
have further strengthened early modernizations like the telephone and fax. Other ICT
devices include data recognition equipment, factory automation hardware and services,
tele-computing and teleconferences using real time and online system

The interviewees indicated that competition is a fact of business life, unless a business
can develop strategies to compete successfully in the market place, it has practically no
chance of growth and would remain a tiny firm performing far below its potential. In an
increasingly competitive banking industry in Kenya, the absence of well-defined
competitive strategies leads to weak competitive positions and hence performance below
the industry average. With regulatory and political interventions changing the market
structure and consumer loyalty and trust at all time lows, banks must learn to adapt new
strategies and strive to restore consumer confidence.
4.2.9 Effectiveness of business strategies at commercial banks in Kenya

The managing director indicated that bank services that have been revolutionized through the use of ICT as including account opening, customer account mandate, and transaction processing and recording. Information and Communication Technology has provided self-service facilities (automated customer service machines) from where prospective customers can complete their account opening documents direct online. It assists customers to validate their account numbers and receive instruction on when and how to receive their cheque books, credit and debit cards. ICT products in use in the banking industry include Automated Teller Machine, Smart Cards, Telephone Banking, Electronic Funds Transfer, Electronic Data Interchange, Electronic Home and Office Banking.

The ICT director indicated that Banks should incorporate ICT into their strategic plans for effective performance in payment and delivery systems. This calls for proper analysis to determine the type, nature and extent of ICT products required for effectiveness and efficiency. It is imperative for bank management to intensify investment in ICT product to facilitate speed convenience and accurate service. Technological advancement facilitates payments and creates convenient alternatives to cash and cheque for making transactions. Such new practices have led to the development of a truly global, seamless and Internet enabled 24-hour business of banking. Technological advance in payments are important due to the fact that it will be feasible to outsource quite a number of the banks” role in the payments system. Also banks” regulation can be more technologically dependent and better focused rather than focusing on conceptual guidelines. ICT both in terms of innovation rate, speedy operation, and cost per unit (portraying reduction in
average total and marginal costs) has made a good number of banks embrace the use of ICT infrastructure in their operations.

The interviewees indicated that Banks in Kenya have exponentially embraced the use of information and communication technology both in their service provision and as a strategy to ensure their survival. They have invested huge amounts of money in implementing the self and virtual banking services with the objective of improving the quality of customer service. Some of the ICT based products and services include the introduction of SMS banking, ATMs, Anywhere banking software’s, Core banking solution, Electronic clearing systems and direct debit among others.

The interviewees indicated that the banking industry has also over years continued to introduce a wide range of new products, prompted by increased competition, embracing ICT and enhanced customer needs. As a marketing strategy, the new products offered in this segment of market, continue to assume local development brand names to suit the domestic environment and targeting the larger segment of local customer base. All the above clearly indicate that, Kenya’s banking Industry has great developments like any other banking market in the world.

The ICT director indicated that a good example of how ICT has had an impact on the Banking Industry is that its emergence allows banks to apply credit-scoring techniques to consumer credits, mortgages or credit cards. Hence, products that used to be highly dependent on the banks’ evaluation of its customers have now become more
standardized. Other examples of ICT impact on the Banking Industry include the increased process efficiency, which can reduce costs in banks, and the branch renewal, where focus is gradually shifting away from traditional brick and mortar banks towards the dual-bank concept presented earlier.

The financial director indicated that the tendencies above have also produced changes in the structure of bank income. As a result of increased competition that has lowered margins in lending operations (the banks’ traditional business), banks have diversified their sources of income and rely increasingly on income from fees services rather than interest rate spreads. Fees charged for services include typical banking activities like payment transactions, safe custody and account administration.

4.3 Discussion of the Study

The discussion of the study is divided into the following two sections

4.6.1 Link to Theory

Strategy theory concerns the explanations of firm performance in a competitive environment (Porter, 1980). There are many strategy perspectives, and the strategy process perspective bases their views on what competitive advantage are and on what it are based influence of information technology on strategic management practices. In pursuit of these goals Barclays are now more than ever depending on the contribution of our supply partners to deliver high performance that directly and positively impacts on the service they give to their customers and the creation of value for their shareholders. Barclays is committed to leading the development of professional sourcing and supplier
management and maximizing the value derived from the relationships they have with their supply partners. This is key in establishing high and continuously improving standards of practice and behavior across both the Barclays Group and their supply partners. Barclays will increasingly be working with a smaller number of trusted supply partners for the majority of our key requirements. In return for this commitment we will require higher levels of performance, openness and collaboration than have been required in the past.

4.6.2 Link to Other Studies

Strategic management practices involve the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. It is the formal process, or set of processes, used to determine the strategies (actions) for the organization. It focuses on many areas, including the integration of management; marketing; finance/accounting; production/operations; research and development; and computer information systems (McKernian, 2006).

Barclays, in terms of reaching goals and objectives can look at its market. As was mentioned the company does little of everything to accommodate almost each individuals needs. By focusing on specific needs of the market, Barclays gain more information, try as much as possible to provide for these needs. It is seen that Barclays has segmented its market, one good strategy used, in order to provide for its specific needs i.e. young, old, rich, poor etc. Barclays growth and expansion was an attempt to better and maybe even gain more business operations.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents summary of findings as discussed in chapter four and interpretations of the data analysis, conclusions and recommendations based on the findings.

5.2 summary of the study
Barclays' organizational processes were well thought of and were designed in accordance with the need of the environment. Each organizational process whether it relates to production, marketing or sales has a specific goal that contributes to the success of the firm. The processes of Barclay underwent a rigorous analysis. The management team made sure that they choose well the processes that they will use.

Barclay's financial group is known to many as just Barclays bank, mainly because it is not known the extent of their business operations. Barclays is not only known for its commercial business offered to international customers, (current accounts, saving accounts, insurance, morthages, etc), but also Wealth Management and Stock brokers. Both of which are available to high network individuals. Barclay's wealth management includes offshore banking, stock broking, private banking etc. The availability of such business operations ensures that every segment of each market is taken care of, working class or otherwise. This strategy which is used by Barclays is essential and effective as there is something in it for everybody; each individual is taken care of in this company,
whether they are looking for just a saving account or financial advice for a new or ongoing business.

An example of how ICT has had an impact on the Banks is that its emergence allows banks to apply credit-scoring techniques to consumer credits, mortgages or credit cards. Hence, products that used to be highly dependent on the banks’ evaluation of its customers have now become more standardised. Other examples of ICT impact on the BI include the increased process efficiency, which can reduce costs in banks, and the branch renewal, where focus is gradually shifting away from traditional brick and mortar banks towards the dual-bank concept presented earlier.

The tendencies above have also produced changes in the structure of bank income. As a result of increased competition that has lowered margins in lending operations (the banks’ traditional business), banks have diversified their sources of income and rely increasingly on income from fees services rather than interest rate spreads. Fees charged for services include typical banking activities like payment transactions, safe custody and account administration.

The increasing use of e-banking in the Banks has increased competition within the industry. Due to the introduction of ICT in the Banks, the entry barriers to the industry have been lowered as the demand for fixed assets in order to start up a bank has decreased. This has opened up the Banks to competition from other actors in the financial markets. The introduction of ICT in the Banks has also entailed that in banking, and
especially e-banking, power has shifted away from banks to their customers, by allowing the customers to shop around for the best price for products.

Customers’ increased familiarisation with online banking and other remote banking opportunities has allowed new banking concepts to be introduced to the market, and banks which rely on the internet as their main channel for customer interaction have now become established players in the Kenyan banks. However, although customers are moving towards using online banking and other kinds of ICT-driven technologies to an increasingly greater extent, uptake is by no means total. Though more advanced than other sectors, the banks still has underused potential in terms of promoting ICT usage among customers, online banking has still not replaced the brick-and-mortar branches as the primary choice for banking for most Kenyans.

5.3 Conclusion

The Barclays uses the means of technology for their business especially in the areas of inclusive banking. Their aim to help the people in fight against poverty is possible through financial system. The technology makes it possible to empower the system and establish a competitive advantage. Pioneering the new ideas, adding the skills and operational excellence are the guiding principle of the organization. Using the latest gadgets within the company would usually mean they have time and energy to deal with issues, whether it is customer complaints or otherwise, effectively. More of these technology used means that Barclays is a growing company and it is up to date with what is going on; making things easier. The downfall to this, however, is the fact that it can be
very costly to get it started. Firstly there has to be proper training for effective use and then there is the maintenance of it both of which can be a very risky endeavor.

The ICT strategy has raised the level of understanding around e-commerce, new Web technologies, and the potential size of the business opportunity. Now informed with a more analytical view of where the market is going, Barclays has confirmed the likely proportion of revenue that would be derived from the Internet and major times of when it would be delivered. The strategy also articulates the impact of Internet growth on other channels and lines of business. More important, the real value will come from the way Barclays is now able to orientate itself to seize opportunities arising from next-generation Web technologies. “The temptation is to simply create new Web experiences to be seen to be innovative or because it is assumed to be the right thing to do when actually the reverse could be true,” explains Davis. “For example, a bank taking a disintermediation peer-to-peer approach is not necessarily going to be successful. It’s more about making value-based decisions that are best for your customers. We are now in a far stronger position to do this.

The benefits of ICT adoption and use by Banks range from opportunity and market access to operational efficiencies and making enterprises more competitive and successful. Failure to adopt information and communications technologies has led to high cost of production and hence low profits. Business inter-linkages and networking is greatly hampered to the extent that entrepreneurs do not know about new products in the supply chain or even consumer demands, resulting in market mismatch between demand
and supply. In effect, businesses continued to be operate in markets that are no longer profitable due to competitive pricing and hence business collapse

5.4 Implication of the Study
The implication of the study is to the players is that it may inform them on the influence of information technology on strategic management practices of Barclays bank of Kenya; that is Policy and Decision makers at various levels of management will gain value added information on the influence of information technology on strategic management practices. For instance, the managers responsible for strategy may use the findings to formulate effective monitoring and control systems to mitigate against the challenges while formulating and adopting business strategies.

5.5 Recommendations of the Study
Barclays cannot only look externally to analyze if these goals are achievable, but they can also look internally. The difference is that the external analysis deals with outside the company as example competitors, customers, political, environment, social technological etc. Therefore Barclays can look at itself in order to pin point exactly where they get their most operations and try to gain as much as they can from it. On the other hand, their company can see where they make losses and try to develop strategies in order to strength these.

Banks need to carry out marketing research to identify the factors inhibiting ebanking adoption. Very limited research has been carried out in this area. In this regard, banks need to regularly carry out customer surveys so as to understand what their customer’s
needs are and as they develop their e-banking strategy then they will formulate consumer driven strategies.

Banks should seek to collaborate with internet service providers so as to gain high quality internet infrastructure to enable the banks offer better quality services and at the same time enhance internet accessibility.

5.6 Limitation of the Study
The researcher encountered un-cooperative respondents who do not understand the significance of the research and the researcher explained to them the importance of this study and the way assist their working lives in the organization. The study was carried out for a short time.

Information relating to strategy implementation is always treated with sensitivity. This may cause difficulties in convincing the respondents of the importance of giving sincere answers to the asked questions evidenced through reluctance of accepting invitation to participate in the study to counter the challenge, the research had to inform the respondents in advance the purpose for the research study being carried out, that it was meant for academic purpose only and not for other investigations.

5.7 Suggestion for Further Research
The study recommends further studies to be done on challenges commercial banks in Kenya face during adoption information and technology strategies.
REFERENCES


Thompson, A.A. and Strickland, A. (2003), Strategic Management Concept and Cases edition, New York, USA.

APPENDIX II: INTERVIEW GUIDE

1. Name of your organization-----------------------------------------------

2. Name of respondent

___________________________________________

3. Years in operation

_________________________________________________________________

4. Designation.

_______________________________________________________________________

5. Year of establishment-----------------------------------------------

6. How would you describe the competitive environment in your organization?

7. How often do you review response strategies adopted by your bank?

8. In the choice of the strategies in section two of the study, did you consider the
   financial Implications?

9. Did the company consider the competition from other players in the industry
   before formulating business strategies?

10. What are major factors that influenced the adoption and implementation?

11. What extent are the following factors a challenge in implementation of strategic
    plan in your Branch?

12. What are the changes in the external environment that affect the effectiveness of
    response to business strategies in the organization?

13. What are the factors influencing the business strategies in response to competitive
    environment at commercial banks in Kenya

14. To identify and examine the effectiveness of business strategies at commercial banks in
    Kenya
15. To establish the challenges of business strategies in response to competitive environment in the banking industry

THANK YOU FOR YOUR COOPERATION