

KAMPALA INTERNATIONAL UNIVERSITY

**THE SUCCESS AND GROWTH IN THE
OPERATIONS MANAGEMENT OF KENYA COMMERCIAL BANK.**

**CASE STUDY:
KENYA COMMERCIAL BANK MWANZA [TANZANIA] BRANCH
KINYATA ROAD**

BY

MALILA SOLOLE LAMECK

BIB / 4372 / 31 / DF

**SUPERVISOR
MR KIZITO PETER**

**DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS STUDIES
AND MANAGEMENT OF KAMPALA INTERNATIONAL UNIVERSITY IN
PARTIAL FULFILLMENT FOR AWARD OF BACHELORS DEGREE IN
INTERNATIONAL BUSINESS ADMINISTRATION.**

JULY, 2006.

DECLARATION

I, **Malila Solole Lameck**, hereby declare that this research report is my own work.

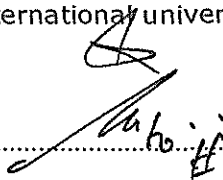
It has not been submitted anywhere for a degree/advanced diploma course in the institutions of higher learning.

Researcher: Malila Solole Lameck

Signature: 

APPROVAL

I, the under signed certify that I have read and here by recommend for acceptance by Kampala International university a research project entitled growth and success in the operations management of Kenya Commercial Bank as a partial fulfillment for the award of the degree of bachelor of International Business Administration of Kampala International university.

Signature: 

MR KIZITO PETER

(Supervisor)

Date: 04/08/2006

DEDICATIONS

This dissertation is dedicated to the family of MR JOHN SOLOLE MALILA, the family of MR BISEKO KITAKO MALILA for their love and continuous support to words educating me, to my uncle MR NDASANA NTARE, and my great friends in likes of HUSEIN JUMA, HENRY KAJANGE, and finally to my brothers and sisters.

ACKNOWLEDGEMENT

The production of this dissertation owes much to the assistance of many people who contributed much towards its completion. Due to limited space I cannot mention all of them, but never the less I appreciate their efforts in all respects.

Great thanks go to my great friends HUSEIN JUMA and MR MICHEL RUTAGENDA for the continued encouragement and professional support and above all my supervisor MR KIZITO PETER for his continued guidance, patience, directive and responsibility. I solemnly submit that without their tireless efforts and commitment, its undoubtable that this book would not have seen the light of the day.

My gratitude also goes to my brothers, Kakulu, Benard, Fred and all my sisters, Miyango and Teddy, all my course mate especially Bob Tekh, Peter Dereba, John Kering, Baraka, Abdalah, Isaya and all others for their contributions towards the success of this dissertation.

I wish to express my sincere thanks to all the informants especially those who were interviewed and participated in answering questionnaires for their cooperation and dedication in course of data collection for this study.

I am also grateful to MR JOHN SOLOLE who provided funds to finance this research report. Lastly to all of you out there who wished me good luck, may God/Allah reward you unsparingly.

Signed.....

[Malila solole Iameck]

Date.....

LIST OF ABBREVIATIONS/ ACRONYMS

MNCs – Multinational Corporations Company

FDI – Foreign Direct Investment

KCB – Kenya Commercial Bank

UMI – Uganda Management Institute

KIU – Kampala International University

BOT – Bank of Tanzania

IFEM – Interbank Foreign Exchange Market

ATM - Automated Teller Machine

IMF – International Monetary Fund

GDP – Gross Domestic Product

LIST OF TABLES AND GRAPHS

4.2 Table 1: Response rate.....	26
4.3 Table 2: Age of respondents.....	27
4.4 Table 3: Educational level of KCB management.....	28
4.5 Table 4: Sex respondents in KCB.....	28
4.6 Graph 1: Position held in KCB.....	29

TABLE OF CONTENTS:

Declaration.....	i
Approval.....	ii
Dedication.....	iii
Acknowledgements.....	iv
List of abbreviations.....	v
List of tables and graphs.....	vi
Table of contents.....	vii
Abstract.....	xi

CHAPTER ONE

1.0 introduction	
1.1 Background of the study.....	1
1.2 Organization chart of kcb branch.....	2
1.3 Statement of the problem.....	4
1.4 Objectives of the study.....	4
1.5 Research questions.....	5
1.6 Scope of the study	5
1.7 Significant of the study.....	6
1.8 Theoretical framework.....	7
1.8.1 Dependent variable.....	7
1.8.2 Independent variable.....	7
1.8.3 Theory.....	8
1.8.4 Techniques.....	8
1.8.5 Procedures.....	8

1.8.6 A system.....	9
1.8.7 System design.....	9
1.8.8 System operation.....	9
1.8.9 Policies.....	10
1.8.10 Modern theory operational management theory.....	10

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 An overview of operations management.....	12
2.2 Definitions of operations management.....	12
2.3 Operations management in information technology.....	13
2.4 Stages of operations management.....	13
2.5 Functions of operations management.....	14
2.5.1 Unifying effects.....	15
2.5.2 Potential for conflict.....	16
2.6 Multinational company.....	16
2.7 Advantages of multinationals.....	17
2.8 Challenges of the multinationals.....	18

CHAPTER THREE

3.0 Research methodology

3.1 Introduction	
3.2 Research design.....	19
3.3 Target population.....	19
3.4 Sample size and selection.....	20
3.5 Study area [environment].....	20

3.6 Data collection and instruments.....	20
3.6.1 Questionnaires.....	20
3.6.2 Interviews.....	21
3.6.3 Observation.....	21
3.6.4 Secondary data.....	21
3.7 Data processing and analysis	21
3.7.1 Data editing.....	22
3.7.2 Coding.....	22
3.8 Definition of terms.....	22
3.9 Limitation of study.....	23
3.9.1 Expected results.....	24
3.9.2 Problems encountered and their solution	25

CHAPTER FOUR

4.0 Findings, discussions and interpretation	
4.1 Introduction	
4.2 Response rate.....	26
4.3 Age of respondents.....	27
4.4 Educational level of kcb management.....	28
4.5 Sex respondents in kcb.....	28
4.6 Position held in kcb.....	29
4.7 Department at the bank.....	30
4.7.1 Audit.....	30
4.7.2 Banking operations.....	30
4.7.3 Legal service officer.....	30
4.7.4 Financial manager.....	31

4.7.5 Personnel manager.....	31
4.7.6 Payment system of a bank.....	31
4.7.7 Loans department.....	31
4.7.8 Services offered by kcb to the society.....	34
4.7.9 Foreign exchange control.....	34
4.7.10 Government policy.....	35

CHAPTER FIVE

5.0 Summary, conclusion and recommendations	
5.1 Introduction	
5.2 summary.....	36
5.3 Conclusion	37
5.4 recommendation.....	37
Bibliography.....	39

APPENDICES

Appendix A.....	41
Appendix B.....	47

ABSTRACT

The study was basically based on the growth and success in operations management of Kenya commercial Bank Mwanza [Tanzania] branch

The objectives of the study were:-

To find out the operations management systems, policies and techniques used by the KCB while operating in Tanzania.

- To find out the mode of entry strategies used by KCB to enter into a foreign country.
- To find out the contribution of the KCB to the financial sectors of the country of Tanzania.
- To find out some of the competitive advantages of KCB has as it is operating in foreign country like Tanzania.
- To find out the operation departments in KCB how are structured and consolidated from one department to another.

The instruments used to collect data were questionnaires and interview. Samples were selected both randomly and systematically. The data for the study was got from two sources (primary and secondary).

Finally the data was analyzed using Ms Word, Excel, percentages, charts and tables.

The findings were:-

The study shows that operations management system, policies, procedures and techniques used by the KCB made it to succeed and exist in the foreign country.

The findings further shows that the good policy of the country on economic policy, good technology, political stability, and understanding the culture of the country may lead to success of the business.

The conclusions were:-

The findings of the study indicates that the operations management system, policies, techniques and procedures of the Kenya commercial bank leads to the growth and success of the company while in host country. Also the findings indicate that the success and growth of the bank may be affected by the economic policy, political climate, technological level and cultural of the country.

The recommendations made by the researcher were:-

The Kenya commercial Bank should be able to analyze well the political, economical, cultural and technological factors of the foreign country for the success and growth of the company (PEST ANALYSIS).

CHAPTER ONE

1.0 INTRODUCTION

In this introduction the study was entailed the discussion of a brief background of the topic being studied, state the problem of the study, highlight the purpose, and specify the objectives and finally the justification of the study.

1.1 BACKGROUND OF THE STUDY

The Kenya Commercial Bank dates back to 1896 when its predecessor, the National Bank of India, opened a small branch in the coastal town, Mombassa. In 1958 Grind lays Bank of Britain merged with the National Bank of India to form the National and Grind lays Bank.

In 1970, the Government of Kenya acquired 60% shareholding in National and Grind lays Bank and renamed it the Kenya Commercial Bank. In 1976, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. The Government has over the years reduced its shareholding in the Bank to the current 26% with the public owning the remaining 74%.

A wholly owned subsidiary, Savings and Loan (K) Ltd. was acquired in 1972 to provide mortgage finance.

In 1997, another subsidiary, Kenya Commercial Bank (Tanzania) Limited was incorporated in Dar-es-salaam, Mwanza and Arusha, Tanzania to provide banking and financial services and to facilitate cross-border trade within the East African region.

Since inception, the Kenya Commercial Bank Group has endeavored to provide quality and customer friendly services geared towards meeting the ever-changing customer needs. This has ensured consistent growth in customer deposits that have, in turn, provided a strong reservoir for steady growth in customer borrowings every year.

Since incorporation, KCB has achieved tremendous growth to emerge as a leader in Kenya's banking and financial sector. In 1970, the bank had 32 full- time branches, of which 25 were located in rural areas, five in Nairobi and two in Mombasa.

Today, the KCB Group has the widest network of outlets in the country, comprising 95 full-time branches and 35 satellite branches all of which represent over 55% of the total banking outlets in Kenya. Of the total outlets, 80% are located in the rural areas, with representation in all administrative districts.

No other bank has accomplished this feat in the Kenyan banking scene. All branches provide a whole range of retail banking and financial services apart from acting as agents of development. In recognition of the need to strengthen the interdependence between domestic and external economies, KCB has continued to expand working arrangements with banks in other countries. Today, it has over 400 correspondent banks throughout the world.

Kenya Commercial Bank is a financial service provider based in Nairobi, Kenya. It is one of Kenya's largest banks, others being Barclays Bank of Kenya and Standard Chartered Bank of Kenya. The government of Kenya, through the treasury, owns 26% but intends to offload its shares to the public in 2006.