EFFECTIVENESS OF STRATEGIC MANAGEMENT PRACTICES ON LOAN RECOVERY: A CASE OF HIGHER EDUCATION LOANS BOARD (HELB) KENYA

BY

CHRISTINE W MLEWA

D53/MSA/10825/07

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF MASTER OF BUSINESS ADMINISTRATION

KENYATTA UNIVERSITY

OCTOBER 2012
DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

SIGN: .................................................. DATE: 15/10/12

NAME: CHRISTINE W MLEWA

REG NO: D53/MSA/10825/07

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

SIGN: .................................................. DATE: 22/10/12

NAME: MR JAMES R MAINA

DEPARTMENT OF BUSINESS ADMINISTRATION

This research project has been submitted for examination with my approval as the Chairman, business administration department.

SIGN: .................................................. DATE: 22/10/12

NAME:

CHAIRMAN, BUSINESS ADMINISTRATION DEPARTMENT
DEDICATION

This research project is dedicated to my parents; my father Mr. Ronald Mlewa Shake and mother Mrs Esther Wawuda Kubo, for laying the foundation and instilling the discipline I needed to succeed in this course.

To my loving husband Mr. Francesco Pol for his patience and support throughout my studies.

To my precious daughter Esther Maria whose smile carried me through the roughest of days.

And above all, I thank the Almighty God for his constant grace and mercies.
ACKNOWLEDGEMENTS

One scholar once said that if he was able to see far, it was because he stood on the shoulders of others.

My sincere gratitude goes to my academic supervisor Mr. James R Maina for always providing persistent and constructive advice throughout the writing of this project.

I wish to acknowledge my MBA classmates for being resourceful academicians as we freely shared both academic and social facts.

My appreciation goes to Mr. Cheboi and other HELB staff for providing useful information used in the study.
LIST OF ABBREVIATIONS AND ACRONYMS

CP: Commercial Planning

HELB: Higher education loans board

JAB: Joint admission board

KES: Kenya shilling

ROK: Republic of Kenya

SAP’s: Structural Adjustment Policies
ABSTRACT

The main challenge facing the Higher Education Loans Board today is how to effectively and efficiently recover loaned out funds in order to be able to fully execute its key mandate of supporting needy students pursuing higher education. Although the Board has made significant achievements in the area of loan recovery from the time it was established in 1995, a lot more needs to be done. As a result, the study evaluated the effectiveness of strategic management practices utilized by HELB’s management in loan recovery. Specifically, the study sought to: identify various strategies that have been adopted by HELB and their roles in loan recovery, establish the effectiveness of the strategies used in loan recovery by HELB and analyze factors that have hindered the board from effective loan recovery. The study was a case study design. The target population for the study consisted of employees from the seven departments in HELB with emphasis on the departmental heads from Higher Education Loans Board. Purposive sampling was used to select the study area as well as the respondents of the study. On the other hand, stratified sampling was used to identify respondents in relation to their departments. The study used a sample size of one hundred and sixty one employees. Interview questionnaire was the main tool for data collection. The study found that continued contact and follow up approach system, loan tracking control system and early warning system were the main strategies adopted by HELB organization in debt recovery. Secondly, the study established that loan recovery strategies adopted have enabled the organization to recover most debts, enabled other key players like the employers to cooperate with HELB in loan recovery, enabled the board to increase funding to more students, enabled the organization to reduce debt rates and increase the revolving funds. The study also established that unemployment of the loan beneficiaries; uncooperativeness of some of the employers; brain drain due to some loan beneficiaries leaving the country and low paying jobs are the major challenges hindering effective loan recovery by Higher Education Loans Board. The study recommends that there is need to employ additional strategies that will ensure maximum debt recovery. For instance, HELB needs to put measures in place to recover funds from graduates who work in the diaspora. This can be done by working closely with the ministry of immigration in order to either ensure laws are enacted which enforces the payback of loans or other ways are devised to ensure a higher rate of loan recovery. Currently HELB has concentrated in putting up strategies to ensure that the employed graduates get to pay up their loans and have neglected to pursue graduates who have deviated into the juakali sector. This study therefore recommends that equal efforts should be made to pursue the graduates who have ventured into the jua kali sector or started up their own businesses.
TABLE OF CONTENTS

DECLARATION ................................................................. ii
DEDICATION .................................................................. iii
ACKNOWLEDGEMENT ......................................................... iv
LIST OF ABBREVIATIONS AND ACRONYMMS .................... v
ABSTRACT ....................................................................... vi

CHAPTER ONE: INTRODUCTION ............................................. 1
  1.1 Overview .............................................................. 1
  1.2 Background of the study ........................................... 1
    1.1.1 Loan Recovery .................................................. 2
    1.1.2 Loan Recovery at HELB ....................................... 4
  1.2 Statement of the problem ......................................... 5
  1.3 Objectives of the study .......................................... 7
  1.4 Research questions ............................................... 7
  1.5 Importance of the study .......................................... 7
  1.6 Scope of the study ................................................. 8
  1.7 Limitations of the study .......................................... 8

CHAPTER TWO: LITERATURE REVIEW ............................... 9
  2.1 Introduction ......................................................... 9
  2.2 Loan Repayment, Hidden Grants and Loans Recovery .... 9
    2.2.1 Repayment ratio .............................................. 9
    2.2.2 Loan recovery ................................................ 10
  2.3 Strategies of Loan Recovery .................................... 11
    2.3.1 Confronting built-in over-subsidization ................ 16
    2.3.2 Reducing loans repayment default ....................... 16
  2.4 Strategic management practices ............................... 17
    2.4.1 Strategy Formulation ....................................... 18
    2.4.2 Strategy Implementation .................................... 20
    2.4.3 Strategy Evaluation and Control ........................ 22
  2.5 Financing higher education ..................................... 24
  2.6 Conceptual framework .......................................... 28

CHAPTER THREE: RESEARCH METHODOLOGY ................. 29
  3.1 Overview ............................................................ 29
  3.2 Research design .................................................. 29
  3.3 Study Area ........................................................ 29
  3.4 Target Population ............................................... 30
  3.5 Sampling Procedure and Sample Size ....................... 30
  3.6 Data collection Methods ....................................... 31
  3.7 Data Collection Instruments ................................... 31
    3.7.1 Questionnaires ............................................. 31
    3.7.2 Interviews .................................................... 32
LIST OF TABLES

Table 4.1: Loan Recovery Strategies ................................................................. 41
Table 4.2: Frequency of Adoption ................................................................. 43
Table 4.3: Effectiveness of Loan Recovery Strategies ...................................... 47
Table 4.4: Challenges Hindering Effective Loan Recovery ............................ 50
LIST OF FIGURES

Figure 2.1: A conceptual Framework on the Effects of Strategic Management Practices on Loan Recovery ................................................................. 28

Figure 4.1: Gender of the Respondent ........................................................................ 36

Figure 4.2: Level of Education .................................................................................. 37

Figure 4.3: Number of Years in the Current Department ................................................ 38

Figure 4.4: Respondent's Position in the Organization .................................................... 39

Figure 4.5: Rating the Effectiveness of Loan Recovery Strategies ................................. 44
CHAPTER ONE: INTRODUCTION

1.1 Overview

This chapter deals with the background of the study, statement of the problem, objectives of the study, research questions to be answered by the study. The significance, scope, limitations and the theoretical framework of the study are also discussed.

1.2 Background of the study

New approaches to management practices in loan recovery are imperative as the environment is becoming more complex and dynamic. Market dynamics have created challenges for financing higher education with the emergence of the global economy, advances in technology, increased societal demands, and the need to provide more social services with fewer resources. Response mechanisms have emerged within the banking industry to meet these recent challenges but government organizations, HELB inclusive have been slower to respond. This is understandable, given fiscal constraints and the bureaucratic process axiomatic to governments. However, a new approach, which incorporates modern strategic management tools, is necessary for the public sector to achieve improved performance and overall service quality (Johnson, 2003).

While current lending policy models have certainly started to reflect a shift away from traditional thinking about loans recovery at HELB, a systematic process for creating and sustaining improved performance that reflects changes in the environment is clearly
absent. Evidence does exist to suggest change is affecting loans recovery, and this change is manifest in the metamorphosing structures and processes of many public organizations. It is within this context that this case study is presented. The guiding principles in any strategic management practices, whether in the public or private sector, are about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance. The difficulty in strategic management is the challenge of laying a foundation for success in the future while meeting today’s challenges. (Gilmore, 2006)

From its inception, HELB has faced difficulties in loan recovery because the public purse covered both the tuition and living expenses of the loanees thus loan beneficiaries regarded loans as grants with no obligation to pay. The biggest challenge facing HELB is how to effectively recover loaned out funds in order to meet the rapidly growing number of needy Kenyans pursuing or seeking to pursue higher education (Johnson, 2003).

1.1.1 Loan Recovery

Many financial institutions implement sound lending policies to avoid the need for collection efforts. However, many institutions in today’s economy still find themselves with troubling charge offs and delinquent credit accounts in their books, which must be pursued to maintain a healthy cash flow. Using outlines of procedures used in the bank debt recovery efforts can assist in effective collections. Having clear-cut set of procedures can help avoid many of the most common mistakes in debt recovery.
The financial viability of loans schemes can be improved. Improvement may be achieved either by reducing the levels of built-in subsidies (hidden grants) or by improving the efficiency of loans schemes through containing administration costs and, particularly, in reducing repayment leakages due to defaulters. We have noted that the main factor in accounting for the failure to recoup loan disbursements in most schemes is the level of built-in subsidies (hidden grants), rather than default or high administration costs (Usher, 2005).

According to Ziderman (2004), internal collection attempts are often put off for too long and there is no diligent follow up. Early contact greatly increases the chance of success in debt recovery. By starting early, the collection agent or agency can keep a good, solid relationship with the client rather than having to be harsh and demanding. At the same time, early contact avoids starting your debt recovery process at the back of the line. When a debtor defaults on one loan or credit line, it is likely there will be multiple delinquent accounts. Therefore, starting with early contact can help to assure your debt is one of the first brought to the debtor, making likelihood of payment greater. Furthermore, the problem of high repayment default may be less tractable. A wide range of measures to reduce repayment default are available for use in various loans schemes. These include the use of loan guarantors, moral suasion (publication of defaulter lists), baring access to further credit if in default and legal action against recalcitrant defaulters. However, these measures are rarely put in to practice. In a number of cases, notably in developing
countries, a general atmosphere of non-compliance has been created in which non repayment has become to be regarded as socially acceptable (Koigi, 2006).

1.1.2 Loan Recovery at HELB

The higher education loan scheme in Kenya dates back to 1952 when the Higher Education Fund Act (now repealed) was re-enacted. The Board offered loans to assist students to pursue higher education abroad. However, there has been an increase in the number of student enrollment hence escalating the cost of higher education at the expense of other sectors of the economy. As a result of this the Government decided to introduce the scheme in 1974 to bring in an element of cost sharing in higher education. Since its inception, the scheme had enabled over one hundred thousand graduates acquire their university education. It is against this back ground that the Government decided to establish an autonomous Loans Board as recommended by the Kamunge Report of 1988 to effectively disburse and recover money loaned to students with an aim of establishing a revolving Fund. Thus the Fund would eventually relieve the Exchequer of its annual contributions towards the student loans. Higher Education Loans Board was established in 1995 through an ACT of Parliament. The Board was charged with the responsibility of giving loans to needy students to enable them pursue university education and recovery of such funds when the concerned students graduated and joined employment.

The Board has challenging tasks ahead in streaming the disbursement and eventual recovery of loans from students. Loan recovery has been adversely affected by many factors. Beneficiaries outside the civil service who cannot easily be traced are unwilling
to voluntarily begin loan repayments. Some loanees lack information on where, when and how to pay. Brain drain due to many beneficiaries leaving the country for employment elsewhere has adversely affected loan recovery (Odebero et al, 2006). Unemployed graduates cannot afford loan repayments. In addition, deaths, low paying jobs and lack of collateral to cushion the board from defaulters has largely contributed to dismal loan recovery rates.

In particular HELB lacked the necessary instruments through legislation that would enable it recover loaned out funds. Both employers and loanees took advantage of this weakness and did not respond favorably to the scheme. There was therefore a dismal recovery rate. Omae, (2003) noted that the default rate in Kenya is 80% and the interest rate paid (2%) by borrowers is so heavily subsidized that according to World Bank calculations, the net contribution of the students loan scheme to government revenue is actually negative. HELB has since increased interest to 4%.( HELB, 2004)

1.2 Statement of the problem

Research in respect of this project indicate that extensive studies have indeed been done largely in relation to the logistics and importance of students’ loans schemes and the challenges impeding their operations for instance: Analysis of education loans by professor Srinivasan (2011), Student Loans in Kenya; Past Experiences, Current Hurdles, and Opportunities for the Future by Otieno (2004) and importance of students loans for colleges by Smith (2009). However, the important support input of strategic management
practices in this area has not been exhaustively investigated. It was therefore strongly felt that the contribution of strategic management practices in the critical area of loans recovery in a students' loans scheme be evaluated. The Higher Education Loans Board forms a suitable choice for this study because of the central role it plays in the higher education sub sector in this country.

The main challenge facing the Higher Education Loans Board today is how to effectively and efficiently recover loaned out funds in order to be able to fully execute its key mandate of supporting needy students pursuing higher education. Although the Board has made significant achievements in the area of loans recovery from the time it was established in 1995, a lot more needs to be done. It can therefore be advanced that the role of strategic management practices in HELB is currently not sufficiently helping the board to realize its full potential in the recovery of loaned out funds. This calls for more effective strategic management programmes in addition to the existing logistical recovery programmes in place.

As mentioned earlier, studies have been carried out relating to the management of university students loans schemes but none of them has sufficiently focused on the input of strategic management practices in loan recovery.
1.3 Objectives of the study

This study sought to evaluate the effectiveness of strategic management practices of HELB’s management in loan recovery. Specifically, the study pursued the following objectives:

1. To identify various strategies that have been adopted by HELB and their role in loan recovery.
2. To establish the effectiveness of strategies used in loan recovery by HELB.
3. To analyze factors that have hindered the board from effective loan recovery.

1.4 Research questions

The study was guided by the following questions;

i. What are the various strategies that have been adopted by HELB and what role do they play in loan recovery?
ii. How effective are strategies used in loan recovery by HELB?
iii. What factors have hindered HELB from achieving its objectives on loans recovery?

1.5 Importance of the study

The findings of the study will be useful to HELB, other government bodies, lending firms, scholars and researchers. HELB staff will be able to gauge the extent they have applied strategic management practices and use the results of this study to enhance their efforts in loan recovery. They will also appreciate the role of the practices hence enhancing team work which is vital in the smooth running of any organization. Other
government bodies such as state corporations will learn the effectiveness of strategic management practices in mobilizing turnover and loan recovery and adopt the processes in order to enhance efficiency. The findings of this study will give insight to the lending firms and other financial institution in regard to appropriate strategic management practices that can be applied to enhance their loan recovery. Other scholars and researchers who might have an interest in developing the findings or undertaking research work in other related fields of strategic management in loan recovery will use the findings of this study as a source of reference.

1.6 Scope of the study

The study covered the last ten years; that is: 2001/2002 to 2010/20011 academic years. The study looked at data on recovery trends over the stated period in relation to the board’s management strategies and programmes. The study concentrated on the impact of strategic management practices on loan recovery as applied by HELB.

1.7 Limitation of the study

The study mainly relied on HELB records some of which were not available during data collection. Furthermore, since HELB is the sole provider of loans to students, the results cannot be used to generalize in other public lending institutions, banks and other financial may be ineffective in other financial institutions.
2.1 Introduction

This chapter covers the literature that has been done by other scholars on the impact of strategic management practices on loan recovery. Specifically, the chapter focuses on: nature of strategic management, strategic management practices, financing higher education, and strategies used in the students’ loan recovery.

2.2 Loan Repayment, Hidden Grants and Loans Recovery

The financial standing of any loans programme depends on the extent to which loans outlays are recovered in full by the lending body. A number of factors militate against complete recovery of loans; these factors are discussed in the subsequent sections below.

2.2.1 Repayment ratio

First, there are factors that are “built-in” to the scheme, as elements of its design. Lending conditions in virtually all government-sponsored loans schemes are “softer” than those on regular commercial loans. This difference represents a subsidy received by the students, in the sense that the borrower is not required to pay back the full value of the loan received. These conditions include below-market interest rates on the loan, periods in which no interest is levied on outstanding debt (both during study and in grace periods after study completion) and repayments not linked to the rate of inflation. The effect of these built-in subsidies is amplified where amortization periods are long. The larger these built-in subsidies are, the less of the original loan the individual borrower is required to
repay; the difference between original loan size and actual required repayment represents, effectively, a "hidden grant" to the student taking out a loan (Anashvili, 2006). The loans repayment ratio measures how much of a loan an average borrower is required to repay: it is defined as the ratio of required repayments to the loan size received, both measured in terms of present values. The hidden grant ratio (how much of the loan does not need to be repaid) is equal to 100 percent minus the repayment ratio.

**2.2.2 Loan recovery**

Loans recovery focuses more widely on the scheme as a whole, rather than on the individual borrower. It is concerned with the question of how much of the total outlays of the loans scheme (total loans disbursements plus all other costs including administration) will be recovered through loans repayment. It takes into account all of the fixed items, built-in design factors as well as the effects of administrative efficiencies in running the scheme. Thus, if some borrowers defaulted, total repayment receipts would fall, but the individual required repayment ratio would remain unchanged (Johnstone, 2004).

The recovery ratio is measured by the ratio of total (discounted) repayments to total (discounted) outlays. Clearly, the recovery ratio is always lower than the repayment ratio, because the latter takes no account of the probability of repayment default and does not include general administration costs (Johnstone, 2004). Since the repayment ratio relates to the typical borrower; it fails to show the extent of recovery to the loans fund from the overall viewpoint of the scheme as a whole. Even if student loans were not subsidized, and the individual student was required to repay in full, not all of the sums loaned would
be recouped by the loan authorities.

The extent of such a shortfall would be dependent on the level of administrative efficiency under which the loans scheme is run. Thus, overall loan recovery does not entirely depend only on the total of all individual cash repayments. It takes into account the administrative costs that are not passed on to the student borrowers and the extent of repayment default. In some schemes, there is an additional, though usually minor, element affecting the recovery ratio. This is the possibility of canceling individual repayment obligations ("forgiveness") for such reasons as disability, student academic performance and the encouragement of graduates to enter skills-shortage occupations.

2.3 Strategies of Loan Recovery

Given less-than-full loans recovery in almost all loans schemes and, in many cases, very heavy losses, government subsidy will remain a continuing feature of student loans schemes as they are presently operated. The widely held view that student loans schemes can act as revolving funds - which, once capitalized, can finance themselves subsequently through repayments from earlier loans, is seen to be a myth. Governments will need to inject funds annually to cover the costs of the built-in loans repayment subsidies and to make up losses from non-repayment leakages. This is the case where the size of the higher education system is stable, but even more so when the system is expanding as is the case in very many countries.

However, the financial viability of loans schemes can be improved. Improvement may be
achieved either by reducing the levels of built-in subsidies (hidden grants) or by improving the efficiency of loans schemes through containing administration costs and, particularly, in reducing repayment leakages due to default. We have noted that the main factor in accounting for the failure to recoup loans disbursements in most schemes is the level of built-in subsidies (hidden grants), rather than default or high administration costs. We discuss first the rationale for high level of built-in loans subsidization in most schemes and, in particular, raise questions about its justification (Usher, 2005).

A number of studies have examined loans repayment and loans recovery in various country loans schemes. These studies take two forms: individual country studies and comparative studies. However because these individual studies use somewhat different methodologies, it is difficult to draw any comparative conclusions from an examination of the differing results, across countries. A few comparative studies are available, each relating to a number of country loans schemes. Each of the comparative studies employed a common methodology to examine the country loans schemes under scrutiny.

The classic study by Johnson (1988), which introduced the hidden grant concept, measured the size of the hidden grant in loans schemes in the Federal Republic of Germany, the United States and Sweden. Christensen (2002) compared loans schemes within Latin America and the Caribbean, while Ziderman (2004) reported the results from a comparative study of five loans schemes in S.E. Asia. However, all of these comparative studies have a limited coverage: Johnstone's study relates to industrialized countries while Christensen and Zidermans' studies are regional in focus. The
comparative study by Gall DA et al (2003) is more general and far-ranging than the other studies noted above. Computing repayment and recovery ratios for student loans schemes in nineteen countries, the study covered a larger number of countries, included both developing and industrialized and was not restricted to a regional coverage. However, the findings relate to loans scheme conditions as they stood fifteen to twenty years ago.

Until recently, HELB was the only organization of its kind not only in Kenya but also in the East and Central African region. Rwanda is currently establishing a similar institution - The Students Finance Agency for Rwanda - with technical support from HELB [HELB Review No.6. 2005]. Tanzania recently established its university loans scheme known as the Higher Education Students’ Loans Board and Uganda is in the process of establishing a similar institution. These developments in the region suggest that financing higher education solely on a grant basis is no longer tenable and that improvisations are inevitable. Recovery of loaned funds is key to the success of any loans board.

Recovery of funds loaned out to university students by the Higher Education Loans Board [HELB] is one of the two main responsibilities of the Board. The other is disbursement of loans. Loans disbursement leans heavily on loan recovery because it is necessary to recover funds so as to be able to lend it to others. Therefore, the key question that comes to mind when one considers the institution’s loan recovery portfolio is whether HELB has efficient mechanisms including strategies, in place to assist it in loan recovery. This is a major challenge to the Board.
For instance, in 1995, the Board inherited a recovery trend of some Kshs.36 million per annum. In 2009 recovery stands at an average of Kshs.800 million per annum. Thanks to improved recovery processes. Total mature loans amount to Kshs.14.4 billion and out of this figure, the Board has to date recovered a total of Kshs.4.4 billion. This figure – though significant - is still extremely small considering the protracted period of time [ten years] it has taken the Board to recover the same and in view of the fact that the outstanding amount of money is a staggering Kshs.10 Billion. And out of this amount of money, Kshs: 5.3 billion consist of non-performing loans (HELB Review No.7 2009). The board needs this money to lend out to the rapidly growing number of needy students.

Despite disbursing Kshs.1.6 Billion per year to some 40,000 undergraduate students, a large number of the same students come back to HELB appealing for more funds, which suggests that they do not get sufficient funds from the board to take them through their studies. Some students do not apply for loans at all owing to apathy and some 60,000 students pursing higher education as privately sponsored students are not eligible for HELB loans simply because the Board does not have sufficient resources to assist them which explains why the Board recently entered into a memorandum of understanding with the National Bank of Kenya to provide loans to this category of students at a subsidized interest rate (HELB Review No.7 2009).

An estimated 60,000 Kenyan students pursuing university education in foreign universities are also not eligible for HELB loans for the same reasons and yet the HELB Act empowers it to support all Kenyans pursuing higher education within and outside
Kenya. In addition, HELB is expected to create a Revolving Fund from which it is expected to draw funds for lending to students and eventually cease to rely on support from the Exchequer for additional funding. At the moment, the Board gets Kshs.800 million per annum from the Exchequer and another Kshs.800 million from recoveries. All loanees are required to start repayment after a period of one year on completion of studies, or within such a period as the Board may decide to recall the loan whichever is earlier (Section 15 HELB Act).

Woodhall (2000) observes that student loans have been widely advocated for, as a way of providing financial support to students, and as a way of sharing the costs of higher education in a manner that is both equitable and efficient. Several economists and other proponents of loans, for example, Mbanefoh (1981) argue that education is both a personal and a social investment. A loan programme financed from public funds will enable those who cannot afford to pay tuition fees, or to meet the costs of books and living expenses, to borrow and finance their higher education. The beneficiaries would later repay the loans when they enjoy better job prospects.

This study was guided by the theory of socialist economics of education postulated by a French Writer called Louis Blanc in the 19th century. He focused on excesses of unregulated capitalism and underlined the need to create an economy that redistributed income from the rich to the poor so as to create equality of well being. This theory was the basis on which the Lorenz Curve (the geometric representation of the distribution of income among families in a given country at a given time, (Baumol and Blinder, 1999)
was mooted.

2.3.1 Confronting built-in over-subsidization

Repayment ratios are quite low in a number of loans schemes. While there is room for some element of subsidy in most schemes, heavy government built-in subsidies provided through large hidden grants – the major source of recovery losses – cannot always be justified. Whether or not a loans scheme should be subsidized and, given that a subsidy is in place, whether or not the size of the government built-in subsidy is excessive, will depend on the main objectives that the loans scheme is intended to serve. In a recent paper, one of the authors identified no less than eleven separate objectives that have underscored loans schemes around the world (Ziderman 2004).

2.3.2 Reducing loans repayment default

The problem of high repayment default may be less tractable. A wide range of measures to reduce repayment default are available for use in various loans schemes. These include the use of loans guarantors, moral suasion (publication of defaulter lists), baring access to further credit if in default and legal action against recalcitrant defaulters. However, it is frequently the case that these measures are not employed. In a number of cases, notably in developing countries; a general atmosphere of non-compliance has been created in which non repayment has become to be regarded as socially acceptable. (Odundo, 2005)

A subject of recent controversy is whether the type of repayments collection mechanism in place can affect the level of repayment default. Specifically, it has been argued strongly
that income contingent repayments schemes are likely to ease the problem of repayment default, since an excessive repayment burden is avoided during periods of unemployment and low earnings. However, whatever the other relative merits of income contingent repayment and traditional mortgage loans schemes, there is no evidence from the present study that default is lower under income contingent schemes than mortgage-type schemes. Loans schemes are expensive for governments and, we have noted, very often highly subsidized. Given the tightness of public budgets in many countries, governments have a strong interest in containing overall loans scheme costs and, particularly, subsidy levels within appropriate and realistic limits. This will require a careful justification for the current levels of loans subsidies, the development of efficient loans repayment collection procedures and the continuous monitoring of the outcomes of the loan scheme to ensure that it is successfully meeting defined objectives (Ziderman 2004).

2.4 Strategic management practices

Strategic management is a systematic resource-based process for making major decisions in organizations. It attempts to organize meaningful assets and skills, information, and competitive arenas in a manner that allows effective decisions and strategies to be made under conditions of uncertainty (Aaker, 1989 and David, 1999). Although there is no one universally accepted definition or way of practising strategic management, the review of the normative and empirical works suggests that the strategic management process involves the following basic dimensions:
2.4.1 Strategy Formulation

In the strategic management process, the strategy formulation phase involves the development of long-term strategic plans for effective management of environmental opportunities and threats, in light of a firm's strengths and weaknesses. The formulation of strategy includes defining the firm's mission, targeted objectives, developing strategies, and establishing policy guidelines. In the strategic management process, the strategy formulation phase involves the development of long-term strategic plans for effective management of environmental opportunities and threats, in light of a firm's strengths and weaknesses. The formulation of strategy includes defining the firm's mission, targeted objectives, developing strategies, and establishing policy guidelines.

According to Thompson and Strickland (1999) strategy formulation is one very important element of the Comprehensive commercial planning (CP) discipline, but certainly no more important than the others. Comprehensive planning requires management to evaluate internal and environmental business conditions, to select from alternative goals and strategies, to decide how strategy best can be implemented, and to perform these functions continuously Bovaird (2009). noted that this is hard work; there are no shortcuts. Strategic insight in the abstract, no matter how brilliant, does not satisfy any standard for good planning or a good plan Strategy must be appropriate for prevailing and potential business conditions, as well as for an enterprise's goals and capabilities.

Reliable implementation of strategy also must be feasible. When business conditions
change, strategy must change. This component of strategic management brings in the critical issue of just how the targeted results are to be accomplished. While objectives are the “end product”, the strategy is the “means” of achieving them. The task of formulating the strategy entails taking into account all of the relevant aspects of the organization’s internal and external situation and coming up with a detailed action plan for achieving the targeted short-run and long-run results. Strategy is a blueprint of all the important entrepreneurial, competitive and functional area actions that are to be taken in pursuing organizational objectives and positioning the organization for sustained success (Hill, 1995).

Perpetual planning is essential, because no plan remains viable for very long. Indeed, any single plan of business that is not modified from time to time and implemented long enough probably will lead to a firm’s eventual failure, simply because internal and external business conditions change continually. In its process of strategy formulation the company initially thinks about the things to be done to achieve its objectives. Afterwards the company considers its environment and creates environment strategies that it believes can help in achieving its objectives without causing problems to its environment (Redding and Gatalanello, 1996).

The issues of strategy thus go up and down the managerial hierarchy; strategy is not just something that only top management wrestles with. While there is indeed a strategy for the organization as a whole that is top management's responsibility, there are strategies for each line of business the organization is in; there are strategies at the functional area
level (manufacturing, marketing, finance, human resources, and so on within each business; and there are strategies at the operating level (for each department and field unit) to carry out the details of functional area strategy. Optimally, the strategies at each level are formulated and implemented by those managers closest to the scene of the action and then sufficiently coordinated to produce a unified action plan for the whole organization. The content of a strategic action plan reflects entrepreneurial judgments about the long-term direction of the organization, any need for major new initiatives (increased competitive aggressiveness, a new diversification move, divestiture of unattractive activities), and actions aimed at keeping the organization in position to enjoy sustained success (Johnson, 2003).

2.4.2 Strategy Implementation

In the strategy implementation often called the action phase the firm is required to translate its strategies and policies into action through the development of specific budgets and procedures. In this phase, the necessary changes are also made within the organizational culture, structure (divisions, departments, products), and the relationships between these elements and the managerial levels among the top, middle and lower levels of the organization.

Although the importance of implementation has been recognized, Wheelen’s (1995) research on strategy implementation has been scattered in various areas such as control and reward systems, implementation tactics, organizational politics and employee
training and motivation. The fragmentation is partly due to the notion that strategy implementation is less important and less difficult than strategy development. It has been a common belief that “people think of execution as the tactical side of business, something leaders delegate while they focus on the perceived ‘bigger issues’” (Bovaird, 2009).

Putting the strategy into place and getting individuals and organizational subunits to go all out in executing their part of the strategic plan successfully is essentially an administrative role. However, as the dynamics of market and competition intensify, the ability to flexibly respond to market changes becomes increasingly important (Shimizu & Hitt, 2004). As predictions of the market changes and competitive moves become more difficult, an organization needs to continue to adjust its strategy throughout its implementation efforts. It is in this context that researchers and practitioners started paying more attention to the importance of strategy implementation (Ghoshal, 1999).

In fact, major strategy consulting firms that used to be famous for “big thinking” are actively pursuing clients’ needs for strategy implementation. “Strategy implementation can be broadly defined as “the communication, interpretation, adoption, and enactment of strategic plans” (Pfeffer, 1999). Strategy implementation also includes on-going modification of the strategy through the implementation process. Strategy implementation inherently requires learning and adjustment in relation to the strategy, but to date organizational learning researchers have not paid explicit attention to the link between learning and strategy implementation (Pfeffer, 1999).

Bovaird (2009) noted that developing an action agenda for implementing and executing
the strategy involved managers at all levels, deciding on answers to the question “What is required for us to implement our part of the overall strategic plan and how can we best get it done?” doing this task well means scrutinizing virtually every operating activity to see what actions can be taken to improve strategy execution and to instill strategy-supportive practices and behavior. The administrative tasks of implementing and executing the strategy involve a process of moving incrementally and deliberately to create a variety of “fits” that bring an organization’s conduct of its internal operations into good alignment with strategy.

2.4.3 Strategy Evaluation and Control

The strategic evaluation and control is the final phase of the strategic management process. The strategic evaluation involves obtaining information about the strategic plans and performance, and comparing the information with the targeted objectives. Finally, the strategic control involves taking the necessary corrective measures to bring activities into conformity with the strategic plan. In addition to the above dimensions, the strategic management process emphasizes the importance of gathering and the use of environmental information. The environmental information which is collected through situational analysis can assist an organization in identifying and understanding the factors that contribute to its ability to develop effective strategies as well as achieve its objectives efficiently and effectively.

Thompson and Strickland, (1999), Johnson and Scholes (1988), and Craig and Grant
(1993) indicated that the strategic analysis process comprises the external analysis such as the industry situation analysis and competitive situation analysis, and internal analysis (company situation analysis). David (1999) stressed that situational analysis is still relevant to companies formulating and implementing strategies in an uncertain business environment. The authors noted that all strategy making begins with some form of situational analysis. The authors emphasized that to cope with different levels of uncertainty; organizations need different analytical approaches to determine the best possible strategies.

Apart from the situational analysis, there are authors who suggested strategic thinking and strategic readiness as the other important conditions for strategic management to be carried out effectively. For instance, Aaker (1989) stressed that strategic analysis is the starting point of strategic thinking. According to the author, the aim of strategy is to bring about the conditions most favourable to a business by way of realistic responses to changing situations. Christensen (2002) also suggested that organizations need to develop competency in strategic thinking in order to conceive and implement creative and coherent strategies.

In addition to strategic thinking, Redding and Gatalanello (1996) emphasized that strategic readiness or an organization's readiness for change will determine how well strategy will be formulated and implemented. The authors also stressed that, firms need to consider the two additional conditions prior to formulating and implementing their strategies, that is, defining the organization's purpose (what an organization exists to
2.5 Financing higher education

Higher education financing in Kenya has been characterised by shifting positions determined by local microeconomic changes and policy shifts of the funding agencies particularly the World Bank. Since independence, higher education financing in Kenya has passed through various funding regimes ranging from full support to cost sharing and even private participation (Chacha 2005).

According to Chacha (2005) public higher education in Kenya was historically free with the public purse covering both tuition and living expenses regardless of the socio-economic ability of the students. The rationale for state subsidy of higher education was based on the country’s desire to create highly trained manpower that could replace the departing colonial administrators. The universities were seen as the epicentre of social and economic development, which the newly independent state so much desired to have. To achieve its role of spurring social and economic development, it was argued that generous funding be provided. The small number of students who accessed university education further made free provision of university education possible. In 1964/65 academic year, there were only 651 students enrolled in the then university college of Nairobi compared to 1779 in 1968/69 in the Republic of Kenya as cited in Chacha., 2005). However, it wasn’t long before the government support for free higher education posed a challenge to the National budget. This was because the demand for university education increased over a short period of time and it soon became a concern of the
government and donor agencies. Unfortunately, the rising demand was taking place at a
time when the country’s economic performance was plummeting. This made it difficult to
offer free or highly subsidized university education. At the same time, this challenge was
increasingly being seen from the point of view that investment in university education
was not a significant priority due to what is often seen as low social returns of this level
of education compared to basic education (Woodhall, 2000).

Consequently, cost sharing and cost recovery measures were introduced. In 1988 the
World Bank published an influential policy paper: Education in Sub-Saharan Africa:
emphasized that governments in sub-Saharan Africa were not expected to increase
substantially the resources they devoted to education. The paper further cautioned that the
cost of higher education in Sub-Saharan Africa was needlessly high. It called upon
African governments to relieve the burden on public resources of financing by increasing
the participation of beneficiaries and their families (World Bank, 1988). To remedy the
situation, the paper recommended the expansion of access for part time fee-paying
students. African governments were also directed to introduce fees in public universities.
Besides financial and institutional reforms, ostensibly to enhance the quality, efficiency
and effectiveness of university programmes, the World Bank argued that beneficiaries of
higher education needed to make significant pecuniary contributions to their education
since they stood to gain more from the system (World Bank, 1988).

Coupled with the dismal performance of the economy, soaring demand for higher
education and implementation of Structural Adjustment Policies (SAP’s), the Kenyan government was compelled to adjust financing and reduce expenditure on higher education. The initial response to the declining state budget for higher education was the introduction of cost sharing in 1988 as contained in Sessional Paper No. 6 of 1988 (RoK, 1988). Cost sharing requires that students or their parents/guardians cover both tuition and maintenance costs. In an attempt to have a proactive institution, which could address the needs of the vulnerable against the implementation of the Structural Adjustment Policies (SAP’s) and in order to minimise the financial demands from the treasury, Higher Education Loans Board (HELB) was created in 1995 under an Act of Parliament (HELB Review, 2004). It is an autonomous body charged with the responsibility of receiving loans already lent out to Kenyans who benefited from the scheme since 1974 and disbursing it to needy Kenyan students pursuing higher education within and outside Kenya (HELB review, 2004).

The board main source of funds has been the exchequer. Through an Act of parliament the board was mandated to perform the following functions inter alia: give loans, bursaries and scholarships to needy Kenyan students pursuing higher education within and outside Kenya. Solicit for funds and other assistance to promote the functions of the board. Enter in to contracts with financial institutions for the purpose of loans disbursement and recovery (Republic of Kenya, 1995; Odundo and Njeru, 2005).

According to Odundo and Njeru (2005), the scheme disburses a maximum of Ksh 54,000 for successful applicants and also a bursary of Ksh 8,000 to needy students paid directly
to the university in which the student is enrolled. Although these loans were originally targeted to students enrolled in public universities, the board has widened its mandate to assist students in private universities as well. The scheme has also recently started disbursing loans to postgraduate students enrolled in a range of HELB defined ‘priority courses’. The loans given to postgraduate students are thus geared towards meeting certain occupational or manpower needs (Gravenir et al., 2005).

Loans for postgraduate students are disbursed annually while those for undergraduate students are disbursed twice in one academic year (HELB Review, 2004). The portion of the loan for catering and accommodation is directed to each of the six public universities where internal arrangements for the management of these services are done. About 34 per cent of the loan is earmarked for the students’ personal expenses including books while the tuition loan is directed to the universities for the necessary purchases of academic materials. According to Odundo and Njeru (2005), the Board’s position is that all students selected by the Joint admission board to join public universities must not fail to get funding; however, those capable of financing their studies are advised not to apply. Eligibility depends on the information provided in the forms and the supporting documents (Odundo and Njeru, 2005).

The awards are based on the family’s annual level of income, where it is held that those who fall below an annual income of Ksh 850,000 are in need of the board’s assistance. Other guiding factors include, single parenthood, place of residence, orphans, the number of children at the universities, as well as medical incapability. However, despite the
creation of HELB, there were concerns that HELB loans are not equitably disbursed (Koigi, 2006). Concerns have been raised that students from richer families get higher loan allocations. There were also concerns that cheaper programmes get higher allocations than the traditionally known expensive programmes (Koigi, 2006; Odebero et al., 2006). Other scholars, (Nyaundi, 2001) argue that location of the university has a bearing on the costs of financing university education. Although this was an indication that the government HELB loan scheme was inequitably allocated, empirical studies have not been documented on the actual status of HELB loan distribution to the recipients in Kenya.

2.6 Conceptual Framework

The study was based on the framework in figure 2.1. The independent variables were various strategic management practices while the dependent variable was loan recovery.

Figure 2.1: A conceptual Framework on the Effects of Strategic Management Practices on Loan Recovery

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic management Practices</strong></td>
<td>Loan Recovery</td>
</tr>
<tr>
<td>• Loan recovery policies</td>
<td><strong>Influences</strong></td>
</tr>
<tr>
<td>• Partnership with Banks</td>
<td></td>
</tr>
<tr>
<td>• Revolving Fund</td>
<td></td>
</tr>
<tr>
<td>• loans guarantors</td>
<td></td>
</tr>
<tr>
<td>• moral suasion</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author, 2012
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Overview

This chapter describes the research design, area of study, study population, sampling procedures, research instruments, data collection procedures and analysis.

3.2 Research design

The study adopted a case study design. The design helps in the understanding of complex issues or objects and can extend experience or add strength to what is already known through previous research. (Mugenda, 1999). Case studies emphasize detailed contextual analysis of a limited number of events or conditions. Given that what was being studied was a complex issue that required contextual analysis as far as organizations are concerned, the case study was a good method to analyze the impact of strategic management practices in loan recovery. To fulfill the purpose of this study in the best possible way, a qualitative approach was chosen. A qualitative approach ensured that the relevant information was gathered in a flexible manner and a rich in-depth understanding of the research topic was acquired. HELB was chosen because it is a large organization and thus a good representative hence the findings are widely applicable.

3.3 Study Area

The study was based in the city of Nairobi where the headquarter of Higher Education Loans Board institution is located. The city is located at 1°16'S 36°48'E and occupies around 150 km². It is situated about 1660 meters (5450 feet) above sea level. Nairobi is
situated between the cities of Kampala and Mombasa. It is close to the Rift Valley. The Ngong hills are towards the west, Mount Kenya is towards the North and Mount Kilimanjaro is towards the south-east

3.4 Target Population

The target population of this study was forty two employees of Higher Education Loans Board, five from each of the seven departments in HELB including all heads of departments. Thus thirty five employees and seven heads of department were interviewed. Authority was sought from the management of HELB to conduct the interviews. A letter from the university authorizing the researcher to collect data from HELB was given to the interviewees to authenticate the whole process. These interviewees are based in Nairobi

3.5 Sampling Procedure and Sample Size

The choice of the study area was purposive. This is because despite HELB lending money to students in institutions of higher learning, paying back the loan seems to be a mammoth task prompting the institution to invent various strategies of recovering the loans. The study first adopted stratified sampling. This is because the respondents were selected from their respective departments. Higher Loans Education Board has seven departments. As a result, all the seven heads of departments were included in the study for interviewing process. This is because heads of departments were deemed to have the basic information on various strategies adopted by the HELB to recover the loans.
3.6 Data Collection Method

The researcher sought a permit from the ministry of education which she used during data collection. Primary data was collected from heads of departments and employees in the Higher Education Loans Board Nairobi. This was done with the help of an interview schedule and questionnaires respectively. The respondents were required to provide information based on the questions asked to them regarding their views and opinions on the impacts of strategic management practices on loan recovery. Questionnaires were used as the main instrument of data collection. Where data was collected through drop and pick method. In addition, the interview guide was also used to collect data for the key respondents who were the heads of departments. The researcher collected data through asking questions from the interview guide while noting down answers which were later used for analysis together with the information from the questionnaires and document analysis. Diverse methods of data collection were employed at various stages of the study. These were within the confines of appropriate sampling techniques. In some cases, a single method of data collection was used while in others a combination of two or more techniques was necessary.

3.7 Data Collection Instruments

3.7.1 Questionnaires

A questionnaire was used as the main research tool for this study. The questionnaire was chosen as it provides a more comprehensive view than any other research tool.
Questionnaires were used to obtain primary data from the sampled population. All the respondents were asked the same questions in the same order. The questionnaire contained both open and closed questions. It was standardized and completely predetermined. The questionnaires provided both qualitative and quantitative data. The main advantage of the instrument is that it allowed the researcher to control and focus responses to the research objectives. Thus, enhancing relevancy of data collected.

3.7.2 Interviews

Interviews were also used for this study. All heads of department were interviewed using an interview guide. This is because of their position of management in the organization, and by extension their role, duty and function enabled them to provide the required information on the subject. Interview schedules were important because they helped in eliciting effective responses from the respondents particularly through observable non-verbal cues. The interview guide had questions that helped the researcher to explore the strategic management practices adopted by HELB and their effectiveness.

3.8 Validity and Reliability of Data Collection Instruments

3.8.1 Validity

Validity refers to the degree to which results obtained from the analysis of the data actually represent the phenomenon under study (Mugenda et al., 1999). To determine and improve the validity of the interview questionnaire, a pilot study was carried out from one of the financial lending institutions. The researcher then corrected ambiguity of questions with the assistance of the supervisors. This allowed for the preparation of the
3.8.2 Reliability

Reliability of the research instruments test refers to the ability of that test to consistently yield the same results when repeated measurements are taken of the same individual under the same conditions. To test reliability, the researcher used test re-test method after which a reliability index was noted before data collection process commenced.

3.9 Data analysis procedures

After data was collected, it was then cleaned, and coded to make it easy to use a computer software package known as Statistical Package for Social Science (SPSS). Data was analyzed both quantitatively and qualitatively. In order to make data more meaningful and easily understandable, the study used frequency and percentage tables, Likert scale and mean tables, pie-charts and graphs to present its findings. As a result, interpretation of the study findings was based mainly on the means and percentages.

3.10 Ethical Considerations

Permission to carry out the study was sought from HELB’s management and from the participants who participated in the study. The nature and the purpose of the research was explained to the respondents by the researcher. The researcher respected the individuals’ rights to safeguard their personal integrity. During the course of the data collection, the respondents were assured of anonymity and confidentiality and they were assured of their
ability to withdraw from the study at any time if they wished to do so. No names or personal identification numbers were reflected on the questionnaires except the numbering of the questionnaires, which was for the purposes of identification of data during data editing. The results of the study were availed to the relevant authority and to those participants who were interested in knowing the results. All participants in the study signed an informed consent form which assured them of anonymity and confidentiality.
CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.1 Introduction
This chapter covers data analysis and presentation of the study findings. It has been divided into; employee profile, strategies adopted for loan recovery, effectiveness of loan recovery strategies and challenges hindering effective loan recovery.

4.2 Employee Profile
Employee profile was measured by looking at the following variables: gender of the respondents, level of education, current department of the respondent and position of the respondent in the organization.

4.2.1 Gender of the Respondent
In relation to the gender of the respondent, it was established that the majority, 58% of the respondents were male while 42% were female. This shows that HELB has a fairly balanced staff in terms of gender. Findings for gender of the respondents have been summarized in figure 4.1.
Figure 4.1: Gender of the Respondent

<table>
<thead>
<tr>
<th>Gender of the Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>58% Male</td>
</tr>
<tr>
<td>42% Female</td>
</tr>
</tbody>
</table>

4.2.2 Level of Education

Data collected in relation to the level of education showed that majority (42%) had university degrees, 31% had diplomas while 27% had postgraduate education. As a result, it was clear that all the respondents were literate and therefore provided valid and vital information for the study. This information is summarized in figure 4.2.
4.2.3 Number of Years in the Current Department

With regard to the number of years that the respondents have worked, it was established that majority, 45% had worked for 4-7 years, 26% had worked for 8-11 years, 21% had worked for 1-3 years while 8% had worked for 12 years and above. These results established that majority of the respondents had worked in the organization for 4 years and above. This clearly indicates that most respondents had enough experience and thus, understood the study problem.
4.2.4 Respondent’s Position in the Organization

In relation to the respondents’ position in the HELB organization, the study established that majority were support staff with 69%. It was further established that 14% were supervisory staff while 17% were management staff. It should be noted that HELB organization has seven departments committed to ensuring effective and efficient service delivery to its clients. It should be noted that support staff were more than any other staff.
because they are the implementers of the organizational policies while supervisors have to ensure that the activities are on the right path. Figure 4.4 summarize the findings.

Figure 4.4: Respondent's Position in the Organization

4.3 Strategies Adopted For Loan Recovery
The first objective of the study was to identify various strategies that had been adopted by HELB and their role in loan recovery. This objective was measured by looking at the following variables: whether the organization has developed loan recovery strategies, the various strategies adopted and frequency of adoption.
When respondents were asked to state whether their organization had adopted loan recovery strategies, it was established that all respondents agreed that HELB had adopted loan recovery strategies to deal with students who had overstayed with loans.

As a result, they were further asked to state the various strategies that their organization had adopted to recover the loans from their clients (students). This has been presented in section 4.3.1.

### 4.3.1 Loan Recovery Strategies Adopted by HELB

With regard to the strategies adopted by Higher Education Loans Board in recovering their debt, the study established that 19.3% of the respondents stated that continued contact and follow up approach system was adopted, 18% argued that loan tracking control system and early warning system were adopted, 17.4% said that organization’s partnership with banks was another strategy, 13% of the respondents stated that reduction on the level of built-in subsides was adopted, 9.3% stated that moral suasion was adopted while 5% stated that loan guarantors was adopted. This information has been summarized in Table 4.1.

The Higher Education Loans Board has continually reached its debtors through phone contact and follow up approach in order to remind them of their responsibilities of paying back what they owe the organization. In addition, the study also established that the organization had put in place an automated tracking system with all the names of loanees and the amount they owe the organization. This makes the process of follow up very easy.
because the organization quickly tells the total amount of money that they are looking to recover. The organization has also adopted early warning systems where a client is informed early of their responsibilities in paying back the funds they borrowed from the organization.

In addition, HELB is working closely with Banks like Post Bank to ensure that their clients acquire information on how to repay their loans through these banks. Payment has also been simplified owing the great partnership between HELB and commercial banks like National Bank. Other strategies adopted include reduction on the level of built-in subsides, moral suasion and loan guarantors.

<table>
<thead>
<tr>
<th>Loan Recovery Strategies</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued contact and follow up approach system</td>
<td>31</td>
<td>19.3</td>
</tr>
<tr>
<td>Loan tracking control system</td>
<td>29</td>
<td>18.0</td>
</tr>
<tr>
<td>Early warning system</td>
<td>29</td>
<td>18.0</td>
</tr>
<tr>
<td>Partnership with banks</td>
<td>28</td>
<td>17.4</td>
</tr>
<tr>
<td>Reduction on the level of built-in subsides</td>
<td>21</td>
<td>13.0</td>
</tr>
<tr>
<td>Moral suasion</td>
<td>15</td>
<td>9.3</td>
</tr>
<tr>
<td>Loan Guarantors</td>
<td>8</td>
<td>5.0</td>
</tr>
<tr>
<td>Total</td>
<td>161</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Note: n=161 due to multiple response*

4.3.2 Frequency of Adoption

Following the earlier findings which indicated that HELB has adopted various loan recovery strategies, the study further sought to establish how often these strategies had been adopted. Likert scale was used for answering (1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Often, 5 = Very Often). This question was analyzed by using the mean to
identify the rank of each attribute. Table 4.2 summarizes the findings.

Results of the study established that continued contact and follow up approach system was ranked first (4.14); loan tracking control system was ranked second (3.97); early warning system was ranked third (3.67); partnership with banks was ranked fourth (3.53); reduction on the level of built-in subsides was ranked fifth (2.19); moral suasion was ranked sixth (2.14) while loan Guarantors was ranked least with a mean of 1.03 on the Likert Scale.

Findings therefore revealed that among the strategies adopted by HELB in debt recovery, ‘continued contact and follow-up approach’ was frequently adopted. This is attested by the statement being ranked first with a mean of 4.14 which stands for ‘often’. Continued contact and follow up of the loanees is an appropriate method because it involves direct conversation between the loaner and the loanee and can therefore induce debt repayment at a quicker pace.

In addition, the study also established that loan tracking control system; early warning system and partnering with banks were often adopted strategies by Higher Education Loans Board. However, reduction on the level of built-in subsides and moral suasion was rarely used. This is attested by the statements having means of 2.19 and 2.14 which stands for ‘rarely’ from the Likert scale. However, respondents said that loan guarantors were never adopted in the organization. Students normally apply for higher education loans without being conditioned to mention or give guarantors.
A close scrutiny of the findings in table 4.2 indicate that continued contact and follow up approach system; loan tracking control system; early warning system and partnership with banks are strategies often adopted by HELB while reduction on the level of built-in subsides and moral suasion are rarely adopted strategies by the organization.

<table>
<thead>
<tr>
<th>Frequency of Adoption</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued contact and follow up approach system</td>
<td>4.14</td>
<td>1.22</td>
<td>1</td>
</tr>
<tr>
<td>Loan tracking control system</td>
<td>3.97</td>
<td>1.08</td>
<td>2</td>
</tr>
<tr>
<td>Early warning system</td>
<td>3.67</td>
<td>0.89</td>
<td>3</td>
</tr>
<tr>
<td>Partnership with banks</td>
<td>3.53</td>
<td>1.06</td>
<td>4</td>
</tr>
<tr>
<td>Reduction on the level of built-in subsides</td>
<td>2.19</td>
<td>0.75</td>
<td>5</td>
</tr>
<tr>
<td>Moral suasion</td>
<td>2.14</td>
<td>1.02</td>
<td>6</td>
</tr>
<tr>
<td>Loan Guarantors</td>
<td>1.03</td>
<td>0.78</td>
<td>7</td>
</tr>
</tbody>
</table>

4.4 Effectiveness of Loan Recovery Strategies

The second objective of the study was to establish the effectiveness of strategies used in loan recovery by HELB. This was measured by six variables under effectiveness of loan recovery strategies (table 4.3).

4.4.1 Rating the Effectiveness of Loan Recovery Strategies

When respondents were asked to rate the effectiveness of the loan recovery strategies adopted by their organization, it was established that majority, 58% rated them as effective, 36% however rated the strategies as ineffective while few 6% were not aware
whether the strategies were effective or not. This is as shown in the figure 4.5.

4.4.2 Effectiveness of Loan Recovery Strategies

Effectiveness of loan recovery strategies was measured by looking at six variables. Because of the importance placed on effectiveness of loan recovery strategies, Likert scale was used for answering (1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree). This question was analyzed by using the mean to identify the rank of each attribute. Table 4.2 summarizes the findings.

The strategies which have enabled the organization recover most debts was ranked first (4.14); the strategies which enabled other key players like the employers to cooperate with HELB in loan recovery were ranked second (4.06); the strategy which enabled the
board to increase funding to more students were ranked third (3.86); the strategies which enabled the organization to reduce debt rates and increase revolving funds were ranked fourth (3.78); those strategies which have sustained the organization and enabled it achieve its goals and objectives were ranked fifth (3.56); the strategies which motivated and induced loanees to pay with minimal problems were ranked the least with a mean of 3.50 on the Likert scale.

The study therefore established that respondents were in agreement with all the statements ranked from first to the least. This is attested by the statements having means of 4.14-3.50 which stands for ‘agree’ from the Likert scale. It was established that loan recovery strategies have enabled the organization recover most debts. This may be true due to the fact that the above adopted strategies create awareness and avenues through which the money can be paid back. Most loan defaulters may have been due to lack of information on when and where to pay but with the introduction of various strategies, loan repayment has improved.

The study further established that the strategies adopted by HELB on loan recovery have enabled other key players like the employers to cooperate with the organization in repayment of debts. All employers in the country have been notified of the importance of submitting all the information concerning their employees so that in case one is a beneficiary of a HELB loan, then the necessary arrangements are made between the employer of the loan beneficiary and HELB for repayment to commence. The information of loan beneficiaries has been made easier through the identification of
domestic pin number which is easily accessed through the tracking control system. In addition, employers are cooperating because of the penalty that was introduced to the employers who do not submit all the information of their employees particularly those who benefited from HELB loans.

In addition, the study found out that the strategies have enabled the board recover huge amounts of debt from the beneficiaries which has in turn led to increased funding to more students. As the amount in circulation increases, more students benefit from the program. This is very important particularly to the vision, mission, objectives and goals of the organization where they enable more students to access higher education through their funding. Results of the study show that the strategies have enabled the organization reduce debt rates and increase revolving funds.

Furthermore, these strategies have sustained the organization and enabled it to achieve its goals and objectives. The Board is charged with the responsibility of giving loans to needy students to enable them pursue university education and recovery of such funds when the concerned students graduated and joined employment. Since HELB has been able to recover majority of the debts from the beneficiaries, the study can then conclude that the strategies have motivated and induced loanees to pay with minimal challenges.

A close scrutiny of the findings indicate that the loan recovery strategies adopted by Higher Education Loans Board have: enabled the organization recover most debts; enabled other key players like the employers to cooperate with HELB in loan recovery; enabled the board to increase funding to more needy students; enabled the organization to reduce
debt rates and increase revolving funds; sustained the organization and enabled it to achieve its goals and objectives and motivated and induced loanees to pay with minimal problems.

In addition, during an interview with one of the study’s key informant over the issue of effectiveness of loan recovery strategies, he said,

‘Ever since we adopted these strategies, they have worked for us. A lot of beneficiaries have responded positively and we are glad for that. However, we still have some challenges because the debt rate is still worrying and a lot of efforts need to be generated in order to attain our goals and objectives. But meanwhile, I think we are not doing badly’.

Table 4.3: Effectiveness of Loan Recovery Strategies

<table>
<thead>
<tr>
<th>EFFECTIVENESS OF LOAN RECOVERY STRATEGIES</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>The strategies have enabled the organization to recover most debts</td>
<td>4.14</td>
<td>0.64</td>
<td>1</td>
</tr>
<tr>
<td>The strategies have enabled other key players like the employers to cooperate with HELB in loan recovery</td>
<td>4.06</td>
<td>0.71</td>
<td>2</td>
</tr>
<tr>
<td>The strategy has enabled the board to increase funding to more students</td>
<td>3.86</td>
<td>1.02</td>
<td>3</td>
</tr>
<tr>
<td>The strategies has enabled the organization to reduce debt rates and increase revolving funds</td>
<td>3.78</td>
<td>0.90</td>
<td>4</td>
</tr>
<tr>
<td>These strategies have sustained the organization and enabled it to achieve its goals and objectives</td>
<td>3.56</td>
<td>0.97</td>
<td>5</td>
</tr>
<tr>
<td>The strategies have motivated and induced loanees to pay with minimal problems</td>
<td>3.50</td>
<td>1.18</td>
<td>6</td>
</tr>
</tbody>
</table>

4.5 Challenges Hindering Effective Loan Recovery

The third objective of the study was to analyze factors that have hindered the board from effective loan recovery. This objective was measured by looking at six variables. Due to
the importance of challenges hindering effective loan recovery, Likert scale was used for answering (1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree). Thus, this question was analyzed by using the mean to identify the rank of each attribute. Table 4.4 summarizes the findings.

The results established that unemployment of the loan beneficiaries which hindered the HELB loan payments was ranked first (4.01); uncooperativeness of some of the employers was ranked second (3.94); brain drain where some loan beneficiaries have left the country was ranked third (3.69); low paying jobs was ranked fourth (3.58); lack of information by the loanee on how, when and where to pay back the loan was ranked fifth (3.26) while poor record keeping was ranked the least with a mean of 2.12 from the Likert scale.

The study established that one of the main challenges facing HELB in debt recovery is lack of employment for loan beneficiaries. This therefore makes it difficult for them to repay the loan. Paying of the loan requires that an individual has a steady income flow which can facilitate and sustain the payment until the loan is cleared. However, Kenya being a third world country, most graduates struggle to get employment and therefore struggle to repay the loan as well. The government also needs to ensure that graduates are employed after a short period in order to avoid brain drain.

Furthermore, respondents stated that some employers are uncooperative. This poses a challenge to the loan recovery program. Employers should be made to understand that
HELB loan repayment is very vital as it enables the board to have revolving funds which can help other needy students to obtain higher education. This can only be made possible if employers of respective HELB loan beneficiaries cooperate with the board in ensuring that the loan is repaid.

In addition, the high rate of unemployment in the country as well as poor paying jobs, has forced many people travel to other countries to seek employment as well as jobs that are well paying. This therefore creates brain drain which is not only a disadvantage to the country but also to the Higher Education Loans Board for having lost the loan given out to these beneficiaries who have left the country. This is because while outside the country, it is difficult to trace them as they are under different laws, rules and regulations. In addition, low paying jobs cannot motivate an individual to pay the loan due to high living standards. If an individual decides to pay the loan, then he/she might not be able to afford his/her basic needs therefore, one sets his/her priority whereby loan repayment is not among the top priorities set due to meager earnings.

From the study findings, it was established that respondents were not sure whether lack of information by the loanee on how, when and where to pay the loan was a challenge. However, without clear information on where to pay, when to pay and how to pay the loan, payments can be deterred. As a result, there is need for the organization to provide clear and precise information in relation to the repayment of loans. Respondents however, denied that poor record keeping was a challenge as far as loan recovery was concerned. During an interview, one head of department said; 'we have updated systems of keeping
and tracking names electronically which is safe'.

From the findings in table 4.4, it can be deduced that respondents were in agreement with statements ranked 1-4. This is attested by the statements having means of 4.01-3.58 respectively which stands for ‘agree’ from the Likert scale. As a result therefore, a close scrutiny of the findings indicate that unemployment of the loan beneficiaries; uncooperativeness of some of the employers; brain drain due to the fact that some loan beneficiaries have left the country and low paying jobs are the major challenges hindering effective loan recovery by Higher Education Loans Board.

<table>
<thead>
<tr>
<th>CHALLENGES HINDERING EFFECTIVE LOAN RECOVERY</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment of the loan beneficiaries thus being unable to pay the loan</td>
<td>4.01</td>
<td>0.79</td>
<td>1</td>
</tr>
<tr>
<td>Uncooperativeness of some of the employers</td>
<td>3.94</td>
<td>0.83</td>
<td>2</td>
</tr>
<tr>
<td>Brain drain where some loan beneficiaries have left the country</td>
<td>3.69</td>
<td>0.89</td>
<td>3</td>
</tr>
<tr>
<td>Low paying jobs</td>
<td>3.58</td>
<td>0.97</td>
<td>4</td>
</tr>
<tr>
<td>Lack of information by the loanee on how, when and where to pay back the loan</td>
<td>3.26</td>
<td>1.11</td>
<td>5</td>
</tr>
<tr>
<td>Poor record keeping</td>
<td>2.12</td>
<td>0.81</td>
<td>6</td>
</tr>
</tbody>
</table>
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of the study was to evaluate the effectiveness of strategic management practices of HELB's management in loan recovery. This chapter presents the summary, conclusion and recommendation of the findings.

5.2 Summary

5.2.1 Strategies Adopted For Loan Recovery

The first objective of the study was to identify various strategies that have been adopted by HELB and their roles in loan recovery. In relation to the strategies adopted by Higher Education Loans Board in recovering their debt, the study established that continued contact and follow up approach system; loan tracking control system; early warning system; organization's partnership with banks; reduction on the level of built-in subsides; and moral suasion were the main strategies adopted by HELB organization in debt recovery.

In relation to the frequency of strategies adopted by the organization, the study established that continued contact and follow up approach system; loan tracking control system; early warning system and partnership with banks were strategies that are often adopted by HELB while reduction on the level of built-in subsides and moral suasion are rarely adopted strategies by the organization.
5.2.2 Effectiveness of Loan Recovery Strategies

The second objective of the study was to establish the effectiveness of strategies used in loan recovery by HELB. Results showed that majority of the respondents rated the strategies adopted by the organization for loan recovery as effective. In addition, the study established that the loan recovery strategies adopted by Higher Education Loans Board have: enabled the organization recover most debts, enabled other key players like the employers to cooperate with HELB in loan recovery, enabled the board to increase funding to more students, enabled the organization to reduce debt rates and increase revolving funds, sustain the organization while enabling it to achieve its goals and objectives and motivate and induce loanees to pay with minimal problems.

5.2.3 Challenges Hindering Effective Loan Recovery

The third objective of the study was to analyze factors that have hindered the board from effective loan recovery. Results established that unemployment of the loan beneficiaries has largely contributed to many loanees being unable to pay the loans, uncooperativeness of some employers, brain drain due to some loan beneficiaries leaving the country and low paying jobs are the major challenges hindering effective loan recovery by Higher Education Loans Board.

5.3 Conclusion

Higher Education Loans Board like other financial institutions is not complete without mentioning the challenges faced during debt collection and recovery. However, the
strategies adopted by the organization have enabled it to reduce the amount of debt while increasing the revolving funds. This has enabled the organization provide funds to more needy students in the country thereby meeting its goals and objectives.

5.4 Recommendations

The study makes the following recommendations;

From the study findings, it was established that even though the strategies adopted are effective, they have however not enabled optimum collection of debts by the organization. This implies that there is need to employ additional strategies that will ensure maximum debt recovery.

From the study findings, it was established that lack of employment, poor paying jobs and brain drain are the major hindrances of loan recovery programs. As a result, there is need for the government to provide good paying jobs to the graduates in order to avoid brain drain as well as enable them service their loans efficiently.

Furthermore, due to the high rate of unemployment in Kenya, some graduates move out of the country to look for greener pastures. Strategies put in place to recover funds from these graduates are unclear. There is therefore need for the organization through the Ministry of Higher Education and Immigration to implement and integrate loan tracking systems with other countries in order to ensure that graduates who are in Diaspora pay back their debts.
Other graduates have moved to the Jua Kali Sector or started their own businesses where a tracking system has not been put in place. There is therefore need for the HELB organization to collaborate with local authorities in listing names of all employers and employees in these sectors so that HELB can be able to locate its clients and follow up on loan recovery.

5.5 Recommendation for Further research

This study focused on HELB organization despite there being several organizations which lend out money like banks and other financial institutions. There is therefore need for the interested researchers to carry out a similar study but in different financial institutions in order to identify their loan recovery strategies.

There are a number of issues which are crucial in HELB but which have not yet been tackled by the researcher. Research directions include: Development of a model to analyze the characteristics of students who default, or who are likely to promptly pay back their student loans, Internal institutional budget analysis; That is, evaluation of differential costs by university and by program, and how allocation of resources among programs affects their performance. There is also need for studies to be done on the communication strategies adopted and their influence on loan recovery in the organization. A research on the internal challenges facing Higher Education Loans Board in loan recovery may highly contribute in shedding some light on HELB employees concerns with regard to loan recovery.
REFERENCES


Mugenda MO, Mugenda GA (1999). *Research Methods: Quantitative and Qualitative*
Approaches. Nairobi: Jomo Kenyatta foundation


APPENDIX I: QUESTIONNAIRE FOR STAFF

Dear Respondent,

My name is Christine Wakesho Mlewa. I am currently pursuing an MBA degree course at Kenyatta University Mombasa Campus where I am carrying out a study aimed at examining the "Effectiveness of strategic management practices on loan recovery at HELB in Kenya" as a requirement for the course. You have been selected as one of the respondents for this study. The information you provide shall be treated with utmost confidentiality and purely for academic purposes. Just in case you require further clarification on any other issues related to the study, you can reach me on this mobile number 0733393136.

Your participation will be highly appreciated.
SECTION A: STAFF PROFILE INFORMATION

1. Gender
   1. Female ( )
   2. Male ( )

2. What is your highest level of education? Please tick the level reached.
   1. Primary School ( )
   2. Secondary level ( )
   3. Diploma ( )
   4. University Degree ( Undergraduate) ( )
   5. Postgraduate Degree ( )

3. How many years have you been working at your current department? (tick one)
   1. One year to 3 Years ( )
   2. Four years to 7 Years ( )
   3. Eight years to 11 Years ( )
   4. Twelve years and More Years ( )

4. Which category best describes your position in the organization? (Tick one)
   1. Support Staff (e.g., Assistant Accountant) ( )
   2. Supervisory Staff ( )
   3. Management Staff ( )
   4. Others specify..........................

SECTION B: STRATEGIES ADOPTED FOR LOAN RECOVERY

5. Have you developed strategies for loan recovery in your organization?
   a) Yes ( )
   b) No ( )
6. If yes in question 5 above, name the various strategies that your organization has adopted for effective loan recovery

a) Reduction on the level of built-in subsides
b) Partnership with post bank
c) Moral persuasion
d) Loan Guarantors
e) Early warning system
f) Loan tracking control system
g) Continued contact and follow up approach system

7. On a scale of 1-5 please rank how often do you adopt the above named strategies for loan recovery in your organization? Where 1=never, 2=Rarely, 3=Sometimes 4=Often and 5=Very Often

<table>
<thead>
<tr>
<th>Frequency of Adoption</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction on the level of built-in subsides</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partnership with post bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moral persuasion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Guarantors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early warning system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan tracking control system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continued contact and follow up approach system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction on the level of built-in subsides</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION C: EFFECTIVENESS OF LOAN RECOVERY STRATEGIES

8. How effective are your loan recovery strategies to the organization?

a) Very effective
b) Effective
c) Ineffective
d) I don’t know
9. On a scale of 1-5 (Where 1=Strongly Disagree, 2= Disagree, 3=Not Sure 4=Agree and 5=Strongly Agree) please rank the following variables in relation to how effective loan recovery strategies are.

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The strategies have enabled the organization to recover most debts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The strategy has enabled the board to increase funding to more students</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The strategies have enabled other key players like the employers to cooperate with HELB in loan recovery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The strategies has enabled the organization to reduce debt rates and increase revolving funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The strategies have motivated and induced loanees to pay with minimal problems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>These strategies have sustained the organization and enabled it to achieve its goals and objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SECTION D: CHALLENGES HINDERING EFFECTIVE LOAN RECOVERY**

10. On a scale of 1-5 (Where 1=Strongly Disagree, 2= Disagree, 3=Not Sure 4=Agree and 5=Strongly Agree) please rank the following challenges that hinders effective loan recovery procedures.

<table>
<thead>
<tr>
<th>Challenges</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor record keeping</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of information by the loanee on how, when and where to pay back the loan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brain drain where some loan beneficiaries have left the country</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment of the loan beneficiaries thus being unable to pay the loan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low paying jobs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncooperativeness of some of the employers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
11. In your opinion, what do you think should be done in order for your organization to realize full loan recovery?

Thank you for your participation
Dear Respondent

My name is Christine Mlewa. I am currently pursuing an MBA degree course at Kenyatta University Mombasa Campus where I am carrying out a study aimed at examining the “Effectiveness of strategic management practices on loan recovery at HELB in Kenya” as a requirement for the course. You have been selected as one of the respondents for the study. The information you provide shall be treated with utmost confidentiality and purely for academic purposes. Just in case you require further clarification on any other issues related to the study you can reach me on this mobile number 0733393136.

1. Has your organization adopted strategic management practices?

2. If yes in question 1 above does the board carry out strategic management practices regularly?

3. If yes in question 1 above, are you involved in the strategic management practices

4. What role(s) do strategic management practices play in your institution in relation to loan recovery?

5. Are these strategic plans mentioned in question 5 above effective?

6. What kind of strategies has your institution adopted in ensuring that students pay back the loans?

7. Are the above adopted strategies for loan recovery effective?

8. What management programmes had the board been adopting to implement the strategies recommended on those strategic plans

9. Are you involved in strategy evaluation and control in your organization?
10. What has been the trend in loan recovery from the inception of the board?

11. Has the board been effective in the loans recovery?

12. What are the impacts of the strategies so far implemented, on the loan recovery?

13. What challenges do you encounter when undertaking the strategic management practices in loan recovery?

14. What are you general comments on the effectiveness of strategic management practices on loan recovery in your organization?
APPENDIX III: RESEARCH BUDGET

The table below shows the budget of money that was incurred in the research exercise. Note that the source of funds was self.

<table>
<thead>
<tr>
<th>EQUIPMENT/ACTIVITY</th>
<th>DESCRIPTION</th>
<th>UNIT COST (Kshs)</th>
<th>NO. OF UNITS</th>
<th>AMOUNT (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal</td>
<td>Typing and printing 30 pgs @ Ksh 10</td>
<td>10</td>
<td>30</td>
<td>300</td>
</tr>
<tr>
<td>Photocopying proposal</td>
<td>15 copies of 30 pgs @ 200</td>
<td>200</td>
<td>15</td>
<td>3000</td>
</tr>
<tr>
<td>Pilot survey</td>
<td>Transport to and from field</td>
<td>8000</td>
<td>2</td>
<td>16000</td>
</tr>
<tr>
<td>Food and accommodation</td>
<td>1 day @ 2000</td>
<td>2000</td>
<td>1</td>
<td>2000</td>
</tr>
<tr>
<td>Photocopy of questionnaires</td>
<td>10 copies of 50 pages @ Ksh 5</td>
<td>10</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>SPSS Computer Package</td>
<td>Data Analysis Package</td>
<td>15000</td>
<td>1</td>
<td>15000</td>
</tr>
<tr>
<td>Photocopying</td>
<td>Questionnaires 200 copies of pages @ 10</td>
<td>10</td>
<td>200</td>
<td>2000</td>
</tr>
<tr>
<td>Principal Researcher</td>
<td>Travel to, around and from research area</td>
<td>6000</td>
<td>2</td>
<td>12000</td>
</tr>
<tr>
<td>Food and accommodation</td>
<td>20 days @ 2,000</td>
<td>2000</td>
<td>20</td>
<td>40000</td>
</tr>
<tr>
<td>Project typing and printing</td>
<td>Approx. 100 pgs @ Ksh 20</td>
<td>20</td>
<td>100</td>
<td>2000</td>
</tr>
<tr>
<td>Project photocopying</td>
<td>Approx. 20 of 100 pgs @ 200</td>
<td>200</td>
<td>20</td>
<td>4000</td>
</tr>
<tr>
<td>Project Binding</td>
<td>Binding of all copies Kenyatta university Press</td>
<td>500</td>
<td>8</td>
<td>4000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>100,400</strong></td>
</tr>
</tbody>
</table>