The Management University of Africa

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POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF BUSINESS ADMINISTRATION/ MASTER OF MANAGEMENT AND LEADERSHIP/ MASTER OF ARTS IN DEVELOPMENT STUDIES

MBA 512/ MDS 507: **BUSINESS RESEARCH METHODS**

DATE: **29th MARCH, 2022**

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE is compulsory.**
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

Read the following case study and attempt the questions that follow.

CASE STUDY OF BANKING SYSTEMS IN KENYA

Bank regulations are a form of government regulation which subject the banks to certain requirements, restrictions and guidelines. This regulatory structure creates transparency between banking institutions and the corporation with whom they conduct business, among other factors. Regulations aim at ensuring the safe and sound operation of financial institutions, set by authorities. Given the inter-connectedness of the banking industry and its reliance on national and global economy, it is important for regulatory agencies to maintain control over standardized practice of these financial institutions. Central Bank's regulatory requirements captured in the Act came into being following reoccurrence of the financial crisis in banking. This was intended to promote harmonization in financial services. This Act introduce the requirement for institutions to be licensed in order to accept deposits from the public. Over the last thirty years, the mandate of central banks around the world has been progressively narrowed to the goal of price stability. This convergence was prompted by the chronic inflation that characterized most advanced economies in the 1970-80s and independent central banks anchored to an inflation target seemed to be the optimal institutional arrangement to the problem of inflation.

According to Kenya Bankers Association, the formation of government owned banks has the effect of speeding up the provision of affordable banking services to majority of the population. Seven new African-owned banks and 33 non-bank financial institutions came up as rivals to Cooperative Bank, then the only private indigenous bank. However, a number of the institutions have been closed after encountering liquidity troubles. Initially, at around 1978 the Central Bank lacked adequate capacity to regulate the highly politicized sector. Twelve banks collapsed between 1984 and 1989. This made the government to pass the Banking Act 1989, which tightened the requirement for the licensing of new financial institutions. This development led to an increase in the minimum capital requirement, with the deposit insurance made compulsory for all banks. More banks would go under between 1993 and 1995 despite the new stringent regulations. In 1998 Bullion Banks, Fortune Finance, Trust Banks, City finance, Reliance Bank and Prudential Banks were also affected. Some indigenous banks (Equity and Family) especially those that target low-income earners and workers in the informal sector have become a success. The Equity has realized tremendous growth in the last five years and has expanded to East African region.

In recent decades, many countries have experienced banking problems requiring major reforms of the banking systems. The problems are largely due to domestic causes, such as weak banking supervision and inadequate capital. A key part of bank regulation is to make sure that firms operating in the industry are prudently managed. Thus, examining effects of Central bank regulatory requirements in bank financial performance in countries is a critical area of inquiry. Without sound measures of banking policies across countries and over time, researchers are constrained in assessing which policies work best to promote well-functioning banking systems and in proposing socially beneficial reforms to banking policies in need of improvement. Various studies carried out on bank regulations across the globe have focused to mitigate the effects of economic crises and lead the stability of the banking system. Despite introduction of CBK prudential regulations 2006 governing commercial banks in Kenya, there are very few systematic studies that critically assess how regulations have affected the financial performance of commercial banks.

CBK 2006 regulation spelt out the guidelines and regulations to ensure that there is prudential management in the banking industry. Some of these guidelines relate to licensing of new institutions, corporate governance, capital adequacy requirements, liquidity management, risk classification and asset provisioning, foreign exchange exposure limits, publication of financial statements among others. Most of the past studies measure the Central Banks' regulatory requirements to include capital adequacy, liquidity management, risk classification of assets and provisioning, foreign exchange risk exposure and corporate governance. The Central Bank of Kenya also uses the same to evaluate the performance of commercial banks in Kenya. This study was built on the premise that the passage of time and the numerous and significant changes in the commercial banks operating environment have led to different operating environment after the central bank regulatory requirements.

Required:

a) Assess and determine five main variables in the study, clearly classifying them into independent and dependent **(5 Marks)**

b) Suggest the relevant topic for this case study **(2 Marks)**

c) Formulate the statement of the research problem for the case study **(4 Marks)**

d) Formulate four hypotheses for the study **(4 Marks)**

e) Draw a conceptual framework for the study **(4 Marks)**

f) Using any instrument of your choice, develop six Likert Scale questions which will enable achievement of the objectives of this study **(6 Marks)**

g) Suggest and explain any data analysis model which you can apply in this case **(5 Marks)**

QUESTION TWO

a) Some Social Science researchers prefer Cross-Sectional instead of Longitudinal research design in their studies. Explain the differences between the two approaches and elucidate their benefits and limitations **(10 Marks)**

b) Briefly discuss five factors that influence the mode of collecting data in research **(5 Marks)**

QUESTION THREE

a) Define probability sampling and Write short notes on probability sampling techniques a student may adopt in a study for a thesis **(10 Marks)**

b) Evaluate two reasons why background of the study is key in research process **(5 Marks)**

QUESTION FOUR

a) Using three valid examples in each case, compare the sample statistic and population parameter **(5 marks)**

b) The operations manager at a shirt manufacturing plant has been concerned about the large number of defects that the company's three shifts have been producing. There appears to be three types of defects: Improper stitching, buttons not aligned with button holes and inconsistent colouring. The manager decides to investigate the problem. As a first step to improving the quality, she wants to know if the number and type of defects are the same for all three shifts (A, B, C). A random sample of one day's shirt production is taken. The number of each type of defect and the number of perfect shirts for each were recorded in a payoff table. You have been consulted to advice on the best statistical tool to use in order to conclude that at 10% significance level, there are differences in quality among the three shifts. Identify the appropriate statistical tool for analysis. Give the reason for your choice and any three assumptions of the statistical tool selected. **(6 Marks)**

c) In compiling the sources of the information for a study, a researcher can opt to use the references or bibliography. Differentiate between the two concepts **(4 Marks)**