

**INTERNAL COMMUNICATION STRATEGIES AND COMPETITIVENESS OF  
COMMERCIAL BANK OF AFRICA IN KENYA**

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## **DECLARATION**

I declare that this is my original work and has not been submitted for the award of a degree in any university or college.

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This research project has been submitted with my approval as the University Supervisor

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## **DEDICATION**

This project is dedicated to my parents Richard Oduor Opondo and Teresina Achieng Omondi who inspired me and always encouraged me to aim higher. My lovely daughter Gabriella Rael Akinyi who is my pillar and strength. To my brothers (Felix, Bernard and James) and sisters (Emma, Joan, Loyce and Lauren). Who have always supported me to keep progressing. I thank them all.

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## **ABBREVIATIONS AND ACRONYMS**

**CBA:** Commercial Bank of Africa

**CBK:** Central Bank of Kenya

**KBA:** Kenya Bankers Association

**KCB:** Kenya Commercial Bank

**NGOs:** Non-governmental Organizations

**NIC:** National Industrial Corporation Bank

**SFOM:** Société Financière pour pays D'Outre-Mer

## **ABSTRACT**

The banking sector has increasingly experienced a lot of changes in their strategies due to the competitive nature of the industry. The adoption of a robust internal communication strategy in the new era of technology is amongst the key strategies that the industry has embraced. There are also a lot of changes that are taking place in the banking space and it is therefore imperative to have a proper internal communication structure in place to ensure that the other stakeholders do not feel left out. The objective of this research project was to determine the internal communication strategies and the competitiveness of Commercial Bank of Africa in Kenya. The research sought to establish the internal communication strategies adopted by Commercial Bank of Africa and whether these strategies adopted are in any way aiding the bank in remaining competitive within the banking industry in Kenya. The research adopted a case study approach, thus the focus on Commercial Bank of Africa Kenya. The two theories which underpinned this research include Constructive theory of communication and the Resource based view theory. Since the information gathered were qualitative in nature, the study adopted an interview guide as an instrument for data collection. Content analysis was the method used to interpret the raw data collected from the interview. The findings of the study revealed the very critical role of the internal communication strategies adopted by Commercial Bank of Africa to ensure that it remains competitive in the market. The study further revealed that the banking industry has become very dynamic and having a robust strategy in place was needed in order adapt in the ever changing environment. These internal communication strategies include education and training, internal customer image, quality standards and systems of reward. The study results further ascertained that Commercial Bank of Africa has successfully used these strategies to externally position itself as one of the Tier one banks in Kenya. It has further been able to increase its external client base and loyalty because the internal customer has been well catered for. On the basis of the findings, the study has made recommendations to the policy makers, the management and the theorist. To the policy makers the study recommended that the policies should be streamlined to ensure that the internal communications strategies are effectively implemented for enhanced results. To the management the study recommended that internal communication should be treated as a critical strategy and should not be undervalued as a strategy.





# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background of the Study**

The banking sector has increasingly experienced a lot of changes in their strategies due to the competitive nature of the industry. The adoption of a robust internal communication strategy in the new era of technology is amongst the key strategies that the industry has embraced. There are also a lot of changes that are taking place in the banking space and it is therefore imperative to have a proper internal communication structure in place to ensure that the other stakeholders do not feel left out. According to Yabs (2010) a competitive strategy enables a firm not only to be able to effectively compete but also protect itself from loss of its market share both locally and globally. In his generic strategies model; Porter (1985) identifies three basic strategic options available to organizations for gaining competitive advantage. For sustained competitive advantage, an organization should set goals which are clear. The values and culture of the employees should also be aligned to the goals of the organization. This can only be achieved if adept internal communication is done well and is well streamlined.

This study will be guided by two theories; Resource Based View (RBV) theory and the constructive theory of communication. Resource Based View theory considers resources as the means to a company's superior performance. The propagators of this theory allude that an organization should look within itself to find the sources of competitive advantages as opposed to searching externally. According to the RBV theory, the organization relies on resources both tangible (Land, buildings, machinery, equipment and capital) and intangible (Brand reputation, trademarks, intellectual property) which

must be heterogeneous (the skill sets, the abilities and capabilities and other resources are unique to the particular organization) and immobile (can neither be moved nor replicated by another organization) and according to Rothaermel (2013) possess the VRIO attributes (valuable, rare, costly to imitate and is the firm organized to capture the value) to become VRIO resources that offer competitive advantage to the said organization.

The resources are very important in developing strategic response in the organization. (Barney, 1991). Pfeffer and Salancik (1978) allude that the environment has limited resources and organizations depend on these for their survival. Due to the scarcity of these resources and the fact that they are not always readily available, the organization must find ways of putting them to optimal use so as to have the competitive edge over its rivals in the market. Based on this review the study shifts focus from the concept of organizational boundaries and instead focuses on internal communication as an intangible resource for competitive advantage.

Mcphee (2001) emphasizes that the adoption of a method which considers communication as the basis of the organization's structures and processes describes the generation of knowledge and trust. Various studies assert that communication in itself constitutes the organization (Tompkins, 1984). The constructive theory of communication explores how some people are capable of communicating more effectively than others to attain specific goals. It explores the social, behavioral, cognitive and linguistic aspects which manipulate the creation of the message and its reception. The theory explores the skill set that highly effective communicators employ and how they acquire these skills. The theory is premised on the idea that people's interpretation of their social sphere shapes their communication behavior.

Smith (2005) indicates that it is critical to have robust interior communication strategies since having a well-informed plus engaged workforce yields superior results. She further emphasizes that unless the people appreciate what the organization seeks to achieve and understand their roles, achieving the organizational goals will be impossible. Having professional communicators that translate management speak into a language that can be understood by the other employees is very key since they are the executors of the organizational strategies.

### **1.1.1 Internal Communication Strategies**

In the recent past a lot of firms have been trying to put up structures that support and enable cross-functional communication. The goal is to increase their competitiveness through the reduction of internal communication barriers and elimination of boundaries that inhibit proper understanding of workflows end to end and enhanced achievement of the said organization's strategic goals (Westerman, Tucker & Meyer 1996). Mcphee (2001) emphasizes that the adoption of a method which considers communication as the basis of the organization's structures and processes describes the generation of knowledge and trust and trust. Mazzei (2009) defines internal communication as the flow of communication amongst individuals in specified boundaries of an organization. Other scholars have used other terms interchangeably to refer to internal communication. Grunig and Hunt (1984) use internal relations as well as employee relations, Argenti (1996) Smidts et al (2001) utilize employee communication, internal marketing according to Vrontis and Papasolomou (2006), internal public relations as used by Jefkin (1988) and Wright (1995) and staff communication as used by Stone (1995).

Internal communication occurs continuously in an organization and it involves both the formal properly managed communication as well as the informal chat commonly referred to as the “grapevine”. Frandsen and Johansen (2011) state that the employees of a firm are not only the recipients of internal communication but also disseminators as well as active agents in the company’s communication arena. These employees search, interpret, process as well as circulate this information actively. Internal communication strategies therefore involve every one of the methods and approaches an organization adopts to enhance the end to end communication flow (Westerman, Tucker & Meyer 1996). Many researchers, Tench and Yeomans (2006), Argenti and Forman (2002), Grunig and Hunt (1984), accentuate that efficient communication within a firm remains as a requirement for a positive external corporate brand as well as their reputation.

According to Papasolomou and Vrontis (2006) companies evidently invest heavily to create preference for its brand name both locally and internationally. They further indicate that even if the organization develops a well-planned positioning for their company brand its success depends on successful creation of an internal brand through internal communication. They further affirm that internal communication includes four main strategies namely education and training, internal customer image, quality standards and systems of reward.

The idea of considering employees as internal customers is the core of internal communication. This helps the firm to show that they care for their employees thus motivating them to be customer and service oriented and this in turn enhances the firm’s corporate brand. The consideration of staff as internal customers also enhances internal customer satisfaction which is considered a requirement for enhanced external customer

satisfaction. Service standards is the second strategy. Setting and communicating expected internal standards is another critical component of internal communication. Clearly communicating the expected service standards internally and relating them to the organizational goals enables the employees make their own contribution to the attainment of the firm's objectives. Robust internal communication of these standards also facilitates the attainment of personal goals set by the employees.

Training and development of employee behaviors is the third element. Expected employees' behaviors and expected service standards can only be improved by constant training and developing of these behaviors. The development of employees used by a firm enables the change of the staff attitudes, improvement of their capabilities so as to easily enhance service to the external customers. These trainings are thus very important in the enhancement of the brand image of any firm and enhance their competitiveness. Lastly the use of a rewards system that motivates employees is another internal communication strategy.

Berry (1999) proposes that a rewards system can be utilized to pursued the employees of a firm to deliver on the brand promise to external customers. Having a rewards system in place enhances the employees' confidence in the organization and in turn they become the ambassadors of the specific brand. This system also ensure that employees always work towards success of the company as they eventually benefit more from the organization. According to Barney (1991) and Grant (1996) internal communication is aimed at producing a set of catalytic company resources that are not tangible but are critical for the operations of any firm. These include knowledge and continuous loyalty which form the foundation of the competitiveness of the firm.

### **1.1.2 Firm Competitiveness**

This is the position of the organization in the particular sector that enables it attain competitive advantage over its rivals. Firm competitiveness aims at establishing a strong brand that is well recognized and respected in the specific sector. A perceived robust brand also ensures that the organization maintains the market share that it has. According to Rouse (2007), market leadership, which is aimed for by many organizations is the level in which the firm has the largest share in the market or the highest profit center in the market. There are different ways an organization can aim to become competitive so as to become a market leader. The firm can focus on the products that meet the needs of their targeted customers. In order to have these products presented well and consumed by the correct group of consumers, there needs to be proper internal communication so that there is a buying by the internal customers first. These internal stakeholders will then assist the client in reaching the intended market. The organization can also ensure that it makes its brand a dominant brand that will influence customers' loyalty. The organization may also focus on dominating the market by enhancing clients' loyalty towards their services and products. Market leadership is also critical for organizations that have the intention of attracting and retaining its existing customers.

According to Bennett (2017) some people find comfort in being part of a majority. They take comfort in dealing with those who they consider to be winners. Organizations with market leadership status thus are able to increase on their profitability due to customer loyalty. Other strategies an organization can adopt for enhanced competitiveness include formation of strategic alliances, product differentiation, cost focus, the penetration of the market and market diversification. According to Jonsson and Devonish (2009) firms that

have reasonably organized and applied competitive strategies tend to have higher performance. According to Porter (2005) competitive strategy is an organization's capability to organize where, why and how the said organization is going to leverage either on resources, skills, and knowledge to attain a specified goal. Competitive strategy therefore involves an organization's effort to increase the resources that will allow it to perform at a higher level in comparison to its competition. The dynamic and ever changing operating environment forces the organizations not only to come up with the capacity to favorably compete but also develop operational strategies that ensure the firm's survival in the specific market.

Effective strategies include both the organization's goals and activities. Johnson and Scholes (1999) emphasize that these strategies offer the long term direction of an organization by planning the capitals and capabilities with the goal of meeting the stakeholders needs. These strategies give the firm an advantage over other firms. This therefore means that the organization is able to offer superior services and products to its customers. This in turn means that the clients will get more value from the products and services and this can be measured through improved satisfaction. Competitive advantage enables a firm to attract and retain its customers thus resulting to customer loyalty as a result of the superior products and services. To sustain this competitive advantage, the firm must continuously adapt to the ever changing external environment and match its internal strong points and competencies by directing its resources and capabilities in the correct and required manner. Changes in the micro and macro environments affect the operations of the business; this means therefore that the firm must source for critical resources that will enable the firm stay ahead of its competition.



### **1.1.3 The Banking Industry in Kenya**

Central Bank of Kenya (CBK) and the Banking act regulate the banks in Kenya. Prudential guidelines, regulations with certain requirements and restrictions that ensure sincerity and transparency between the banks and their clients are issued by the Central Bank of Kenya. The commercial banks in Kenya also work under the umbrella association called the Kenya Bankers Association (KBA). KBA as an advocacy group is mandated by the member banks to lobby and take care of their rights. The banking industry in Kenya has gone through some drastic changes in addition to increased competition due to the increased use of technology. For instance, the banks have embraced the use of Automated Teller Machines which are strategically placed so as to allow client to easily access the banking services they require. Some banks have recently introduced the cash deposit machines that are automated so as to enable the client deposit their cash even after hours. Automated queue management system is also a recent phenomenon that is taking over the role of floor managers roles in the banks.

According to CBK (2014), banks have continued to spend quite a huge sum on research and development so as to come up with new products and strategies with other banks acquiring the more current technology from the market. CBK has recently been approving increased numbers of mergers and acquisitions which they attribute to increasing changes in the operating environment in the banking sector. Other reasons according to CBK (2018) include meeting the increased levels of share capital; expansion of distribution network and market share and to benefit from best global practices among others. Habib Bank Ltd Kenya was acquired by Diamond trust, Guarantee Trust bank acquired Fina

Bank, 1andM Holdings acquired Giro Commercial Banks, and recently Commercial Bank of Africa is in the process of merging with NIC Bank (CBK,2018)

The banking industry in Kenya has experienced various challenges. There is stiff competition from the savings and credit co-operative societies, the microfinances and the new entrants being the lending phone application that can facilitate short or long term borrowings. This has resulted to a dwindling number of new customers to the banks. Increased use of technology has opened up a window for frauds, heightened customers' expectations and needs. Globalization has opened up a new window of international competitors. As a result, the banks have had to develop strategies to respond to these challenges.

#### **1.1.4 The Commercial Bank of Africa Ltd**

Commercial Bank of Africa Ltd (CBA) is one of the largest private banks in Kenya that was established first in Tanzania over 50 years ago. Branches were later opened in Kenya and Uganda. Commercial Bank of Africa started as a subsidiary of a Swiss-based consortium bank, Societe Financiere pour pays D'Outre Mer (SFOM). Other members of the consortium comprised of Bank of America, Dresden Bank (currently known as Commerzbank), Banque Nationale de Paris and Bank Bruxelles Lambert. In 1980, all of SFOM's associates were acquired by Bank of America and reorganized Commercial Bank of Africa to reflect their own systems and disciplines before the sale of its majority shares to local shareholders. Since then CBA has established a name as the go-to provider for big corporations, institutions, diplomatic missions, NGOs and high end private clients. In the year 2011, CBA commenced an initiative towards innovation in the

banking space, pioneering fresh developments which catered to a broader audience locally.

So far CBA has been a bank of many firsts in the Kenyan market: full digital banking channels, pioneering collaborator with Safaricom for M-Pesa and M-shwari products, the first issuer of the US dollar credit card, the first 105% mortgage offering and the first foreign currency based mortgage provider. As a world-class financial services provider, CBA offers its customers a wide range of both products and services tailored to cater for both the local needs and inspired by global innovation. Currently the bank is in the process of merging with NIC bank so as to increase the market share. CBA headquarter is located at upper hill, Nairobi, Kenya and has 34 branches in Kenya. CBA has other branches across Eastern African region in Uganda, Tanzania and Rwanda.

## **1.2 Research Problem**

The banking sector has increasingly experienced a lot of changes in their strategies as a result of the competitive nature of the industry. To handle the rapidly increasing competition in the ever changing environment, different banking institutions are engaging different strategies to remain competitive. Harper and Chan (2002) allude that, the various forces for change have combined to create a vastly more competitive environment for banks. The adoption of a robust internal communication strategy in the new era of technology is amongst the key strategies that the industry has adopted. There are also a lot of changes that are taking place in the banking space and it is therefore imperative to have a proper internal communication structure in place to ensure that the other stakeholders do not feel left out.

As the existing texts on internal communication are limited as regards to what internal communication is or in what way it is applied, it will be critical to discover the understandings as well as the interpretation of the CBA employees so as to uncover the nature of internal communication and the scope within a particular context i.e. CBA. The study will therefore be intended at understanding internal communication from the employees point of view and the questions appropriate for qualitative research will be aimed at understanding the impact of internal communication strategies on the competitiveness of the Commercial Bank of Africa.

Research has been carried out on some strategies employed by banks to remain competitive in the dynamic environment. Aduol (2018) focused on the competitive strategies adopted by Commercial Bank of Africa ltd and its industry positioning in the Kenya banking sector. Amayo (2016) focused on the Drivers for effective Change Management in commercial banks: case study of Commercial Bank of Africa Mombasa branches. Wahome (2005) looked at corporate communication strategies a case study of Kenya Commercial Bank. Munga (2005) concentrated on managing resistance to change in the banking sector. Kioko (2014) explored the strategic responses adopted by commercial banks to digitize customer service and operations, case study of KCB bank.

Studies have however not been conducted on the influence of internal communication strategies on the competitiveness of commercial bank of Africa in Kenya. It will be of great interest to study the communication strategies the Commercial Bank of Africa employs to relay critical information to its internal stakeholders and also ensure that the communication is done in good time. This therefore remain knowledge gaps for further research.

This study therefore aims at answering the following question; what is the influence of internal communication strategies on the competitiveness of Commercial Bank of Africa in Kenya?

### **1.3 Research Objective**

The objective of this study is to determine the influence of internal communication strategies on the competitiveness of Commercial Bank of Africa in Kenya.

### **1.4 Value of the Study**

The findings of this study will assist the management of Commercial Bank of Africa to analyze as well as decide if the existing internal communication strategies they have adopted are sufficient and effective on the competitive banking space. This will also assist the management in the formulation of future policies and the implementation of the existing strategies.

The same will also form a premise of reference for both current and future strategists at formulation, implementation and evaluation of the various strategies used by the banks. From this study CBA will also get to understand the importance of having robust communication strategies and the critical role that properly structured internal communication strategies plays both within and outside the particular organization.

The study will also prove useful for scholars as well as researchers as it will form a basis for future studies and research. Any recommendations made in this study will form part of the basis that will be adopted by scholars and future researchers. The findings will

further stimulate future research with regards to internal communication and its impact on the competitiveness of the banking industry as it will borrow a lot from this study.

This study will further be used as a point of discussion in the areas of internal communication strategies implemented by commercial bank to gain competitive advantages and market leadership. The research conclusions will also contribute to the existing body of knowledge on the influence of internal communication strategies on the competitiveness of commercial banks.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter focuses on literature review along the lines of the objectives of the study. The review looks into earlier studies conducted and the theoretical review of the study, deep analysis is done and the research gaps underlined. These sections have been discussed with reference to the objective of the study.

### **2.2 Theoretical foundation**

The theoretical foundation is a structure that underpins a theory in a research study. The theories related to this study are discussed in this section. The study will be premised on two theories: The resource based view theory and the constructive theory of communication. These are expounded in detail in the following sections.

#### **2.2.1 Constructive Theory of Communication**

According to Mcphee (2001), a method that considers communication as the basis of the firm's structures and procedures can be used to define the generation of information and trust. Mazzei (2009) defines internal communication as the flow of communication amongst individuals in specified boundaries of an organization. Many researchers, Tench and Yeomans (2006), Argenti and Forman (2002), Grunig and Hunt (1984), accentuate that efficient communication within a firm remains as a requirement for a positive external corporate brand as well as their reputation. It has also been noted by other authors that internal communication plays the role of relationship management and commitment-building function (Cutlip et al., 2006; Jo and Shim, 2005; Grunig, 1992).

Wanca-Thibault, and Tompkins (2001) equate communication to the organization and the creation of the social context of the organization in this theoretical framework. Miller (2006) defined communication as constructive while Penman (2000) define communication as constitutive.

Some researchers emphasize, through communication, individuals sanction their firm's environment as per the procedures of communication according to the expectations they share about reciprocal roles. Association and communication methods permits the firm, its associates, as well as its shareholders to become mutually meaningful and influential. Other scholars equate an organization to the text produced by dialogues among many authors.

The theory states that communication is a common course of dealings and/or understanding that provides logic and importance to the social reality, the activities of an organization, the events and the firm's roles and procedures. It looks to clarify how some individuals are capable of communicating more competently than others in order to attain certain goals Constructivism is founded on the impression that individual understandings of the social realm form people's communicative behavior.

The theory pays attention to four abilities that are possessed by skilled communicators: Linguistic Competence that comprises the accurate usage of grammar and syntax, and also the capability to understand messages received from other speakers linguistically. Sociolinguistic Competence which is an individual's capability to recognize the societal guidelines that direct communication in diverse situations. Rhetorical Competence that focuses on how the meaning from others messages is extracted by speakers and how they responsively, produce messages that can achieve goals. This competency emphasizes that



effective messages are useful, convincing as well as thoughtful to others' needs. Conversational Management focuses on the ways people accomplish face-to-face communications by taking turns to speak, guiding discussion subjects as well as changing the goals of communication as per others' responses.

Constructivism aids people know and promote the qualities of effective communication, which has huge benefits. This perception of communication is constant with the resource-based theory of the company. Where there is seamless communication and the message are well relayed as well as clearly understood there is a high likelihood of achieving the organizational goal. Proper internal communication is therefore very key in communicating the organization's position and the expectations of the customers so that the employees are aware and conversant in fulfilling their role in the formation of a strong corporate brand that enables the said organization gain the competitive advantage they need. The obligation of effective communication therefore is not only the responsibility of managers but also the responsibility of everyone else in the entire organization.

### **2.2.2. Resource Based View Theory**

Propagators of the neoclassical economics of the firm state that the theory is based on a number of assumptions which concluded as the demand for products increases in specific markets both the product inputs and outputs will become similar and will be traded at average prices. Proceeds to resources that are invested are at a regularized average so that excessive returns are difficult. At this point the different organizations have no competitive advantage over each other (Veblen et al,1880). On the contrary strategic

management as a field is of the opinion that some organizations actually gain more economic advantage than their competitors. This competitive advantage last over extended time and the above normal profits are obtained. However, the entrance of substitute products or services, the coming of a new technological era that alters the tastes of the consumers and their preferences can take away this competitive advantage. These firms are therefore forced to generate and sustain the competitive advantage and profits. The creation and utilization of the firm's resources is considered one such way of creating such advantage.

According to the resource based theory of the firm propagated by Rumelt, (1984) and Barney (1991) a company's competitive advantage emanates from the organization's unique resources that it owns and guarantees its exclusivity in its sector. Other proponents of the theory in the 1990s further allude that viable competitive advantage needs both the possession of the resources as well as the capability of the firm to access, apply, exchange and pool these resources. These resources might be the inputs transformed to outputs needed by the consumers or the resources that may enable the making of those outputs. These resources are both tangible e.g. equipment, physical plants, and in recent times the theory has focused on the less tangible resources e.g. internal competencies as a source of competitive advantage. According to Grant (2001) these competencies are intricate patterns of coordination and cooperation between people and between people and tangible resources. The theory maintains that a firm can obtain and or come up with a set of resources that enables it to achieve superiority and obtain the competitive advantage over other firms.

According to Pasanen (2013) a firm controls resources that are unique possess the key performance that is superior as well as controls its resources so as to economically produce and/or better fulfil customer needs. Advocates of this theory maintain that the firm's resources should have four attributes to provide the possible competitive advantage to the firm. These resources need to be valuable, rare, inimitable and non-substitutable. For resource to be valuable, they must add value to the firm, enabling it to exploit the opportunities and to enable the firm enhance customer value by providing superior products and services to its customers. These resources should also be rare; they should only be attained by one or few companies. This view differs from the more traditional view of competitive advantage according to Porter (1985). Rumelt et, al (1997) alludes that the theory puts emphasis on resources as the main determinant of the performance of the firm. He further adds that the variances in the resource frameworks as well as the alignment of rival firms yield possible competitive advantage.

The theory provides the theoretical foundation of the significance of the firm's communication processes in the development of a firm's competitive advantage. The importance of improved communication abilities in addition to the enhanced occurrence of such communication in the firm demonstrates their awareness of the market's potential for effective and efficient communication structures that will through the development of internal strategic competencies influence financial outcomes. Some scholars put emphasis on the social nature some firms use during the process of generation of knowledge. These methods of knowledge generation and the organization culture are formed on relationships of trust that strengthens not only the exchange but also the sharing of

resources, internally as well as between firms, and organize the social capital of a company.

Colbert (2004) emphasizes that abilities, behaviors and human resources interactions create the basis for resources that are not tangible intended for competitive advantage. Snell et al (2001) further allude that knowledge is usually entrenched in the employees' capabilities and capacities. These concepts together accentuate that knowledge as well as trust relationships remain essential components of an organization's competitive edge. Kalla (2005) emphasizes that communication amongst coworkers, trust, common values as well as common objectives also facilitate the creation of knowledge.

### **2.3. Internal Communication Strategies and Firm Competitiveness**

The dynamic and turbulent micro and macro environments that an organization exists make it critical for the said organization to constantly develop strategies that will ensure its survival and also remain competitive. Rosli (2012) emphasizes that these continuous unparalleled changes in the environment are prompted by the fast development in communication and information technology, trade -liberations, trade related-support forces and more demanding consumers and globalization. Mintzberg (1979) alludes that whether the strategies are planned rationally or are simply developing, the said strategies utilize re-sources to yield high returns and the financial pointers of such returns. According Grant (1993), into the 21<sup>st</sup> century, communicated information is regarded as possibly the sole vital foundation of an organization's competitiveness. Porter (2005) emphasizes that as competitive advantage results to supernormal financial performance;

therefore, one expects a strong correlation between efficient and effective communication and financial performance.

Westerman, Tucker & Meyer (1996) in their study organizational communication: development of internal strategic competitive advantage drew the following conclusions: That with effective and efficient internal communication methods an organization will do better financially, have superior internal strategic abilities, have improved capabilities to serve their external markets and be able to follow more operative strategies than organizations using less effective and efficient organizational communication methods.

Wahome (2005) studied the strategies in corporate communication: case study of Kenya Commercial Bank. This study concluded that the bank employed multidimensional Corporate Communications Strategies, which facilitated its turnaround. Amongst the main findings of the study was that through the bank's new products and services there was improved customer satisfaction. Other important findings were that the bank's customer base increased by 8%, occasioning to higher financial returns, that contributed to the bank's strongest balance sheet in a decade. Subsequently as a result of the change, the bank's stocks increased in value at Nairobi Stock Exchange and there was an oversubscription of its Rights Issue.

Vrontis and Papasolomou (2006) focused on using internal marketing to ignite the corporate brand: A case of the UK retail bank industry, identified that the utilization of internal marketing techniques could boost the firm's brand in the UK retail banking space. An effective internal marketing method is able to stimulate as well as fulfill the staff of the said organisation something that can increase collaborative marketing and therefore corporate branding. They further conclude that it is apparent that the provision

of quality and satisfaction of customer in the service industry is strongly influenced by the quality of interaction of the buyer and seller. Operative interactions between the deliverer of the service and the customer are key in realizing an acceptable service transaction. Increased customer satisfaction and their retention can also be secured through an operational buyer–seller interaction.

Mazzei (2009) on his part carried out a study that examined the promotion of active communication behaviors through internal communication. The study concludes that the firms studied show a robust cognizance of how intangible resources, for example knowledge and the attitude of the employee, aid the company's achievement. Subsequently, these firms follow up to encourage vigorous communication engagements between employees. He further concludes that according to Rumelt (1984) and Barney (1991) it seems that respondents are cognizant of the fact that competitive advantage originates from resources that are not tangible and that in the development of such resources communication is critical (Kalla, 2005b).

## **2.4. Summary of Literature and Knowledge Gaps**

Studies have been conducted for internal communication strategies and market leadership. However, gaps are still there on certain areas that have not been comprehensively studied. The gaps will form the basis for the study. Some studies have been conducted on some approaches employed in the banking industry to remain competitive in the dynamic environment. Aduol (2018) focused on the competitive strategies adopted by Commercial Bank of Africa ltd and its industry positioning in the Kenya banking sector.

Amayo (2016) focused on the Drivers for effective Change Management in commercial banks: A case study of CBA Mombasa branches. Wahome (2005) focused on the Strategies in Corporate communication a Case Study of Kenya commercial Bank. Studies have also been conducted focusing on market expansion strategy, strategic alliances, extension of banking hours, and reaching majority of low income earners through branch network expansion. Studies have however not been carried out on the influence of internal communication strategies on the competitiveness of commercial bank of Africa in Kenya. This therefore remain knowledge gap for further research.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter highlights and discusses the components of research methodology that is research design, data collection instruments and data analysis tools that will be utilized to interpret the findings of the study with emphasis on the stated objective. Being a case study the study population and sample will not be included in this study.

### **3.2 Research Design**

The study was primarily qualitative in nature and a case study method was used. The key purpose of the study was to determine people's opinions as well as their understandings instead of focusing on observation of the reality. According to Daymon and Holloway (2002) qualitative research is a method of research that utilizes a range of approaches and comprises of an interpretative approach to whatever the study is focusing on.

Murdock et.al (1999) allude that qualitative approaches relate to the interpretative view of the world that deals with discovering how people understand their social worlds and in what way they express the understandings by way of language, sound, images, individual style and societal ceremonies. Daymon and Holloway (2002) emphasize that the proponents of this view are concerned with discovering people's outlooks, inspirations and particular experiences. This offered adequate ground for adopting the case study method. The method was adopted because it was most likely to provide rich and detailed data which was vital in understanding internal communication strategies as applied by the Commercial Bank of Africa.



### **3.3 Data Collection**

The primary data was gathered with the aid of an interview guide, which comprised of open ended questions. Data was generated using a detailed qualitative face to face interview with a total of 8 respondents. Out of these, 6 were senior managers in the departments of corporate banking, branch banking, Information technology, finance, Risk & compliance, and human resources. Other respondents of the study were 2 branch managers of CBA bank. The researcher settled on their choice since they include the groups involved in strategy formulation and implementation and they are also key in the dissemination of internal organizational communication. The questions were centered on an interview guide, which provided a focus on the matters and the course that the interview intended to follow. The same interview guide was applied to all the employees in order to get a broader view of the issue being explored.

Mugenda and Mugenda (2003) define an interview guide as a set of questions that guide the interviewer when conducting an interview. These questions made it easier to gather the data needed for the research objective by getting appropriate information from the interviewees. Kinyoe (2016) alludes that an interview guide provides the researcher with a clearer understanding and deeper explanation of the findings from the study.

The interview guide was in two parts; the first focused on the interviewees' background information while the second part sought to identify the influence of internal communication strategies on the competitiveness of the commercial bank of Africa.

### **3.4 Data Analysis**

Kothari (2004) defines data analysis as a method that involves packaging the collected data, organizing and structuring the data in a way that the findings can be simply and effectively communicated. The analysis of the collected data was done quantitatively based on the highlighted variables. Content analysis was used as a tool to analyse the detailed qualitatively collected information. Mugenda and Mugenda (2003) view content analysis as a process that methodically and objectively describes published, oral or visual communication that identifies features of vital information by means of a similar approach to relating tendencies.

The feedback for the open ended questions was clustered into categories which were mutually exclusive and exhaustive. The qualitative analysis method was best suited because the interviewees were not limited on their responses and more information was generated that aided in meeting the objectives of the study. Data analysis method can be either statistical or qualitative. Since this will be an exhaustive interview content analysis thus was applied to analyze the data.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

The findings and the discussions of this study will be presented in this chapter. The researcher settled on the respondents since they include the groups involved in strategy formulation and implementation and they are also key in the dissemination of internal organizational communication. The respondents were 8 in total. Out of these, 6 were senior managers in the departments of corporate banking, branch banking, Information technology, finance, Risk & compliance, and human resources. Other respondents of the study were 2 branch managers of CBA bank.

### **4.2 General Information**

The study included some general data about the respondents so as to ascertain if they were best suited to provide information required by the study. The study first sought to establish the specific department or branch the interviewees worked and their titles in CBA. The interviewees were further requested to specify for how long they have worked in the organization. The study established that all the respondents had worked for over 3 years at CBA. It was also established that out of the total 8 respondents 6 had worked for over 5 years within the organization and the other 2 had worked for more than 3 years in the same organization. The respondents' years of engagement with the organization indicated that they had sufficient knowledge and working experience within Commercial Bank of Africa as such the information collected from them was dependable.

## **4.3 Internal Communication Strategies Adopted by Commercial Bank of Africa**

This section focuses on the findings of internal communication strategies adopted by Commercial Bank of Africa to enhance its competitiveness. The respondents identified education and training, internal customer image, quality standards and systems of reward as the strategies employed by Commercial Bank of Africa. Establishing how the internal communication strategies influence the competitiveness of CBA was the objective of the study.

### **4.3.1 Internal Customer Image**

The respondents considered the idea of considering employees as internal customers as the core of internal communication. This strategy was considered critical by the respondents as it helps the firm to show that they care for their employees thus motivating them to be customer and service oriented and this in turn enhances the firm's corporate brand. Having a robust corporate brand in turn ensure that the organization is able to withstand the competitive nature of the industry. The consideration of staff as internal customers also enhances internal customer satisfaction which is considered a requirement for enhanced external customer satisfaction.

The analysis of the data further indicated that the respondents felt that considering staff as internal customers made them feel valued by the organization and it was a source of motivation. When the employees feel motivated they in turn are able to express the same positive attitude to external customers who determine how competitive any organization can be and enhance its market share. The managers shared a common opinion that the

idea of ‘internal customers’ enhances the service mindset in the bank as it inspires every employee to concentrate on the delivery of high quality in their daily internal service activities.

Smith (2005) indicates that it is critical to have robust internal communication channels because having an informed and engaged workforce produces better results. She further emphasizes that unless the people understand what the organization is seeking to achieve and understand their roles, achieving the organizational goals will be impossible. Having professional communicators that translate management speak into a language that can be understood by the other employees is very key since they are the executors of the organizational strategies.

### **4.3.2 Service Standards**

The respondents identified the setting of service standards as the second strategy. This strategy involves the setting and communicating expected internal standards as this is a critical component of internal communication. Clearly communicating the expected service standards internally and relating them to the organizational goals enables the employees make their own contribution to the attainment of the firm’s objectives. Robust internal communication of these standards also facilitates the attainment of personal goals set by the employees. The respondents mentioned that the organization had some set service standards which are documented and always available in the internal policy hub where all the policies and internal standards are published. There is also a quality assurance team that keeps the staff on check by carrying out constant checks that ensure that there is uniformity in the implementation of these service standards. They further

suggested that any great service firm must have set high performance standards and train its staff so as to assist them to meet and further exceed these service standards. The respondents gave as examples the service standards to include: timely responding to internal customer enquiries and complaint without delay, being professional and friendly with internal and external customers. There are service level agreements that are constantly communicated between departments and this in turn ensures the same treatment is given to the external customers. Communication is done through e-mails, town hall and interdepartmental meetings.

### **4.3.3 Continuous Training and Development**

The study established that CBA invested quite a lot on the training and development of its employees. Expected employees' behaviors and expected service standards can only be improved by constant training and developing of these behaviors. The development of employees used by a firm enables the change of the staff attitudes, improvement of their capabilities so as to easily enhance service to the external customers. These trainings are thus very important in the enhancement of the brand image of any firm and enhance their competitiveness. According to the respondents these trainings are constantly done and this means therefore that it is critical to have proper inflows of communication so that the intended beneficiaries can be reached. They mentioned that this was mainly an HR function through the learning and development team. The trainings are available both on an online e-learning portal, external trainers, interdepartmental trainings etc all geared towards the enhancement of individual's abilities and increased productivity. The respondents sighted employee training as a key motivator and a way of curbing staff attrition within the organization. The trainings were also noted as a means of improving

staff communication skills both as the disseminators and recipients of the messages, the interpretation of these messages and the implementation thereafter so that the organization can meet the intended objectives.

#### **4.4.4 Rewards Systems**

Lastly the use of a rewards system that motivates employees is another internal communication strategy. The respondents mentioned that a rewards system was utilized by CBA to pursued the employees of a firm to deliver on the brand promise to external customers. Having a rewards system in place enhances the employees' confidence in the organization and in turn they become the ambassadors of the specific brand. This system also ensure that employees always work towards success of the company as they eventually benefit more from the organization. According to Barney (1991) and Grant (1996) internal communication is aimed at producing a set of catalytic company resources that are not tangible but are critical for the operations of any firm. These include knowledge and continuous loyalty which form the foundation of the competitiveness of the firm. According to the respondents the bank aims at communicating both the individual and the corporate goals. The reward system is also communicated so as to ensure that the staff are motivated to meet their individual goals as well as those of the organization. The managers reiterated that the staff who felt like they partially owned the organization were more than willing to work towards the attainment of CBA's success as they in turn have much more to gain in the form of bonuses. They further indicated that properly communicated rewards systems could motivate the employees while poorly communicated reward systems could in turn demotivate the staff.

#### **4.4 Discussion of Findings**

The findings of the study show that CBA has implemented several internal communication strategies to ensure that it remains competitive in the market. It was further revealed that the banking industry was very dynamic and having a robust strategy in place was needed in order to adapt in the ever-changing environment.

Internal customer image was found to be a key strategy used by Commercial Bank of Africa to attain its competitive advantage. This strategy ensured that the employees felt cared for, thus motivating them to be service and customer oriented, thus enhancing and strengthening the corporate brand through enhanced external customer satisfaction. CBA caters for a selected niche of customers who have specific tastes and preferences. In order to meet the high quality and service expected by their external customers, CBA rolls out any unique products and services to their “internal customers” first for perfection. There are robust channels of internal communication flows that ensure that there are proper communication flows for the formulation of the high quality goods and services for the external market.

The results are consistent with the findings of Mazzei (2009) that internal communication promoted knowledge and positive attitude of employees and in turn this aids the company achievement. Kalla (2005) in his findings takes cognizance of the fact that competitive advantage originates from the resources that are not tangible and that in the development of such resources, communication is critical. Smith (2005) in her findings indicates that it is critical to have robust internal communication channels because having an informed and engaged workforce produces better results.



Service standards strategy adopted by CBA was also noted to be a key internal communication strategy to the organization. Clearly communicating the expected service standards internally and relating them to the organizational goals enables the employees make their own contribution to the attainment of the firm's objectives. As a great service firm CBA has set high performance standards and trains its staff so as to assist them to meet and further exceed these service standards. CBA is considered as one of the strong brands in the banking industry in Kenya. To maintain this image there is need for consistency in the service standards offered across the bank. It was established that CBA has therefore published a set of service standards that are well communicated internally and thus enabled this consistency. This is consistent with the findings of Vrontis and Papasolomou (2006) that the provision of quality and satisfaction of customer in the service industry is strongly influenced by the quality of interaction of the buyer and seller. Operative interactions between the deliverer of the service and the customer are key in realizing an acceptable service transaction. Increased customer satisfaction and their retention can also be secured through an operational buyer-seller interaction.

Continuous training and development of staff was also established as another internal communication strategy adopted by CBA. The development of employees used by CBA has enabled the change of the staff attitudes, improvement of their capabilities so as to easily enhance service to the external customers. These trainings are thus very important in the enhancement of the brand image of any firm and enhance their competitiveness. This is in tandem with the findings of Colbert (2004) where in his findings he noted that the abilities, behaviors and human resources interactions create the basis for resource that are not tangible and are intended for competitive advantage. Knowledge is considered

such a resource and this can only be engrained in the employees of any organization through training. Aduol (2018) in his findings noted that the training activities are intended to enhance the individual, group and the whole organizational productivity.

Lastly the use of a rewards system was utilized by CBA to pursued the employees of a firm to deliver on the brand promise to external customers. Having a rewards system in place enhances the employees' confidence in the organization and in turn they become the ambassadors of the specific brand. This system also ensure that employees always work towards success of the company as they eventually benefit more from the organization. This is consistent with the findings of Berry (1999) that a reward system can be used to pursued employees of a firm to deliver on the brand promise to external customers thus enhancing a firm's competitiveness. Papasolomou and Vrontis (2006) in their findings show that having a reward system enhances employees' confidence in the organization and in turn they become the ambassadors of the said organization.

During the study it was also established that Commercial Bank of Africa has managed to position itself well as a leading brand in the Kenyan banking space through the adoption of unique internal communication strategies. This is consistent with the findings of McCracken (2003) that the vital step in attaining a competitive edge is to define what distinguishes a company from its competitor. This was evidenced by the customer base and loyalty and the financial performance.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

In this chapter the summary of the key findings of the study, the drawn conclusion from these findings and the recommendations proposed by the researcher are presented. The chapter further highlights the limitations of the study and the suggestions for further study.

### **5.2 Summary of Findings**

The study established that Commercial Bank of Africa has adopted different internal communication strategies to enhance its competitiveness in the market. The organization has utilized these strategies to set out the rules of engagement, come up with the road map and set the right direction to achieve particular organizational and individual goals. The internal communication strategies drive a certain behavior and there is uniformity in the service standards because these are properly communicated. The study also established that by using the right mode of communication and the relevant channels the relayed message is understood and the right reaction is achieved. The analysis of the data further indicated that the respondents felt that considering staff as internal customers made them feel valued by the organization and it was a source of motivation. When the employees feel motivated they in turn are able to express the same positive attitude to external customers who determine how competitive any organization can be and enhance its market share

### **5.3 Conclusion**

The banking sector in Kenya has continued to be very competitive forcing the players in the industry to come up with strategies that will ensure they remain relevant and competitive in the market. So as to achieve this externally the findings of the study conclude that CBA has adopted different strategies to enhance its competitiveness in the market. Being the largest privately owned bank in Kenya it needs to maintain its market share. These strategies include education and training, internal customer image, quality standards and systems of reward

### **5.4 Recommendations**

The following recommendations are made to various people based on the findings of the study:

#### **5.4.1 Policy Makers**

The study recommends Commercial Bank of Africa policy makers to evaluate its policy on rewards systems. From the study findings the respondents emphasized that they were no robust rewards systems in place and any reward was granted solely at the discretion of the management. As the reward systems that are clearly communicated are there to boost the staff morale, enhance productivity and improve the organization performance the policy makers need to have the same clearly stated in the policy. This will ensure that each individual aims at meeting their individual objectives with the knowledge that they have more to gain, which in turn ensures that the organization meets its goals.

A motivated taskforce carries the same positive attitude to the external customers and this ensures that the organization increases its market share through the acquisition of more customers by referral not only in Kenya but in neighboring countries as well and would eventually lead to increased revenue from the business transactions.

The study further recommends review of internal customers strategies as it continues to venture in other markets in other countries. When all the staff feel that they are considered to be internal customers and they feel appreciated by their employer i.e. CBA then they are likely to drive the profitability of the organization.

#### **5.4.2 Management Practice**

During the study the respondents pointed out that internal communication is undervalued as a strategy but it is very important. One of the senior most executives reiterated that having clarity and consistency in communication would yield consistent results. He further stated that the management should ensure that the communication is well interpreted for good results. The management need to ensure that the management speak is well interpreted and properly cascaded to the rest of the staff so that the expected results can be achieved.

The management needs to focus more on the staff as their internal customers and to that extent they need to be the first ones to know of any future plans of the organizations as opposed to getting such information from external parties along with the other external customers. The management also needs to ensure that the intended message is correctly addressed to the relevant parties for a quicker resolution and faster achievement of

results. This will ensure the CBA brand is strengthened as it focuses on becoming a market leader not only in Kenya but in the neighboring countries as well.

### **5.4.3 Theory**

During the study it was established that there was limited literature on internal communication strategies for competitive advantage. A lot of the theorists have focused on other studies like corporate communication which includes both internal and external communication, public relations, employee relations etc. This study will therefore add to the body of knowledge and the contributions thereafter will be useful to enhancing the communication theory. The recommendations from the study will contribute theory of communication and add to the broader understanding of the resources based theory from the intangible assets perspective.

### **5.5 Limitation of the Study**

The study was faced with several limitations which included time limitations. Since the respondents were the organization's senior management they have very busy schedules thus could only spare a few minutes to be interviewed. It was therefore a bit difficult to have a proper interview session but eventually managed to get the relevant information from them.

Another limitation was the confidentiality of the information the respondents are tasked to observe by the organization. They were therefore not comfortable in disclosing some details that the study sought to address. The respondents were therefore biased in saying only that which they thought was positive information about CBA. To circumvent this the

respondents were assured that the study was specifically for academic purpose and their identities will not be disclosed and the information they shared will be treated with utmost confidentiality.

There was also the disruption of the normal business and workflow more so for the branch managers. The interviews could only be conducted during the normal working hours when the branches are open as the researcher could not be allowed into the branches past these hours. This meant therefore that the sessions had to be disrupted from time to time as other work related matters were being attended to. The researcher had to practice a lot of patience so as to get the relevant information.

Since the study was being conducted in the researcher's place of work, familiarity became a limitation. The respondents saw the researcher as a colleague and not in her capacity as a researcher. This meant therefore that a lot more probing had to be done so that the required information can be acquired.

## **5.6 Suggestion for Further Study**

The study focused on the internal communication strategies within Commercial Bank of Africa in Kenya. Future research could focus on establishing whether other service industries have adopted internal communication strategies to enhance their competitiveness in the respective industry.

Other future research can also focus on the use of internal communication strategies as a way of enhancing a firm's competitiveness as there is a gap in the existing literature not only for the banking sector but also other sectors in order to increase the understanding regarding its nature, activities and its effectiveness.

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## **APPENDIX 1: INTERVIEW GUIDE**

### **SECTION I: GENERAL INFORMATION**

1. Which department/branch do you work at?
2. What is your current title at work?
3. How long have been working at CBA?
  - i) Less than a year
  - ii) Between 1-5 years
  - iii) Between 6-10 years
  - iv) Over 10 years

### **SECTION II: INTERNAL COMMUNICATION STRATEGIES AND COMPETITIVE ADVANTAGE**

1. How would you define the term internal communication? And what do you consider to be the fundamental ideas of internal communication at CBA?
2. Has internal communication been adopted within the organization and what is its role?
3. What are the important objectives of Internal communication within the organization?
4. How is Internal communication applied in CBA and what are the main activities? Briefly explain.
5. What are the main benefits of the implementation of Internal communication as a strategy?
6. What are the major challenges with the application of internal communication strategies? Briefly explain.
7. How do you measure the effectiveness of Internal communication within CBA?
8. What would you recommend to be changed or enhanced to improve the Internal communication practices within CBA?

Any other Comment

Thanks for your cooperation.

## APPENDIX 2: INTRODUCTION LETTER



### UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

Telephone: 020-8095398  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsities

Tel: 020 8095398  
Nairobi, Kenya

DATE: 08/10/19.....

#### TO WHOM IT MAY CONCERN

The bearer of this letter.....MERCY AKINYI ODUDU of Registration Number AG116968/2017..... is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report  
We would, therefore, appreciate if you assist him/her by allowing him/her to collect data within your organization for the research.

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

Thank you.

  
f.v. PROF. JAMES NJIHA  
DEAN, SCHOOL OF BUSINESS