

**STRATEGIES EMPLOYED BY COMMERCIAL BANKS IN  
KENYA TO BUILD COMPETITIVE ADVANTAGE**

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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN  
PARTIAL FULFILLMENT OF THE REQUIREMENTS OF  
THE DEGREE OF MASTER OF BUSINESS  
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## DECLARATION

I, the undersigned, declare that this project is my original work and that it has not been presented in any other university or institution for academic credit.

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## SUPERVISOR

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

Prof. Aosa

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SignatureNJETTr." .W. Date..

## **DEDICATION**

I dedicate this work to my loving parents, Mr. James Ogori and Mrs. Salome Ogori for always believing in me, for seeing me through my education and for constantly encouraging me to strive for excellence. I love you both and may God Almighty continue to shower you with everlasting blessings.

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## **ABSTRACT**

This study was set out to investigate the strategies employed by commercial banks in Kenya to build competitive advantage. Strategy sets out the mission of the company, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization. A firm gains competitive advantage by performing strategically important activities more cheaply or better than its competitors.

The research adopted the survey design which was most appropriate in attaining the objective of the study. The population of the study comprised of all commercial banks licensed by the Central Bank of Kenya as at 31<sup>st</sup> July 2010. Respondents were subjected to the study through a semi-structured questionnaire which collected primary data. Secondary data was from published reports, the banking industry's publications, periodical and newspapers.

The study found that the commercial banks have adopted both the lower cost structure and differentiated products in a bid to build competitive advantage. Lower cost structure has been achieved by charging fees lower than other banks. Differentiated products were achieved by identifying needs of prospective customers and focusing on products and services not offered by other banks. Resources which are the firm-specific assets were used to create a cost or differentiation advantage. Competitive advantage over rivals is through providing comparable value to the customer, but performing activities more efficiently than (lower cost), or performing activities in a unique way that creates greater buyer value and commands a premium price (differentiation).

Further research should be undertaken to establish the strategies employed to build competitive advantage in other sectors in microfinance institutions. The study was limited in that it included respondents from one sector and conclusions drawn may not be representative of other industries. It also captured members of the one focus group excluding other important stakeholders from the study.



## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Organizations today are faced with unprecedented competition on global basis. Today's environment is often turbulent. Stalk et al (1992) argue that competition in such environment is becoming less like a game of chess and more like an interactive video game where competition should be treated as a "war of movement" with successful companies moving quickly in an out of products, markets and sometimes even entire business. In order to gain competitive advantage in this turbulent business environment companies are constantly being encouraged to make the transition to the latest management prescriptions, panaceas and theories which come and go rather like waves on a beach.

An organization does not operate in a vacuum but within an external environment. This environment consists of variables that form the context within which firms exist (Hunger and Wheelen, 1995). To be successful in this environment, a firm adopts an open system approach by taking an assortment of resources from the environment in form of inputs, processes them and finally deliver them back as output. The open system is made necessary by two factors. These are the continued organizational survival on its ability to secure rewards from the environment which replenish the resources consumed in the conversion process, and continued maintenance by the organizational of its social legitimacy (Mkamunduli, 2005).

To succeed in today's environment an organization must focus first on customers rather than on products and production. But customers today are often unable or unwilling to specify the characteristics or features, of a product or service until they are ready to take delivery. According to Zachman (1992), a strategy enables assembly of products custom built from standard components and uniquely tailored to each customer's specific needs. An assembly strategy applies not only to manufacturing and assembly but also to most service industries including banking and insurance as well as government services. To compete, organizations

are downsizing and according to Drucker (1998), we are entering a period of change. A shift from command and control organization to information based organizations of knowledge specialists. The typical large business 20 years hence will have fewer than half the levels of management of its counterpart today and no more than one third managers.

### **1.1.1 Strategy and Competitive Advantage**

A competitive strategy consists of all the moves and approaches a firm has taken and is taking to attract buyers, with stand competitive pressures and improve its market position (Thompson and Strickland, 1993). Strategy sets out the mission of the company. A mission is a general expression of the overall purpose of the organization, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization (Johnson and Scholes, 2002).

According to Newman et al (1989), strategy reflects the choice of the key services that the organization will perform and the primary basis for distinctiveness in creating and delivering such services. Competitive advantage is attained through either cost leadership or differentiation. To gain competitive advantage over its rivals, a firm must either provide comparable value to the customer, but perform activities more efficiently than its competitors (lower cost), or perform activities in a unique way that creates greater buyer value and commands a premium price (differentiation)(Porter, 1996). The common function in either of the strategies therefore is value creation.

Customer satisfaction leads to repeat business. Kotler (1999) contends that a satisfaction is a function of performance and expectations. If the performance falls short of expectations, the customer is dissatisfied. If performance matches the expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted. Value therefore reflects the growing customer concern of getting more for money, time, and effort invested. It

becomes paramount then for companies to maintain a closer touch with their customers and adjusting their offerings to feature value.

### **1.1.2 Commercial Banks in Kenya**

Ever since the liberalization of the financial sector in Kenya in the late 1980 and 1990s, there has been remarked change amongst commercial banks. The growth in the number of commercial banks in Kenya has been considerable. The number has increased from less than 20 to a current count of 41 (CBK, 2005). The objective of the liberalization process was to encourage greater financial efficiency. Policy reforms included removing interest rate controls, removing requirements on banks to lend to specific sectors, privatizing state-owned banks, and allowing easier entry by private sector banks and non-bank financial institutions, including foreign banks. At the same time, to promote sounder banking and help protect bank deposits, reforms were introduced to strengthen the prudential regulation. The reforms also included supervision of banks by improving banking laws and expanding supervisory capacities (Porter, 1996).

Financial liberalization changed the nature of the risks facing the commercial banking system in Kenya. Reforms reduced the risk of bank distress caused by governments directing banks to lend to unviable and uncreditworthy borrowers. New sources of risk have however emerged: greater competition is squeezing the profits of weaker banks; the entry of new banks that lack the expertise to manage risks in liberalized markets; greater opportunities for fraud and abuse of depositors' funds; and risks arising from foreign exchange denominated transactions. Kenya has suffered from the failure of privately owned commercial banks - often due to fraud and abuse by management. These bank failures have proved costly for taxpayers, who have often had to fund the reimbursement of deposits.

The banking industry in Kenya comprises of 49 financial institutions with 43 commercial banks, one operating non-bank financial institution and another in the process of self-liquidation, two mortgage finance companies and two building

societies (CBK, 2005). The competition for survival and growth within the industry is extremely intense- this poses a major challenge owing to the poor performance of the economy in the recent past, decline in the inflow of investments and shrinkage of profits (Gumato, 2003)

## **1.2 Statement of the Problem**

Competitive advantage is an important goal for any organization. This climate is only likely to intensify in the foreseeable future. When a firm sustains profits that exceed the average for its industry, the firm is said to possess a competitive advantage over its rivals. The goal of much of business strategy is to achieve a sustainable competitive advantage. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself (Porter, 1996).

The banking industry, in the recent past, has faced increasing competition and tremendous challenges due to industry globalization, privatization of government-owned banks, adversely changing economic-political patterns and narrowing profit margins this has prompted the industry players to take competition to a higher level thus competing on the basis of corporate values. It provides support to the economy and this role is now more critical in order to jump start economic growth the industry is now very competitive and customers are now more discerning. Owing to these challenges banks have had to re-engineer their processes via restructuring, engaging in cost reduction initiatives, and adoption of customer-oriented marketing philosophy, employee empowerment, and community involvement. The government and customers alike in the value chain are constantly evaluating the role of commercial banks in the country. The challenge is for commercial banks to meet these pressures by identifying and exploiting sources of competitive advantage. Commercial banks are at the forefront of

developing buyer-seller information technologies and have higher requirements for products and services from customers.

Nyamai (1989) carried out a research on the structure and growth of the banking industry in Kenya. Aosa (1992) evaluated the process of strategy formulation and implementation in large private manufacturing companies. Ndegwa (1996) looked at the commercial banks and financial institutions from a marketing point of view by assessing the quality of service. Shimba (1998) did some research work on aspects of strategic planning in the financial sector. Warucu (2001) evaluated competitive strategies employed by commercial banks that participate in clearinghouse. Koigi (2002) researched on implementation of a strategic alliance an experience of Kenya Post Office Savings bank and Citibank. Chesang (2002) touched on the implications of merger restructuring and financial performance of commercial banks in Kenya. Kiptugen (2003) identified strategic responses by Kenya Commercial Bank to a changing competitive environment. None of the previous studies has dealt with strategies employed by commercial banks in Kenya to build competitive advantage. Given the critical role that commercial banks play in the market, they need to adopt strategies that will keep them competitive. It is however not known which competitive strategies they have employed. Based on this evaluation, there exists a gap in literature to warrant a research to be conducted in this industry. This study intended to provide an insight into the strategies employed by commercial banks in Kenya to build competitive advantage. What are the strategies employed by commercial banks in Kenya to build competitive advantage?

### **1.3 Objective of the Study**

The objective of the study was to determine the strategies employed by commercial banks in Kenya to build competitive advantage.

### **1.4 Importance of the Study**

This study will provide pertinent information for policymaking and planning in the industry. Policymakers will, hence, be able to make informed strategic

decisions in the light of increased competition, environmental pressures and awareness. Management is responsible for the day to day running of the company. The strategic policy issues may affect the action of managing either positively or negatively. The management of the various companies in existence in Kenya will use this information when making strategic decisions towards the customers in their companies.

This study will shed light on the nature and importance of corporate values. It will, thus, assist in focusing research attention to the key issues which determine the success/failure of organizations (feelings and emotions, alongside logical and technical capabilities). The study is important as a catalyst to explore the area further. It would also facilitate the conduct of other studies that require the results of their study on their information. Students and academicians who wish to carry out further research in building competitive advantage in organizations.

The banks interested in creating a sustainable competitive advantage through superior customer service to their customers. Banks will be able to understand the impact of customer service and invest more on customer satisfaction. This study will provide a valuable insight to industry players who, henceforth, will take competition to a higher level, wherein, such competition will be on the basis of corporate values.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

This chapter is structured based on the research objectives. It reviews the relevant literature available that focuses on the concept of competitive advantage, and the strategies adopted by organizations. The essence of formulating a competitive strategy is relating a company to its environment (Porter, 1998). Porter (1998) also argues that competitive advantage is the ability of the firm to outperform rivals on the primary performance goal. Notably, the essence of business is to create competitive advantage in a number of ways e.g. low-cost production or market differentiation. Ansoff and McDonnell (1990) argue that strategy is a set of decision-making rules for guidance of organizational behavior. The primary purpose of a strategy is to guide management decisions towards superior performance through establishing competitive advantage. Strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations (Johnson and Scholes, 2002).

Ansoff and McDonnell, (1990) define a strategy as an integrated and coordinated set of commitments and action, designed to exploit core competences and gain a competitive advantage. By strategy, therefore, managers mean their large-scale, future oriented plans for interacting with the competitive environment to optimize achievement of organization objectives (Pearce and Robinson, 2002). A competitive strategy consists of all the moves and approaches a firm has taken and is taking to attract buyers, with stand competitive pressures and improve its market position (Thompson & Strickland, 1993). Strategy sets out the mission of the company. A mission is a general expression of the overall purpose of the organization, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization (Johnson and Scholes, 2002).

## 2.2 The Concept of Strategy

Strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations (Johnson and Scholes 2002; Ansoff and McDonell, 1990). Hitt et al (1997) define a strategy as an integrated and coordinated set of commitments and action, designed to exploit core competences and gain a competitive advantage. By strategy, therefore, managers mean their large-scale, future oriented plans for interacting with the competitive environment to optimize achievement of organization objectives (Pearce and Robinson, 2002).

Johnson and Scholes (2002), defined strategy as the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations. An organization matches the resources and activities to the environment to achieve strategic fit. Strategic fit is developing strategy by identifying opportunities in the business environment and adapting resources and competences so as to take advantage of these (Thompson and Strickland, 1993).

Strategy response concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (1980) outlines three approaches to competitive strategy which are low cost leadership strategy; differentiation strategy and focus strategy. Under the low cost leadership strategy a firm strives to be the overall low cost producer, while under differentiation strategy, the firm seeks to differentiate its product by offering distinct products from that of its rivals. The focus strategy involves the firm focusing on a narrow portion of the market expectations (Johnson and Scholes, 2002; Ansoff and McDonell, 1990).

Drucker (2006) set the strategy ball rolling. He looked at General Motors (GM), General electric (GE), International business machines (IBM) and Sears Roebuck. Burnes (2004) highlighted the close relationship between strategy and structure.



He stated that the role of the salaried manager and technician was vital and talked about the "visible" hand. According to Chandler (2002), strategy is "the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources for carrying out the goals. On the other hand structure "is the design of organization through which the enterprise is administered. Corporations should develop their strategy before deciding their structure.

Quinn and Mintzberg (2003) identified strategy as the pattern or plan that integrates an organization major goals, policies and action sequences into a cohesive whole. A well formulated strategy helps to Marshall and allocates an organization's resources in a unique and viable posture based on its relative internal competences and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents. Quinn and Mintzberg (2003) define strategy as a plan, ploy, pattern, position and perspective. They look at strategy as a plan or some sort of consciously intended course of action, a guideline to deal with a situation. Strategy as a ploy really is just a specific maneuver intended to outwit an opponent or competitor.

A good company strategy has to have at least four components: Scope has to define companies and business such as the present and planned interactions of the company with its environment, Competence-this is an indication of the level and patterns of the company's. Competitive advantage-the unique position a company will develop vis-a-vis its competitors through its resource deployments and scope decisions, Synergy the joint effects that are sought from the company's resources deployment and the company scope decisions. It is paramount that a company has to achieve a fit with its environment for it to succeed. Strategy is a multi-dimensional concept and various authors have defined Strategy in different ways. Many definitions not only attempt to define what a strategy is. but also contain information regarding how a strategy is created and what it is expected to achieve (Pearce and Robinson, 2002).

Ohniae (1998), states that strategy means working hard to understand a customer's inherent needs and then rethinking what a category of product is all about. It is the match between an organization's resources and skills and the environmental opportunities and risks it faces, and the purpose it wishes to accomplish. It consists of competitive moves and business approaches to produce successful performance. It is the management's "game plan" for running the business, strengthening the firm's competitive position, satisfying customers and achieving performance targets. Strategy is all about combining activities into a reinforcing system that creates a dynamic fit with the environment (Markides, 1999). This reinforcing system creates the requisite fit between what the firm needs and what its activities are. Porter, (1996) has defined strategy as a creation of a unique and vulnerable position of tradeoffs in competing; involving a set of activities that nearly fit together and is consistent.

Strategy is useful in helping managers tackle the daily problems that face Organizations and thus ensure survival. It is a tool that offers significant help for coping with turbulence confronting many firms (Aosa, 1998). Historically; hundreds of strategists and organizations have used many different approaches to strategy formulation to achieve a variety of strategic objectives. As a result, organizations, consultants and academicians have, over time, given the concept of strategy literally hundreds of different situation specific definitions. These definitions may be appropriate given the specific situation, but rarely does one definition fit all of them. To overcome the confusion created by this phenomenon, it is important to draw a clear distinction between a strategy, the process by which a strategy is created and its expected results.

Strategy is about two things: deciding where the business is going, and deciding how to get there. A more complete definition is based on competitive advantage, the object of most corporate strategy.

"Competitive advantage grows out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it. Value is what buyers are willing to pay,

and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price. There are two basic types of competitive advantage: cost leadership and differentiation" (Porter, 1985, page 3).

A firm's relative position within an industry is given by its choice of competitive advantage (cost leadership vs. differentiation) and its choice of competitive scope. Competitive scope distinguishes between firms targeting broad industry segments and firms focusing on a narrow segment. Generic strategies are useful because they characterize strategic positions at the simplest and broadest level. Porter maintains that achieving competitive advantage requires a firm to make a choice about the type and scope of its competitive advantage. There are different risks inherent in each generic strategy, but being all things to all people is a sure recipe for mediocrity getting stuck in the middle (Porter, 1985). Treacy and Wiersema (1995) offer another popular generic framework for gaining competitive advantage. In their framework, a firm typically will choose to emphasize one of three value disciplines: product leadership, operational excellence, and customer intimacy.

### **2.3 Competitive Advantage**

Today's globalized markets are a breeding ground for conglomeration where mergers and acquisitions are becoming increasingly popular as a means of growth. For firms to survive, therefore, it has become necessary for them to keep ahead of competitors and predators by differentiating themselves. Creating and sustaining a competitive advantage is one way of achieving this goal (Colgate, 1988). Competitive advantage can result either from implementing a value-creating strategy not simultaneously being implemented by any current or potential competitors (Barney, 1991; Barney et al., 1989) or through superior execution of the same strategy as competitors. Hofer and Schendel (1978) described competitive advantage as "the unique position an organization develops vis-a-vis its competitors". Competitive advantage is mainly derived from resources and capabilities. Resources have been termed "assets", "strengths and

weaknesses" and "stocks of available factors" (Amit and Shoemaker, 1993; Wernerfelt, 1984). The capabilities of a firm are what it can do as a result of teams of resources working together. Examples of capabilities include product development, market research, fast development cycles and brand management (Amit and Shoemaker, 1993).

Competitive advantage can be something a firm does that is different from its competitors, or superior to its competitors. Kurtz and Clow (1999) highlight four requirements for a competitive advantage to qualify to be sustainable: the concept must be valued by customers as to result to additional sales, it must be non substitutable, the firm must have the resources and capability of delivering competitive advantages to customers and finally it must not be easily copied by customers. The extent of the return a firm can obtain from a competitive advantage, however, depends upon the sustainability of the competitive advantage, which the resources and capabilities confer upon the firm. Porter (1985) suggested that sustainability could be achieved when "advantage resists erosion by competitive behaviour". This was because of the existence of barriers that make imitation difficult. Additionally sustainability can only be created when the resources and capabilities are durable, that is, they do not physically depreciate. The potential sources of competitive advantages are many and varied. Bharadwaj et al. (1993) outline the potential sources of competitive advantages for service organizations. For example corporate culture, scale, brand equity and functional skills are all hypothesized as being potential areas for competitive advantages. Importantly, however, Bharadwaj et al. (1993) suggest that information technology and implementation skills are two other opportunities for competitive advantages

Most discussions of competitive advantage focus on defensive strategies based on existing resource strengths. For example, Grant (1995) considers the sustainability of the competitive advantage along the dimensions of durability, mobility and replicability. Durability determines how long the competitive advantage can be sustained and is considered in terms of the ability of competitors to imitate

through gaining access to the resources on which the competitive advantage is built. This is because the speed at which the uniqueness of the resources of an organization becomes accessible dictates the speed at which the competitive advantage of an organization diminishes (Chaharbaghi and Nugent, 1996). In fast-moving competitive environments, sustaining competitive advantage involves creating safe-havens from cut-throat competition by continuously creating gaps through unique resources that cannot be easily bridged by the competitors (Chaharbaghi and Nugent, 1996).

A company has a competitive advantage whenever it has an edge over rivals in securing customers and defending against competitive forces (Johnson and Scholes, 2002; Porter 1999). Sustainable competitive advantage has a reasonable lasting effect and helps the company to achieve its strategic goals. To be sustainable, competitive advantage needs to be embedded in the organization - its resources, skills, culture, and investment over time (Porter, 1998). According to Hitt et al (1997) companies create sustainable competitive advantage whenever customers consistently perceive positive differences such as in quality, uniqueness value or cost competitiveness, between the products or services offered by the company and those of its competitors. Such perceived difference ought to result in the company's greater capability and should persist over a reasonable period of time. To create competitive advantage, firms identify three or four competences around which their strategic actions will be framed. Core competences are the activities or processes that critically underpin an organization's competitive advantage (Thompson and Strickland, 1993).

According to Thompson and Strickland (2003), core competences emerge over time through an organizational process of accumulating and learning how to deploy different resources and capabilities. As a source of competitive advantage, competences distinguish a company competitively and reflect its personality. Sustainable competitive advantage is only achievable where the firm's capabilities are valuable (can enable the firm exploit opportunities and / or overcome threats), rare (posses by few, if any, current or potential competitors),

costly to imitate (those that other firms cannot develop easily, may be because of unique historical conditions, social complexity or causally ambiguous, and non-substitutable (do not have strategic equivalents).

Corporate values can be harnessed to gain an edge over competitors. Employee empowerment as a value is vital. The skills and knowledge of the firm's human capital may be the primary basis for all its capabilities. Capabilities of this type emerge by developing human capital and sharing information regarding how tangible and intangible resources can be combined in strategically relevant ways. Understanding and valuing what customers value- or might value in the future - is important. This includes customers' threshold requirements, which must be met by every potential provider. This constitutes a critical success factors that customers particularly value, and therefore, where an organization must excel to outperform competition (Johnson and Scholes, 2002). As such, a strong customer orientation is key to strategy success.

However, what customer's value will change with time, so core competence will be eroded. On the other hand, the benefits provided by all competitive advantage can be duplicated. Because of this, Johnson and Scholes (2002) recommend that, firms must exploit their current competitive advantage while simultaneously using their resources capabilities and core competences to develop advantages that will be relevant in the future. The essence of formulating a competitive strategy is relating a company to its environment (Porter, 1998). Porter (1980) also argues that competitive advantage is the ability of the firm to outperform rivals on the primary performance goal. Notably, the essence of business is to create competitive advantage in a number of ways such as low-cost production or market differentiation. Ansoff and McDonnell (1990) argue that strategy is a set of decision-making rules for guidance of organizational behavior. Grant (1998) notes that the primary purpose of strategy is to guide management decisions towards superior performance through establishing competitive advantage. When a firm sustains profits that exceed the average for its industry, the firm is said to possess a competitive advantage over its rivals. The goal of much of business strategy is

to achieve a sustainable competitive advantage. Porter (1998) identified two basic types of competitive advantage. These are cost advantage and differentiation advantage.

A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself. Cost and differentiation advantages are known as positional advantages since they describe the firm's position in the industry as a leader in either cost or differentiation. A resource-based view emphasizes that a firm utilizes its resources and capabilities to create a competitive advantage that ultimately results in superior value creation (Porter, 1998).

#### **2.4 Resources and Capabilities**

According to the resource-based view, in order to develop a competitive advantage the firm must have resources and capabilities that are superior to those of its competitors. Without this superiority, the competitors simply could replicate what the firm was doing and any advantage quickly would disappear. Resources are the firm-specific assets useful for creating a cost or differentiation advantage and that few competitors can acquire easily, such resources may comprise of patents and trademarks, proprietary know-how, installed customer base, reputation of the firm, and brand equity. Capabilities on the other hand refer to the firm's ability to utilize its resources effectively. An example of a capability is the ability to bring a product to market faster than competitors. Such capabilities are embedded in the routines of the organization and are not easily documented as procedures and thus are difficult for competitors to replicate. The firm's resources and capabilities together form its distinctive competencies. These competencies enable innovation, efficiency, quality, and customer responsiveness, all of which can be leveraged to create a cost advantage or a differentiation advantage (Porter, 1998).

Competitive advantage is created by using resources and capabilities to achieve either a lower cost structure or a differentiated product. A firm positions itself in its industry through its choice of low cost or differentiation. This decision is a central component of the firm's competitive strategy. Another important decision is how broad or narrow a market segment to target. Porter formed a matrix using cost advantage, differentiation advantage, and a broad or narrow focus to identify a set of generic strategies that the firm can pursue to create and sustain a competitive advantage. In addition the firm creates value by performing a series of activities that Porter identified as the value chain. In addition to the firm's own value-creating activities, the firm operates in a value system of vertical activities including those of upstream suppliers and downstream channel members. To achieve a competitive advantage, the firm must perform one or more value creating activities in a way that creates more overall value than do competitors. Superior value is created through lower costs or superior benefits to the consumer (differentiation) (Porter, 1998).



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

The research adopted the survey design to assist us to get the objective of the study. This is considered the most suitable method since it involves getting views on the strategies employed by commercial banks in Kenya to build competitive advantage. Therefore, the use of survey procedures helped to identify interrelationships among variables being studied.

This is specifically the relationship between strategies employed by commercial banks and building competitive advantage. Furthermore, this has been necessitated by the fact that surveys research is used to obtain a considerable amount of information, which can be generalized, to an entire population.

### **3.2 Population**

The population of the study comprised of all the commercial banks licensed by the Central Bank of Kenya as at 31<sup>st</sup> July 2010. There were (43) forty-three companies listed. All the commercial banks were included in the study with the respondents being the general managers.

### **3.3 Data Collection**

Primary data was collected using a semi-structured questionnaire. The questionnaire was personally administered to the general managers of the respondent banks. This enabled the researcher to clarify issues or respond to questions from the respondents. The questionnaire was divided into two sections with part A containing general information about the respondent, part B contained competitive strategies adopted by the bank. As much as possible, a 5-point likert scale was used to determine the strategies employed by commercial banks in Kenya to build competitive advantage.

The closed ended questions enabled the researcher to collect qualitative data while open-ended questions gave the respondent to collect qualitative data.

Secondary data was collected by use of desk search techniques from published reports and other documents. Secondary data included the banking industry's publications, periodical and newspapers.

### **3.4 Data Analysis**

Descriptive statistics was used to analyze the data because this study is modeled on a descriptive framework. Data in part A of the questionnaire was analyzed using frequency distributions and percentages to determine the profile of respondents. Data in part B was analyzed using mean scores and standard deviations to detennine strategies employed by commercial banks in Kenya.

Differences in competitive strategies between the banks were analyzed by comparing means and standard deviations of the banks. Mean scores of the likert scale was used to determine impact of competitive strategies employed by commercial banks in Kenya.

## CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

### 4.1 Introduction

This chapter presents a detailed discussion of the research findings in an attempt to achieve the research objectives. Data analysis is carried out based on the objectives of the study.

### 4.2 Analysis of General Information

43 questionnaires were distributed to general managers of the respondent commercial banks in Kenya. However, only 30 were completed and returned, representing a 69.77% response rate.

#### 4.2.1 Gender of the Respondents

The study sought to find out the gender of the respondents. It captured the gender of the respondents. Table 4.1 shows their response.

**Table 4.1:** Gender of the Respondents

	Frequency	Percent
Male	20	66.67
Female	10	33.33
Total	30	100.0

Source: Research data

Table 4.1 shows that 66.67% of the respondents interviewed were male with 33.33% the respondents being female.

#### 4.2.2 Period of Stay at the Bank

The study sought to find out how long the respondent had worked with the bank which is captured in table 4.2.

**Table 4.2:** Period of working at the bank

	<b>Frequency</b>	<b>Percent</b>
5-10 years	12	40.00
2-5 years	10	33.33
Over 10 years	8	26.67
Total	30	100.0

Source: Research data

From the table above it is evident that most of the respondents (40.00%), had worked for the bank between 5-10 years. 33.33% of the respondents had worked for the bank for 2-5 years, while 26.67% are had worked for the bank for over 10 years.

#### **4.2.2 Age of the Respondent**

The study sought to find out the age of the respondents at the commercial banks which is captured in table 4.3.

**Table 4.3:** Age of the Respondent

	<b>Frequency</b>	<b>Percent</b>
31 -40 years	18	60.00
41-50 years	8	26.67
51-60 years	4	13.33
Total	30	100.0

Source: Research data

From the table above it is evident that most of the respondents (60.00%) were aged between 31 and 40 years. 26.67% of the respondents were aged between 41 and 50 years, while 13.33% were aged between 51 and 60 years.

#### **4.3 Strategies Employed to Build Competitive Advantage**

The objective of the study was to determine the strategies employed by commercial banks in Kenya to build competitive advantage.

### 4.3.1 Strategies Employed by the Commercial Banks

The study sought to find out the strategies employed by the commercial banks which are captured in table 4.4.

**Table 4.4:** Strategies Employed by the Commercial Banks

	<b>Very great extent</b>	<b>Great extent</b>	<b>Moderate extent</b>	<b>Total</b>	<b>Mean</b>
	<b>Frequency</b>	<b>Frequency</b>	<b>Frequency</b>		
Ability to satisfy the customer and have repeat customers	21	5	4	<b>30</b>	<b>1.43</b>
Fees charged lower than other banks	20	4	6	<b>30</b>	<b>1.53</b>
Market driven products and services	20	4	6	<b>30</b>	<b>1.53</b>
Adequate facilities like banking halls, ATM machines	18	6	6	<b>30</b>	<b>1.60</b>
Ability to know customer needs	18	6	6	<b>30</b>	<b>1.60</b>
Opening and closing times	16	8	6	<b>30</b>	<b>1.67</b>
Publicity to create and enhance positive image of the bank	18	4	8	<b>30</b>	<b>1.67</b>
Focus on products and services not offered by other banks	18	4	8	<b>30</b>	<b>1.67</b>
Identifying needs of prospective customers	14	10	6	<b>30</b>	<b>1.73</b>
Advertising on radio and newspapers	10	5	15	<b>30</b>	<b>2.17</b>

Source: Research data

The respondents were asked to rate on a scale of 1 to 5; (1= Not at all, 2= To a Little extent, 3= To a moderate extent, 4= To a great extent, 5= To a very great

extent) the extent to which the commercial banks has used the following strategies to remain competitive in the market.

The respondents indicated that commercial banks had the ability to satisfy the customer and have repeat customers which was ranked first with a mean of 1.43. They indicated that the commercial banks charged fees lower than other banks and developed market driven products and services for their customers which were ranked second with a mean of 1.53 each. Adequate facilities like banking halls, ATM machines and the ability to know customer needs had means of 1.60 while opening and closing times, publicity to create and enhance positive image of the bank and focus on products and services not offered by other banks had means of 1.67. Identifying needs of prospective customers had a mean of 1.73. The respondents indicated that all the above strategies were used to a very great extent by the commercial banks as indicated by their respective means. Advertising on radio and newspapers was cited to have been used to a great extent as indicated by its mean of 2.17.

Competitive advantage is created by using resources and capabilities to achieve either a lower cost structure or a differentiated product. A firm positions itself in its industry through its choice of low cost or differentiation. To achieve a competitive advantage, the firm must perform one or more value creating activities in a way that creates more overall value than do competitors. Superior value is created through lower costs or superior benefits to the consumer (differentiation). According to the findings of the study it is evident that the commercial banks have adopted both the lower cost structure and differentiated products in a bid to build competitive advantage. Lower cost structure has been achieved by charging fees lower than other banks. Differentiated products have been offered to customers as indicated by the respondents that in that the commercial banks identify needs of prospective customers and focus on products and services not offered by other banks. The commercial banks use their resources which are the firm-specific assets useful for creating a cost or differentiation advantage. These resources are adequate facilities like banking

halls, ATM machines, opening and closing times, publicity to create and enhance positive image of the bank and advertising on radio and newspapers.

### 4.3.2 Impact of Strategies on Competitive Advantage

The respondents were then asked to rate the extent to which the strategies had increased sales volumes in the commercial banks. The results are as indicated in the table 4.5 below.

**Table 4.5:** Impact of Strategies on Competitive Advantage

	<b>Very great extent</b>	<b>Great extent</b>	<b>Moderate extent</b>	<b>Total</b>	<b>Mean</b>
	<b>Frequency</b>	<b>Frequency</b>	<b>Frequency</b>		
Popular labels or brand images	20	5	5	<b>30</b>	<b>1.50</b>
Knowing the personal details of good repeat customers for instance their name, contact details, where they work or live (KYC)	20	5	5	<b>30</b>	<b>1.50</b>
Uniformed, Trained and well groomed staff	10	18	2	<b>30</b>	<b>1.73</b>
Location has amenities and offers comfortable environment to discuss the customer requirements	10	18	2	<b>30</b>	<b>1.73</b>
Ability to listen	8	20	2	<b>30</b>	<b>1.80</b>
Ability to handle customer complaints	10	15	5	<b>30</b>	<b>1.83</b>
Welcoming style and greeting	9	16	5	<b>30</b>	<b>1.87</b>
Use of fliers notifying potential customers about the bank and products available	3	23	4	<b>30</b>	<b>2.03</b>
Remuneration is divided into a salary and commission based on predetermined sales targets	3	19	6	<b>30</b>	<b>2.03</b>

Source: Research data

The respondents were then asked to rate on a scale of 1 to 5; (1= Not at all, 2= To a Little extent, 3= To a moderate extent, 4= To a great extent, 5= To a very great extent) the extent to which the strategies have increased sales volumes in the commercial banks.

The results are as indicated in the table 4.5 below. The respondents indicated that sales volumes in commercial banks had increased due to popular labels or brand images and knowing the personal details of good repeat customers for instance their name, contact details, where they work or live (KYC) to a very great extent as indicated by the mean of 1.50. Uniformed, trained and well groomed staff and the location having amenities and offering a comfortable environment to discuss the customer requirements was ranked second each with mean of 1.73. They indicated that the ability to listen, ability to handle customer complaints, and the welcoming style and greetings also contributed to having increased sales to a very great extent as evidenced by the means of 1.80, 1.83 and 1.87 respectively. Use of fliers notifying potential customers about the bank and products available and remuneration being divided into a salary and commission based on predetermined sales targets by the commercial banks served to increase the sales volumes to a great extent as indicated by the means of 2.03 each. Increase in sales level serves as an indicator of competitive advantage built by the respective commercial banks with respect to the competitors. Competitive advantage must be valued by customers as to result to additional sales, it must be non substitutable, the firm must have the resources and capability of delivering competitive advantage to customers.

#### **4.4 Discussion**

The objective of the study was to determine the strategies employed by commercial banks in Kenya to build competitive advantage. The study found out that Kenyan commercial banks create competitive advantage via reputation for service, highly trained and competent staff, superior customer service, well known brand name and a strong customer orientation. The key to competitive advantage was market the commercial bank sought to serve. However, of



secondary importance was the way it chose to compete in the markets. According to Griffiths (2005), there are 40 banks in Kenya, all accepting deposits, issuing cheque books, accepting cheques as well as advancing loans to customers. He contends that how a particular bank does it has strategic implications and creates competitive advantage. The banks are equipped with adequate facilities like ATM machines and banking halls and have to develop them further to compete effectively. Further, efficient services and customer relations and handling such as have brought competitive advantage to the commercial banks as a whole.

The study too revealed that Kenyan commercial banks (potential) consider reliability, accessibility/convenience, opening and closing times, service factor, pricing, capable employees/staff, and banking image as strategies that build competitive advantage. This was evidenced by the choice of the bank, based on preferences. Competitor attractiveness and poor quality service had lead to a change in the customer base of certain banks. Therefore the ability to retain existing customers and attracting new customers plays a vital role in building competitive advantage.

Serving the customer is a commitment by the commercial bank to build customer loyalty in the market by delivering on the brand promise of being the right partner by consistently out serving competition and exceeding customer expectations. The voice of customer is the primary driver and includes customer loyalty, customer retention, wallet share and share value. Building competitive advantage according to Kenyan commercial banks entails exceeding a customer's expectations, doing something that makes a customer feel special, creating a positive, memorable experience for customer, by delivering better service you build customer loyalty and is associated feeling of trust and confidence. Those feelings, in turn inspire customer actions with clear benefits. Customer engagement levels will include; accurate and prompt services, convince and availability/service outlets, the right partner: listen, responsive and empathies and professional advice. Know me, care for me and focus on me.

The strategies identified include, designing services to fit the needs of customers; ensuring that services are always of high quality without compromise; putting relevant systems in place; having competent employees in place; on time delivery of services and ensuring that services are driven by customers to increase satisfaction and acceptance. All these strategies need a dedicated workforce that works towards ensuring customers are satisfied at all times. Markets are also segmented based on the size of the market and the size of the loan applied while positioning is done according to the needs they satisfy, the benefits they deliver, specific service features and when and how they are needed.

The study presents findings similar to other studies and is thus consistent to previous studies. Ouma and Munyoki (2010), in their study an investigation into the marketing strategies used by commercial banks in managing service breakdown among SME customers in Kenya, contend that competitive advantage is only achievable where the firm's capabilities are valuable (i.e. can enable the firm exploit opportunities and / or overcome threats), rare (i.e. are possessed by few, if any, current or potential competitors), costly to imitate (i.e. those that other firms cannot develop easily, may be because of unique historical conditions, social complexity or causally ambiguous, and non-substitutable (i.e. do not have strategic equivalents).

Warugu (2001) in his research, found out that focus and product differentiation are some of the major strategies that the banks have employed in their quest to outdo each other. Similarly Kiptugen (2003) looked at the strategic responses to a changing competitive environment in the case study of KCB, he established that proactive rather than reactive strategies such as research on changing customer needs and preferences forms the basis of its strategic planning. Mwayo (2005) focused on the strategies applied by commercial banks in Kenya in anti money laundering compliance programs. He concluded that strict adherence procedures and standards have been implemented to ensure that money laundering is contained in Kenya. The competitive environment has also encouraged banks to

engage in non-price competition. Product differentiation has become an important means of establishing a competitive advantage over rivals.

Theory as put by Porter (1985), argues that competitive advantage is the ability of the firm to outperform rivals on the primary performance goal. Notably, the essence of business is to create competitive advantage in a number of ways e.g. low-cost production or market differentiation. According to Porter (1985), firms that adopt such strategies are known to outperform rivals and remain competitive in the market. To achieve a competitive advantage, the firm must perform one or more value creating activities in a way that creates more overall value than do competitors. Superior value is created through lower costs (cost leadership) or superior benefits to the consumer (differentiation). There are two basic types of competitive advantage: cost leadership and differentiation and these two are called positional advantages since they describe a firm's position in the industry as a leader in either cost or differentiation.

Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources. New technologies such as robotics and information technology either to be included as a part of the product, or to assist making it (Porter, 1985). To gain competitive advantage a business strategy of a firm manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage. Superior performance outcomes and superiority in production resources reflects competitive advantage which is the ability to stay ahead of present or potential competition, thus superior performance reached through competitive advantage will ensure market leadership. Therefore, the resources held by a firm and the business strategy will have a profound impact on generating competitive advantage (Treacy and Wiersema,1995).

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

### **5.1 Introduction**

This chapter discusses the results gathered from the analysis of the data, as well as the conclusions reached. The chapter incorporates the various suggestions and comments given by the respondents in the interview. Findings have been summarized alongside the objectives of the study, conclusions have been drawn from the study and the recommendations for action are also given.

### **5.2 Summary of the Findings**

The study obtained a 69.77% response rate which is considered to be sufficient so as to enable the objective of the study to be achieved. Majority of the respondents interviewed were male and majority had worked for their banks for a period of between 5-10 years. From the findings it is evident that most of the respondents were aged between 31 and 40 years. The respondents rated the following strategies as being used to a very great extent so as to remain competitive in the market. That is the commercial banks had the ability to satisfy the customer and have repeat customers; the commercial banks charged fees lower than other banks, developed market driven products and services for their customers. Advertising on radio and newspapers was cited to have been used to a great extent.

#### **5.2.1 Strategies Employed to build Competitive Advantage**

The respondents indicated that sales volumes in commercial banks had increased due to popular labels or brand images and knowing the personal details of good repeat customers for instance their name, contact details, where they work or live (KYC) to a very great extent as indicated by the mean of 1.50. Uniformed, trained and well groomed staff and the location having amenities and offering a comfortable environment to discuss the customer requirements was ranked second each with mean of 1.73. They indicated that the ability to listen, ability to handle customer complaints, and the welcoming style and greetings also contributed to having increased sales to a very great extent as evidenced by the means of 1.80,

1.83 and 1.87 respectively. Use of fliers notifying potential customers about the bank and products available and remuneration being divided into a salary and commission based on predetermined sales targets by the commercial banks served to increase the sales volumes to a great extent as indicated by the means of 2.03 each. Increase in sales level serves as an indicator of competitive advantage built by the respective commercial banks with respect to the competitors. Competitive advantage must be valued by customers as to result to additional sales, it must be non substitutable, the firm must have the resources and capability of delivering competitive advantage to customers.

### **5.3 Conclusions**

The study focused on the strategies employed by commercial banks in Kenya to build competitive advantage. Competitive advantage is created by using resources and capabilities to achieve either a lower cost structure or a differentiated product. A firm positions itself in its industry through its choice of low cost or differentiation. To achieve a competitive advantage, the firm must perform one or more value creating activities in a way that creates more overall value than do competitors. Superior value is created through lower costs or superior benefits to the consumer (differentiation). According to the findings of the study it can be concluded that the commercial banks have adopted both the lower cost structure and differentiated products in a bid to build competitive advantage. Lower cost structure has been achieved by charging fees lower than other banks.

Differentiated products have been offered to customers as indicated by the respondents that in that the commercial banks identify needs of prospective customers and focus on products and services not offered by other banks. The commercial banks use their resources which are the firm-specific assets useful for creating a cost or differentiation advantage. These resources are adequate facilities like banking halls, ATM machines, opening and closing times, publicity to create and enhance positive image of the bank and advertising on radio and newspapers.

Competitive advantage by commercial banks in Kenya can result from implementing a value-creating strategy not simultaneously being implemented by any current or potential competitors or through superior execution of the same strategy as competitors. Competitive advantage is mainly derived from resources and capabilities. Resources are the assets, strengths and weaknesses and stocks of available factors. The capabilities of the commercial bank are what it can do as a result of teams of resources working together.

#### **5.4 Recommendations**

Commercial banks operate where there is competitive advantage meaning they must be able to attract and retain the target market. While operating on profit basis, the type of products and services they offer are supposed to be the best compared to the other commercial banks offering the same services. The strategies which the commercial banks can use to deliver superior value include the cost leadership whereby the commercial banks are supposed to be offering the lowest price in terms of products and services, extension services, marketing and others.

Commercial banks should also practice differentiation whereby their services will be unique compared to the others. The commercial bank should target the market as it has different expectations in terms of the services they offer. All commercial banks depend on the environment for survival and growth. They have to scan the environment continuously in an effort to spot changing conditions and trends that could eventually affect them and their industry. To gain competitive advantage over its rivals, a commercial bank must either provide comparable value to the customer, but perform activities more efficiently than its competitors (lower cost), or perform activities in a unique way that creates greater buyer value and commands a premium price (differentiation).

### **5.5 Limitations of the study**

These study findings have to be viewed in account of the following shortcomings that occurred in the course of the conduct of the study. The respondents studied in this research were from one sector and conclusions drawn from this study may not be representative and therefore they cannot be generalized to other industries. The study also only captured the members of the one focus group thus excluding other important stakeholders like the members of the public from giving their views.

The study has not take into consideration the effect of the moderating variables like company strategy, size and structure on the impact of core competencies on competitive advantage. Another limitation of this study is the perspective adopted. This study has been limited to the commercial bank's perspective instead of trying to understand the market process in general. Although the study has also taken into account other views along the theoretical analysis, the main perspective from which conclusions are drawn is that of the commercial banks. This can thus also be seen as a limiting factor in this study.

### **5.6 Suggestions for Further Research**

The following are suggestions of further studies that can be carried out. The study should be extended to establish the strategies employed to build competitive advantage in other related sectors in the industry such as the microfinance institutions. Research should also be undertaken to determine what strategies other companies in different related industries use to build competitive advantage.

Further research should also be undertaken to examining the role of core competencies in organizational performance in industrial sector. An investigation of the role of the moderating and interviewing variables like company strategy, size, and structure on the relationship between core competencies and competitive advantage could also be undertaken. Finally conducting empirical studies on the relationship between other dimensions of core competence (resource flexibility, customer involvement, and product flexibility) and organizational strategy could also be undertaken.

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APPENDICES

Appendix I: Introduction Letter



UNIVERSITY of NAIROBI  
SCHOOL OF BUSINESS  
Lawa - Lower Kabete campus

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22.095 Varsity

P.O. Box 30197  
Nairobi, Kenya

date....Q^IJoSjO

TO WHOM IT MAY CONCERN

The bearer of this letter *IIR Lh Utefba fc oM /*

Registration No:

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 on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in 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 organizations on request.

Thank you.

**DR. W.N. IRAKI**

CO-ORDINATOR, MBA PROGRAMS

*ITO<sup>Y</sup> o<sup>o</sup> ^A<sub>F B</sub>, RoBj*  
*QFF/cf*

**Appendix II: Questionnaire**

**Section A: Background Information**

1. Please indicate your gender by ticking in the brackets.

Female ( ) Male ( )

2. How long have you worked with your current bank?

1 year [ ] 2-5 years [ ] 5-10 years [ ] over 10 year [ ]

3. Please tick the age bracket in which you fall:

Below 20 years [ ] 21-30 years [ ]  
 31 - 40 years [ ] 41 - 50 years [ ]  
 51 - 60 years [ ] Above 60 years [ ]

4. Please indicate the level of education

Diploma [ ] Advanced Diploma [ ]  
 First Degree [ ] Master Degree [ ]

**SECTION B**

5. Please indicate ( V ) the extent to which you have used the following strategies to remain competitive in the market. Use the following scale. 1. Not at all 2.

Little extent 3. Moderate extent 4. Great extent 5. Very great extent

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Fees charged lower than other banks					
Adequate facilities like banking halls, ATM machines					
Identifying needs of prospective customers					
Opening and closing times					
Market driven products and services					
Publicity to create and enhance positive image of the bank					
Focus on products and services not offered by other banks					
Ability to know customer needs					
Ability to satisfy the					

customer and have repeat customers					
Advertising on radio and newspapers					

6. Indicate the extent to which the strategies have increased sales volumes in your business on a scale of 1 to 5 where: 1. Not at all 2. Little extent 3. Moderate extent

4. Great extent 5. Very great extent

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Popular labels or brand images					
Uniformed, Trained and well groomed staff					
Ability to listen					
Ability to handle customer complaints					
Welcoming style and greeting					
Use of fliers notifying potential customers about the bank and products available					
Remuneration is divided into a salary and commission based on predetermined sales targets					
Knowing the personal details of good repeat customers for instance their name, contact details, where they work or live (KYC)					
Location has amenities and offers comfortable environment to discuss the customer requirements					

20. Any other comments

**Thank you for your cooperation**

### Appendix III: Banks in Kenya

Banks in Kenya (Source, 2010: Central Bank of Kenya)

1) African Banking Corporation Ltd.	2) Diamond Trust Bank Kenya Ltd.	41) Standard Chartered Bank Ltd.
3) Akiba Bank Ltd.	4) Dubai Bank Ltd.	42) Transnational Bank Ltd.
5) Bank of Baroda(K) Ltd.	6) Equatorial Bank Ltd.	43) Victoria Commercial Bank Ltd.
7) Bank of India Ltd.	8) Equity bank	
9) Barclays Bank of Kenya Ltd.	10) Euro Bank Ltd.	
11) Biashara Bank of Kenya Ltd.	12) Fidelity Commercial Bank Ltd.	
13) CFC Stanbic Bank Ltd.	14) Fina Bank Ltd.	
15) Charterhouse Bank Ltd.	16) First American Bank of Kenya Ltd.	
17) Chase Bank (K) Ltd.	18) Giro Commercial Bank Ltd.	
19) Citibank N.A.	20) Guardian Bank Ltd.	
21) City Finance Bank Ltd.	22) Habib A.G. Zurich	
23) Commercial Bank of Africa (K) Ltd.	24) Habib Bank Ltd.	
25) Consolidated Bank of Kenya Ltd.	26) Imperial Bank Ltd.	
27) Co-operative Bank of Kenya Ltd.	28) Co-operative Merchant Bank Ltd.	
29) Credit Bank Ltd.	30) Kenya Commercial Bank Ltd.	
31) K-Rep Bank Ltd.	32) Daima Bank Ltd.	
33) Middle East Bank Ltd.	34) Delphis Bank Ltd.	
35) National Bank of Kenya Ltd.	36) Development Bank of Kenya Ltd.	
37) National Industrial Credit Bank Ltd.	38) Paramount Universal * Bank Ltd.	
39) Prime Bank Ltd.	40) Southern Credit Banking Corporation Ltd.	