

**STRATEGIC RESPONSES TO CHALLENGES OF GLOBALIZATION BY
KENYA COMMERCIAL BANK LIMITED**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION, UNIVERSITY OF NAIROBI**

AUGUST, 2021

DECLARATION

I hereby declare that this research project is my original work and has not been presented in any other institution.



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



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DEDICATION

This research project is dedicated to my daughter MaryBeth, my Mum Mary, my siblings Josphat, Amon, Hylene, Glories, Moffat, Phillen, Judice and Sellah for their unconditional support and always wanting me to excel in life.

ACKNOWLEDGEMENT

First, I would like to thank the Almighty God for the gift of life and seeing me through my studies till the end. All glory to Him.

Secondly, I thank my family for being by my side throughout the period of this study. Specifically, my spouse Dennis Mark, my daughter MaryBeth for their constant love and encouragement and my brother Josphat who ensured I took up the challenge of enrolling for this course and completed it.

Thirdly, I thank my supervisor, Prof. Martin Ogutu for his patience, guidance and advice which enabled me to accomplish this task. His recommendations and suggestions have been invaluable. Indeed, he was inspiration in my pursuit of knowledge. Am truly indebted to my moderator prof. Zachary Awino for his guidance and advice.

Fourth, I would like to express my heartfelt gratitude to Kenya Commercial Bank top leadership team for their support that enabled me to obtain valuable information and data needed to complete this study. Their undivided attention during interview sessions and deep understanding of their businesses contributed to the success of this study.

Lastly, I want to thank my MBA course mates for their effort during group sessions and assignments that enabled me to learn. Their advice, encouragement, support and understanding took me this far. To other friends like Geoffrey and Ronald for their encouragement during tough times.

ABBREVIATIONS AND ACRONYMS

ATM	Automated Teller Machine
CBK	Central Bank of Kenya
COVID	Corona Virus Disease
ICT	Information and Communication Technology
KCB	Kenya Commercial Bank

ABSTRACT

An organization's thriving capability plus accomplishment happens once the business generates then upholds a match amid its approach besides the atmosphere plus amongst its interior ability plus its approach. Globalization creates competition to local industries and organizations worldwide, and thus, strategic measures are required to be in place to address the challenge of globalization. To survive, organizations should adopt strategies that are compatible with their strategic goals and objectives to effectively accommodate changes to globalization. The specific objectives of the study were to determine the challenges posed by globalization to the Kenya Commercial Bank and to identify the strategic responses to globalization adopted by the Kenya Commercial Bank. This study was based on three theories, Porter's competitive theory, Resource-based theory, and strategic management theory. The research adopted a case study approach and interview guide was used for collection of data. Content analysis was used to analyze data which was qualitative in nature. The study established that the bank faces numerous globalization challenges such as; technology, bank expansion, competition and restructuring challenge. Research findings were that KCB had put in place strategic responses to counteract the challenges it was facing. The response strategies employed include; technology, quality customer service, cost leadership, differentiation, restructuring, alliance and joint ventures. The study concludes that globalization has affected both KCB both positively and negatively. The study established that economic decline has resulted in fewer business opportunities for KCB customers. There has been a positive response from the ICT department as globalization led to the allocation of the modern gadgets employed in the banking ICT infrastructure. It recommends that KCB becomes more diligent in environment scanning and continues with proactive as opposed to reactive strategies in dealing with challenges of globalization and there should be provision of funds for the installation of the various ICT related equipment and this should be prioritized given that it can increase the security levels and the efficiency rates among its operations.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABBREVIATIONS AND ACRONYMS	v
ABSTRACT	vi
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Strategic Responses	2
1.1.2 Concept of Globalization	3
1.1.3 Kenya Commercial Bank	5
1.2 Research Problem	6
1.3 Research Objective	9
1.4 Value of the Study	9
CHAPTER TWO: LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Theoretical Foundation	11
2.2.1 Porter's Competitive Theory	11
2.2.2 Resource-Based Theory	13
2.2.3 Strategic Management Theory	14
2.3 Dimensions of Strategic Responses	16
2.4 Challenges to Globalization	17
2.5 Empirical Studies and knowledge gaps	19

2.6 Conceptual Framework	20
CHAPTER THREE: RESEARCH METHODOLOGY	23
3.1 Introduction	23
3.2 Research Design	23
3.3 Data Collection	24
3.4 Data Analysis	24
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION	25
4.1 Introduction	25
4.2 Analysis of Responses	25
4.3 Challenges of Globalization to the Kenya Commercial Bank	26
4.4 The Impact of Globalization on Kenya Commercial Bank	28
4.5 Strategic Responses to Challenges of Globalization	29
4.5 .1 Technological use in the Bank	30
4.5. 2 Offering Quality Customer Service	32
4.5. 3 Cost leadership and Differentiation Strategies use in the Bank	33
4.5. 4 Restructuring, Alliance and Joint ventures.	35
4.5.5 Expansion Strategies	36
4.6 Discussion of Findings	37
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS	40
5.1 Introduction	40
5.2 Summary of the Findings	40
5.3 Conclusion of the Study	41
5.4 Recommendations	42
5.5 Limitations of the Study	43

5.6 Implications of the study	44
5.7 Suggestions for Further Studies	45
APPENDIX	49
Appendix I: Interview Guide	49

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Globalization entails as essential process in which various societies and economies network and integrate socially, culturally, and politically beyond the national boundaries (Irani & Noruzi, 2017). Globalization creates competition to local industries and organizations worldwide, and thus, strategic measures are required to be in place to address the challenge of globalization (Ingwe, 2018). Achievement of success and thriving of an organization is achieved when a match is maintained between the organizational tactic plus environment besides amid the system and interior capacity. Strategic responses, therefore, entail changing the organizational strategy to match the internal capability and the environment (Mwangangi, 2019). Strategic answers are vital in achieving organizational success and survival in the face of competition.

Various theories have been developed regarding strategic responses to globalization. One of the theories is Porter's competitive theory, whereby three strategies: market segmentation, cost leadership, and differentiation, can help attain competitive advantage are defined (Stonehouse & Snowdown, 2007). The second theory is a resource-based theory, which states that rare, valuable, difficult to copy, cannot be substituted position a firm for success over a long time (Furrer et al., 2004). The third theory is the strategic management theory. The philosophy stems from the managerial requirements of a corporation and the business environment in which businesses carry out their operations (Omaraja & Eruola, 2011). The theories suggest practical strategies to offset competition from globalization.

The study is essential as it focuses on addressing the challenge globalization causes to local organizations such as the Kenya Commercial Bank (KCB). Globalization has been observed to create competition to these local institutions, and for them to thrive and thrive in the corporate setting, and then strategic responses to address this challenge would be required (Ingwe, 2018). Through the local industry's protection, jobs will be secured, thus reducing unemployment rates and achieving the organization's objectives. This local institution's profits can also be maintained and raised; therefore, the industries would significantly contribute to Kenya's revenue.

The Kenya Commercial Bank is a substantial establishment in Kenya's finance sector plus operates in a competitive environment that is fast changing (Ogechi, 2014). The study is motivated by the increased concern for the local institution's (Kenya Commercial Bank) survival in the face of competition that arises from globalization. The study will suggest effective strategies reactions by the Kenya Commercial Bank to curb the challenge of internationalization.

1.1.1 Strategic Responses

Strategic reactions denote to schemes to bring out the shared vision of responding to environmental challenges such as competition (Ingwe, 2018). They are strategies that enable the organization to survive and thrive in its environment (Mwangangi, 2019). Strategic responses can also be defined as specific activities carried out by an organization to maintain the competitive advantage and deal with market complexity (Awero, 2017). Therefore, strategic responses are unique ways companies and organizations develop plans to gain competitive advantage and therefore can thrive and do business long-term in a turbulent and unpredictable business environment.

Strategic responses are vital in addressing the challenge that arises from globalization to protect local industries from competition and an unfavorable business environment. Therefore, companies

can attain a competitive advantage by developing capabilities that cannot be imitated and thus obtain long-term benefits of continually being in the business environment (Furrer et al., 2004). Strategic responses enable the attainment of an organization's objectives since decisions and actions are undertaken in order to align with the environment (Awerro, 2017). Strategic responses help curb globalization's challenge, thus protecting the local industries such as the Kenya Commercial Bank from a turbulent business environment.

1.1.2 Concept of Globalization

Globalization is competence in international and global economics with increased scale in terms of world boundaries. The driving force is the rapid flow of information, cultural values, goods, ideas, services, capital, and people's shifting to the consolidated world economy (Awdwel et al., 2020). The term can also be defined as a process by which different societies and economies become consolidated politically, economically, and culturally as a free market. Globalization stands to unify humanity by eliminating social conflict (Irani & Noruzi, 2017). Globalization can also be defined as a vast network of political, economic, cultural, and social connections which extend past national boundaries and results from technology development and market economy (Yalcin, 2019). Globalization is, therefore, a process of linking the world through technological advancement.

One of the impacts of globalization is that it enhances life quality by minimizing poverty and promoting gender and human development. Globalization has brought industrialization to developing countries and minimized inequality of income globally. Through globalization, productivity enhancement has been achieved and thus faster economic growth (Sapkota, 2017). Globalization also enhances trade and investment by promoting interdependence among countries,

trade liberalization, and capital movement (Pare, 2016). Globalization has also had a negative impact by broadening inequality between the rich and the poor (Shabab & Islam, 2018). Globalization also yields social and economic dislocations and brings about job security concerns (Pare, 2016). Globalization has its pros and cons as it exerts both positive and negative impacts on the economy.

Globalization comes with a challenge for policymakers regarding the nature of strategic choices they are required to undertake, and this has embedded the activities of policymakers (Borrás et al., 2019). Globalization promotes liberalization of capital, but this does not bring more significant benefits in resource allocation; some countries have experienced financial crises and suppressed long-term growth rates. Privatization and free-market policy associated with globalization have negatively impacted landless individuals in rural areas and small agricultural ventures. The process has also contributed to poverty and unemployment, with some individuals making an income below the poverty line (Oraman & Unakitan, 2019). Globalization has exerted several challenges to the economic sector, and thus, strategic responses should be formulated in order to curb these challenges.

1.1.3 Kenya Commercial Bank

Kenya Commercial Bank (KCB) refers to a financial entity qualified to work as well as function in Kenya by CBK. KCB is a monetary institution providing services to individuals, small-to-medium business plus other monetary establishments. The entity's head office is in Nairobi, with a secondary establishment: NatBank Trustee and Investment Services Limited. The entity also has approximately 250 subdivisions besides above 962 ATMS and 12,000 agents offering banking services on a 24/7 basis in East Africa.

Besides offering banking plus monetary services, KCB provides bank assurance services. The firm as well engages in corporate banking on top of Islamic banking using a product portfolio in addition to commercial resolutions to company plus retail clientele. The entity comprises an extensive range of products extending from financing, Mortgage, account services and card services among others. Personal banking also handles accounts, borrowing, cards as well as investing.

In the past years, Kenya Commercial Bank's performance has grown and spread its wings into Tanzania, South Sudan, Uganda, Rwanda, Burundi and Ethiopia. The situation has however improved due to its expansion that has enabled Kenya Commercial Bank continued to record profits over the years as indicated in the Bank's audited financial statements. Like any other institution in the financial sector and particularly during this time of express technological advancements plus turbulent modifications in the setting in which the banks operate, Kenya Commercial Bank faces some obstacles and must implement the right strategic responses to enable it gain Sustainable Competitive Advantage and enhance its ability to deal with globalization

1.2 Research Problem

Within the arena of uncertain environments, response strategies force companies to efficiently manage several disturbances (Tansey, Spillane & Meng, 2014). To attain success, an organization must be in line with the environment. The rate of reacting to the environmental challenges is a major origin of competitive advantage in several firms. (Pearce & Robinson, 2009). Strategic responses are influenced by the firm's nature, resources, and economic stage (Bhaskaran, 2011). Some techniques are expensive to execute, while others have a negative influence on the human capital of a business. In addition, the surrounding where firms operate keeps on changing hence posing various challenges to firms and management and thus the reason for coming up with appropriate and viable reaction strategies. A company's service delivery techniques are heavily influenced by its strategic responses (Fernandes, 2018). According to Niwagba (2013), a firm's service delivery is greatly influenced by the deployment of strategic responses.

The business environment has faced significant shifts since the 1990s due to the world's dynamic nature. The growths comprised changes in the global business economy's globalization, market liberalization, privatization of industries and deregulation, aspects that have affected markets, labor acquisition, supply of raw materials, and technological support threat to human labor. Mutuku (2014) notes that Kenya's business environment shifted radically in the 1990s, and these variations have upturned grim problems about the technique commercial methods are conducted. The banking sector has had to devise strategies that will benefit their clients, especially those investing globally, to remain relevant. The introduction of Western Union branches and wired transfer services, same as collaborating with other banks internationally, has helped them survive

the global market. Therefore, for businesses to survive, remain efficient plus fruitful, they ought to react properly to variations in their particular settings.

As a developing country, Kenya has felt the impact of globalization with its business stakeholders transacting globally and their businesses being affected by the global trends. The Kenyan banking area is one of the stakeholders of financial development in Kenya, although studies show that it has faced several challenges in the recent past. With the globalization approach, Kenyan financial services are relatively well developed and diversified compared to the regional standards (Beck, 2004). The financial services part is the third-largest in sub-Saharan Africa; it contributes to financial advancement plus employment establishment via vision 2030. The Government purposes to generate a vivacious and internationally competitive monetary sector. The major players in this sector comprise Banking, Insurance, Capital Markets, and Pension Funds. Most of these financial institutions have their headquarters in Nairobi, with many banks operating from within the city. Many international transactions worked out here, making it variable to carry our research in this area.

Based on the above studies, each bank needs specific strategies to curb the growing globalization challenges in the business sector, where each player in the market, especially the banking sector, should device to remain competitive in the market. Globalization is the incorporation of economies through the globe utilizing trade, monetary and technical currents, the exchange of technology plus data, in addition to the flow of individuals, goods, plus services (Gopinath, 2018). Businesses ambitious to meet the trials of contemporary quickly shifting markets plus advancing global competition necessitates administration choices to be created on well-developed approaches plus tactics vibrant if the entity is to attain its goals while enhancing its utilization of inadequate resources. With the new trends every day, there is insufficient literature on how the Kenyan bank

sector devises approaches to react to the fresh encounters each day, motivating this research to note the strategy. Therefore, this inquiry pursues to scrutinize the responses to challenges of globalization through the following objectives.

Various studies have been conducted with regards to strategic response due to challenges associated with globalization. Global studies include: Da Rocha, Kury, Tomassini and Velloso, (2017) sought to establish tactical reactions to environmental disorder of four Brazilian exporting groups. Clapp (2019) reviewed responses to environmental threats in an age of globalization, Rodríguez-Cohard, Sánchez-Martínez and Garrido-Almonacid (2020) conducted a study on tactical reactions of the European olive-growing zones as a result of the challenge of internationalization; while Alaydi, Buck and Tang (2021) studied strategic responses to great corporate problems in the Palestinian mobile phone segment.

Studies conducted in Kenya comprise of: Kinyanjui (2015) reply by Kenyan companies to Globalization among manufacturing entities in Nairobi as well as Athi-River, Kanyingi (2015) researched on strategic reactions to issues in enactment of food uncertainty strategies by Makueni county government, Nzioka (2017) who reviewed strategic responses to environmental challenges plus competitive benefit of Fintech Firms in Kenya, while Amiru (2019) researched on strategic reactions to alterations in the outside environment of Mombasa Island Cargo Terminal Limited. From the reviewed studies, there is need for a review on strategic responses prompted by challenges of globalization since the studies have not addressed the two concepts. Therefore, this study will address this research gap by responding the subsequent exploration query: what are the strategic responses embraced as a result of challenges of globalization at Kenya Commercial Bank?

1.3 Research Objectives

The general objective of the study was to examine strategic responses to challenges of globalization by Kenya Commercial Bank Limited. The specific objective of the study was

The objectives of this study:

- i. To determine the challenges posed by globalization to the Kenya Commercial Bank
- ii. To identify the strategic responses to globalization adopted by the Kenya Commercial Bank

1.4 Value of the Study

Although there are different mentioned challenges posed by globalization in the banking sector, managers have a duty to see the opportunities and device strategies that will turn those challenges into opportunities. Through the case study of Kenya Commercial Bank, the banking sector can explore the global market and counter the challenges to compete positively in the international sphere. Centered on some precise conventions, comprising the presence of the faultless capital market, absence of income taxes, deficiency of bankruptcy costs, deficiency of agency costs, besides the presence of data symmetry amongst those vigorous in the capital market, directors fail to deliver any alterations in company's worth, simply because they have changed the configuration of funding foundations. From a global perspective, managers can utilize information to note the viable response strategies to avoid significant losses hence losing their loyal clients.

Banks do not operate independently since they are regulated by other bodies; have corporate governance among other stakeholders who are policymakers in the sector. The study was valuable to such policymakers since they will utilize this information to help their financial institutions

devise the best policies on countering the ever-dynamic challenges posed by globalization. Many other factors contribute to failures in an investment like in the stock market and call for address using strategies and financial decisions that drive growth and achieve the firm's objectives. They viewed globalization as the lens of incorporation of economies all over the globe utilizing trade, economic and technological currents, the altercation of technology and data, and the movement of humans, goods, plus services. Good corporate governance is the guidelines plus activities that rule the relationship amongst the executives as well as stockholders of corporations and shareholders such as workforces plus creditors, which add to the development plus commercial steadiness through sustaining market assurance, financial market reliability, as well as financial competence. The study contributed to the academic literature on how different banking sector stakeholders can work to improve on modalities of devising strategies to counter major challenges. For example, corporate governance has a big role in developing policies that were enable managers to have a flexible working environment in relation to the changing trends. While researching determining the worth of authority in the banking system, I came up with various attributes that organizations can use to measure corporate governance. Among the listen principles include the value of shares within the firm, the satisfaction amongst different shareholder groups, and the enterprise's improvement and developments. The degree to which a company's management team meets the set goals defines the measure of governance.

CHAPTER TWO:

LITERATURE REVIEW

2.1 Introduction

This section centers on related literature to the exploration. The chapter starts with a theoretical framework focusing on three theories; Porter's competition theory, Resource-based theory, and strategic management theory. The chapter then looks at general literature on strategic adaptation and globalization challenges. The chapter then concludes with empirical literature specific to the study.

2.2 Theoretical Foundation

This section focused on the following theories: Porter's competitive theory, Resource-based theory, and strategic management theory.

2.2.1 Porter's Competitive Theory

Porter's competitive theory, by Porter (1985) presents us with three strategies: market segmentation, cost leadership, and differentiation. These can help attain competitive advantage (Stonehouse & Snowdown, 2007). The approach suggested six factors that influence competitive advantage: quality, speed, location, price, service, and turnaround. Competitive advantage proposed by the theory was also attributed to product quality, branding, intellectual property, distribution network, and customer service.

However, the theory has been critiqued due to its shortcomings: lack of indication on how to operationalize analysis on the competitive advantage strategies and its lack of focus on internal factors that influence a firm's competitive advantage (Mekić, & Mekić, 2014). Therefore, the competitive advantage theory has undergone some modifications to suit the prevailing market situations and address its shortcomings. One of the modifications is incorporating the new merchandise growth; this is a precarious issue for the longstanding sustenance of businesses and establishments in a competitive environment (Hosseini et al., 2018). The theory has been applied in assessing the competitive advantage of nations such as Palestine. In this country, the approach has been used to discover the country's potential competitive advantage and highlight the vital strategies and economic policies that the government has applied to attain competitive advantage (Mahmoud, 2019). The theory has also been applied in Zanzibar to scrutinize the impact of applying viable commercial strategies to three as well as five-star hotels (Justinian, 2015).

The philosophy is pertinent to the inquiry as it will aid in establishing the strategic reactions by the Kenya Commercial Bank Limited to issues of internationalization. Globalization has contributed significantly to increased competition with the Kenya Commercial Bank Limited. Porter's competitive advantage theory highlights the various competitive advantage strategies that the Kenya Commercial Bank has assumed to manage the increased antagonism from globalization. The theory applies to the Kenya Commercial Bank since it assesses the bank's competitive lead over other institutions that offer the same services globally.

2.2.2 Resource-Based Theory

The second model is a resource-based theory, which states that rare, valuable, difficult to copy cannot be substituted position a firm for success over a long time (Furrer et al., 2004). The philosophy emerged in the 1980s following academicians besides business people Prahalad, Spender, Grant, Hamel, and Birger Wernerfelt (1980). The resource-based theory suggests that the organization can utilize organizational resources such as management skills, knowledge, information, organizational routines, and processes in selecting strategies that lead to success and superior performance over other organizations. The theory also proposes that the uniqueness of a business is achieved by: innovative ideas, global presence, well-managed procedures, and strong financial condition.

The resource-based theory has been criticized due to its inability to represent resources possessed by a firm fully. The theory is also focused only on organizations seeking to attain competitive advantage but does not consider organizations content with their competitive position (Ferreira et al., 2013). The theory has also been criticized due to its overenthusiasm, lack of criteria for definitional ailments, and generalizability (Almarri & Gradiner, 2014). The resource-based theory has been modified to incorporate new resource types in analysis to cater to its shortcomings. The theory has been modified to explore the full range of available resources to ensure its credibility and inclusion of firms with a competitive advantage. The resource-based theory has been applied in marketing to predict and explain competitive advantages and expected outcomes (Kozlenkova, 2014). The theory also provides insight on vital domains and resources and guidance for future marketing research. The theory has also been applied to project management research by project managers (Almarri & Gardiner, 2014). The theory scrutinizes how resources drive competitive

advantage, and project management abilities developed continually and are suited to a specific environment.

The philosophy stands out pertinent to the inquiry because it will be vital in establishing strategic reactions by the Kenya Commercial Bank Limited to the issues of internationalization. The theory suggests that organizational resources, good leadership, and financial resources of the Kenya Commercial Bank make it very unique compared to other institutions that offer a similar service. The uniqueness ensures that the bank attains superior performance compared to its competitors to ensure long-term market survival. The resource-based theory applies to the Kenya Commercial Bank; it states that the bank can utilize its unique and valuable resources to thrive in the face of globalization.

2.2.3 Strategic Management Theory

The third theory on strategic responses and globalization is the strategic management theory. The philosophy is founded on the managerial requirements of an institute and the business setting in which businesses carry out their operations (Omaraja & Eruola, 2011). The theory was formulated by Ansoff, Drucker, Chandler, and Henderson (1950). The theory incorporates the concept of strategy that entails determining a business's goals, adopting a course of action, and allocating scarce resources to achieve the set goals. Formulating strategy entails: corporate analysis, analyzing societal values, examining a company's value system, and identifying company's mission.

The strategic management theory is criticized for its shortcomings: the inability to offer solutions to practical and conceptual challenges of specialists (Pricop, 2012). The theory is also rigid due to its standard features and its establishment based on budgets and incomes. The theory is also

confusing to those attempting to adapt it at the organizational level and does not consider the socio-ecological considerations in management and economy. The theory's shortcomings have necessitated its modification, particularly in the current society where there are pandemic challenges. The theory has been modified to incorporate more risky entrepreneurial strategies instead of incrementally based strategies (Hitt et al., 2020). Organizational hybridity, which entails incorporating diverse strategies, structural forms, and logic, has also been included in managing complex problems of the pandemic era. The theory has been applied in business organizations to assess organizational behavior and its relevance in the performance and survival in the global economy (Jofre, 2011). Businesses tremendously depend upon strategic management of their resources and abilities to remain competitive and adjust to global challenges to thrive globally.

The theory stands out crucial to the exploration because it will be vital in establishing tactical reactions by the Kenya Commercial Bank Limited to the globalization encounters. The theory suggests that the Kenya Commercial Bank Limited has incorporated strategic responses to the prevailing globalization situation to thrive in the face of competition. In a good business environment, adopting appropriate managerial requirements is vital in achieving the bank's goals that resort to sustained performance and survival in the market. The strategic management theory applies to the Kenya Commercial Bank as it enables the bank to remain relevant and adjust to global challenges such as the pandemic and ever-increasing competition.

2.3 Dimensions of Strategic Responses

Researches point out that companies traversing a financial surprise can familiarize plus advance enactment via aiming apparent development prospects. A mystery, nevertheless, is that a monetary

blow upsurges environmental improbability plus, hence, the jeopardy linked to development reconfiguration. Growing firms differed in how they remained capable to alleviate the restraints levied by the blow. Nonetheless, advanced outside establishments took a more repetitive part in their variation than executive capitals signified by monetary loose or merchandise divergence.

Kairu (2013) asserts that quick technological adjustment, easier admission by overseas competitors, in addition to the hastening collapse of outdated industry margins subject companies to new, impulsive competitive powers. New entities running in ever-changing market settings usually handle such incidents through executing approaches that allow faster reconfiguration as well as redistribution of resources to handle the environmental shift. Prico (2012) affirmed that tactical reactions to environmental dynamics aimed at advancing value plus efficiency, decreasing expenditures, reorganization, as well as culture-development, as compared to discovering partnerships plus help from through the newly created limits. The discoveries propose that struggle influences self-growth and that the main motivation for strategy making is from one's internal strengths than from the environment.

Business environments have turned extra dynamic. Thus, it has become significant to "sink or swim" and acclimatize to the requirements, problems, and severities. The compound besides extremely interconnected sequence of activities plus responses which a group assumes are primarily designed towards creating the paramount usage of accessible openings plus annulling the prowling pressures so that company objectives as well as goals are attained to the extreme degree conceivable (Cha, 2000). Organizations use strategies such as the PEST analysis that helps them scan their environment to enable them to understand their environment in the dimension of political, economic, social-culture, and technologically and hence ensure organizational

performance. Variations in one's corporate setting can produce countless chances for the entity, as well as lead to noteworthy dangers.

Companies have found that they can realize many benefits of vertical integration by joining a longstanding obliging association with corporations in industries and the value-added chain. Samples of tactical supportive connections include strategic coalitions, fusions, acquisitions, as well as combined undertakings. Such plans where overseas corporations perform as main vehicles for joining external marketplaces besides maybe the usage of associations as a continuing planned organization intended at upholding or consolidation effectiveness.

2.4 Challenges to Globalization

The banking sector considers security as a pertinent issue that should be assured in all aspects. In the digital era that supports globalization; various security concerns emerge from using innovation in the banking sector. The global world has led to a new security environment with security issues that rapidly change in shape and scope. For instance, international terrorism has led to the development of a strategic threat to the security of humanity on a global scale. These security changes consequently affect behavioral tendencies in a state's foreign policy and Diplomacy on a global scale. Globalization affects Diplomacy on security issues in various significant ways. First, it has created an inter-venture of distant as well as local matters driving state administrations into functioning in cosmoses distinct by the connection of interior and exterior safety. Globalized security concerns have also led to bureaucratic innovation pressures on governments striving to ensure security while collaborating with transnational partners rather than traditional allies. Such relations shift from traditional diplomatic relations to multilateral Diplomacy.

However, governments need to collaborate and develop a new approach to international affairs that empowers new actors in solving complex global security challenges. Security issues tend to pile up around interconnected domains of risk. Therefore, there is a need for new diplomatic practices and actors essential in addressing a broader spectrum of human security challenges. Some of the new actors that can come into play include civil society organizations and transnational corporations. Global patterns and trends have changed how nations approach and advance the cause of human rights, peace, and good governance. Traditional inter-state approaches exhibit a growing ability to anticipate future challenges. Therefore, there is a need for new Diplomacy that ensures an integration of human security concerns with world order issues.

Another challenge with globalization that requires attention from the banking sector is cultural diversity experienced internally and externally. With internationalization taking over in the globe, cultural assimilation develops an unavoidable plus critical aspect. One can use the example of color and how it affects businesses to reveal how persons interrelate with others with cultural variety. Equally, culture touches on several segments, comprising of the commercial field. Governments targeting to expand to global marketplaces ought to deliberate procedures crucial for traversing diverse cultural settings. For the bank, for example, it should ensure its colors do not conflict with some of the cultural colors in the communities that form its target audience.

Cultural diversity is a contemporary issue that cannot go unaddressed, especially in the business sector, where investors seek to retain their clients. Color is one of the parameters which reveal how people may not agree on some subjects due to their cultural backgrounds. There is notable increasing diversity from its population in the US, noted from subsequent census, a trend that provides businesses and other institutions with unique challenges and opportunities as stakeholders' address individuals and families' needs from racially, ethnically, culturally, and

linguistically diverse groups. Individuals from diverse nations remark matters in a different way, primarily backed by varied cultural inclinations. Such assortment may lead to poor communication as well as lack of understandings. Firms ought to implement tractability in modifying themselves to the diverse cultures in the progress of commercial processes.

Companies struggling in the international market will certainly experience competition from corporations across the globe. Customers mandate the highest quality but lower priced merchandise. In the presence of an international range of businesses to select from, simply those that change to provide what clients want plus need will flourish. This enlarged rivalry insinuates those businesses ought to catch up with cutting-edge advances as well as remain self-confident in the international market to thrive.

2.5 Empirical Studies and Knowledge Gaps

Da Rocha, Kury, Tomassini, and Velloso (2017) sought to establish strategic replies to the environmental commotion of four Brazilian exporting groups. The inquiry was carried out in the Rio Grande for footwear and wine, the state of Santa Catarina for furniture, and Rio de Janeiro city for beachwear. The study observed that globalization negatively affected the clusters regarding their competitiveness in the local market and internationally. The impact on the clusters progressed to adverse effects on the domestic economy. Strategic responses of the four clusters to globalization comprised: market strategies, relocation, product strategies, temporary/ permanent closure, cost reduction, and relocation.

Clapp (2019) reviewed responses to environmental threats in an age of globalization. The study's findings revealed that environmental threats of globalization to organizations and businesses comprise: shifting geopolitical environments, bioterrorism and security issues, increased

competition from international markets. The challenges exerted a negative influence on the performance of organizations and businesses due to increased market competition. Strategies to curb these globalization challenges comprised: innovations, mobilizing and allocating funds, differentiating products, technological advances, and diversification.

Rodríguez-Cohard, Sánchez-Martínez, and Garrido-Almonacid (2020) conducted a study on planned reactions of the European olive-growing zones due to the issue of internationalization. The study's findings revealed that globalization had exerted a negative impact on olive growing individuals in Europe. Globalization has presented challenges to this agricultural sector: unsustainable cropping and lower market prices for the domestic market due to competition from cheaper imports. Strategic responses adopted by olive-growing farmers to survive comprised product diversification, branding, and policies to protect the farmers from unfavorable market competition.

Alaydi, Buck, and Tang (2021) studied strategic responses to extensive organizational problems in the Palestinian mobile phone segment. The study revealed that the mobile phone sector in Palestine faced institutional and entrepreneurial challenges that exerted a negative impact on the performance of the mobile phone sector. The challenges comprised uncertainties in the market and competition from substandard cheap products. A strategic response that was adopted by the Palestinian mobile phone sector comprised adaptation, influence, product differentiation, branding, diversification, product promotion, technological advancements in the mobile phone sector, resource management, and cost control.

Kinyanjui (2015) assessed the reaction by Kenyan entities to internationalization among manufacturing entities in Nairobi as well as Athi-River, Kenya. The aimed populace for the research was 545 firms from which a sample of 100 was obtained. Only a response rate of 80%

was obtained from the respondents. The study's findings revealed that continued global advancements in technology-enabled the firms' management to innovate ways of responding to clients' needs, regulatory and economic factors. Globalization contributed to the challenge of increased competition in the market. The firms responded to globalization challenges through resource management, managerial innovation, technology, competition, and distribution.

Kanyingi (2015) investigated planned reactions to issues in implementing food uncertainty strategies by the Makueni county Government of Kenya. The target population of the study area was 884,527 persons. The study, however, targeted the Makueni County Government officials, where a sample of 5 respondents was attained. The inquiry findings discovered that rapid population growth, high poverty levels, and over-reliance on rain-fed agriculture in the county led to food security policy implementation challenges. Strategic responses to the challenge of food security policy implementation comprised: irrigation, family planning, rainwater harvesting, crop diversification, and livestock improvement.

Nzioka (2017) reviewed planned reactions to environmental problems and competitive advantage of Fintech Firms in Kenya. The target population for the exploration was 114 departmental heads in product development, marketing, and finance in 38 Fintech Kenyan companies. The study's findings revealed that the companies underwent environmental challenges: the threat of substitute services and products, new industry entrants, bargaining power of firms' suppliers and customers. Strategic responses adopted by the companies in an effort of survival in the market comprised: differentiation, diversification, cost leadership, strategic alliance, focus, merger, and acquisition.

Amiru (2019) researched strategic responses to dynamics in the exterior environment of Mombasa Island Cargo Terminal Limited in Kenya. The target respondents for the study comprised: general manager, marketing manager, yard operations manager, and finance manager. The study observed

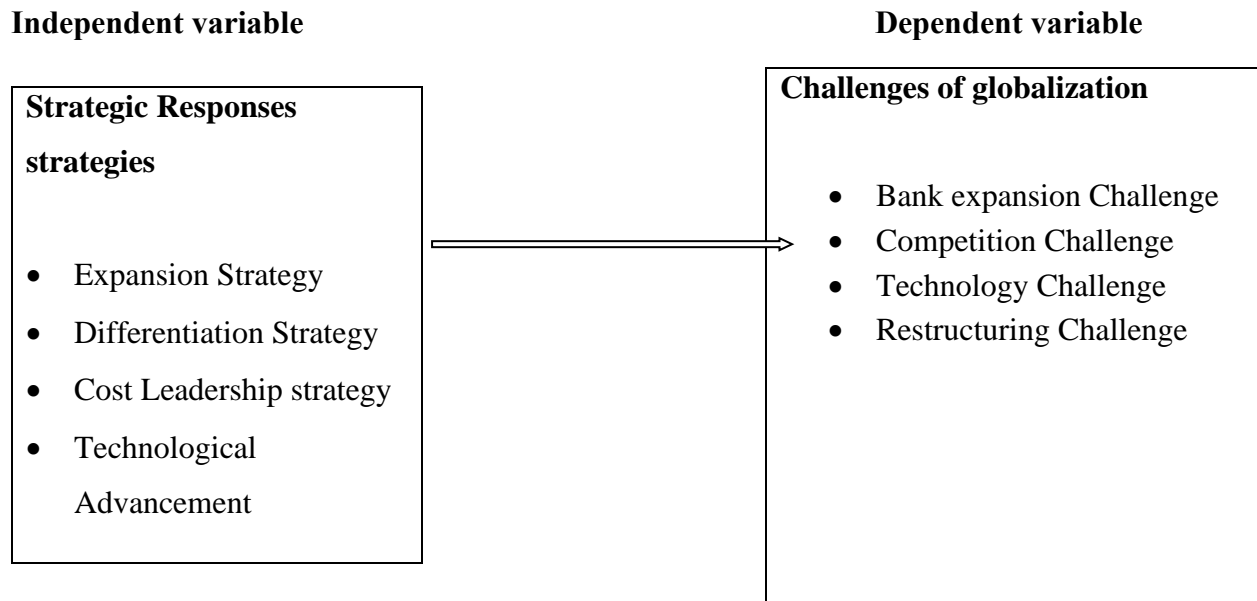
that changes in the economic, technological, legal, and political environment affected the organization. The changes exerted adverse effects on the company, such as a lack of cash flows to container freight stations—the company's strategic responses to survival comprised diversification, product differentiation, downsizing, and cost control.

The study in this chapter focused on a literature review. The chapter started with a theoretical framework where it focuses on three theories; Porter's competition theory, Resource-based theory, and strategic management theory. The chapter then looked at general literature on strategic adaptation and globalization challenges. The chapter then concludes with empirical literature specific to the study.

2.6 Conceptual Framework

According to Young (2009), the conceptual framework is a schematic effort that shows how dependent and independent variables relate.

Figure 2.2: Conceptual Framework



CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

The section offers an outline of the research methodology utilized in the exploration. It comprises the research design, data gathering and analysis of data. In addition, the chapter highlights data gathering tools and describes procedure of information scrutiny.

3.2 Research Design

A research design involves the process of conducting the study adopted by a researcher to provide answers to different research questions (Creswell, 2003). Gitau (2013) defined research design as the structure of an enquiry, it entailed on how the research will be arranged data collection methods, and analysis. A case study research design was adopted, where the unit of inquiry was the Kenya Commercial Bank

A case study points to a detailed examination of an individual, organization or occurrence (Mugenda & Mugenda, 2003). A case study reflected as suitable for this exploration as it involved comprehensive observation of one establishment highlighting exclusive rather than in breadth scrutiny. The design is most suitable when thorough, comprehensive analysis for one unit of investigation was being preferred. Case study research design offers very absorbed and valued understandings to occurrences that may otherwise be imprecisely known or unstated. In a case study, almost every feature of the subject's lifespan besides account was examined to seek designs besides foundations for conduct.

3.3 Data Collection

A primary source of data was utilized for data collection by means of an interview guide. An interview guide is a collection instrument easily administered through a direct and simple approach to the research pertaining values and motives (Robson, 2002). The interview guide consisted of questions about the respondents' background information, challenges faced due to globalization, and strategic responses adopted by the bank.

Data was gathered from middle and senior managers or their equivalent with at least two years' experience in the bank. The management team had 6 members who formed the targeted population. The interview guide was conducted through face to face or and via online platform such as Zoom, however, assistance was accorded to respondents who needed clarifications before completing the interview guides. This approach enhanced the response rate of the study.

3.4 Data Analysis

Data gathered was scrutinized via content analysis whereby a replicable as well as valid inference was made by way of interpreting as well as coding textual material. By analytically evaluating texts such as documents and verbal communication, qualitative data will be changed into quantitative data (Kothari, 2004).

Content analysis was at the intersection of the qualitative and quantitative customs. It will be utilized for thorough investigation of numerous significant however difficult-to-study area of concern. Content analysis was valuable to this study as it is important in recovery as well as examination of the degrees of organizational behaviors, stakeholder perceptions, and societal trends (Yin, 2011).

CHAPTER FOUR:

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

The purpose of this chapter is to present the analysis of the data obtained and the findings of the study. Data analysis is the process of reducing bulky data to information that address the preliminary intention of the study (Cooper & Schindler, 2003). The data analysis has been done in line with the objectives of the study, which was to determine the challenges posed by globalization to the Kenya Commercial Bank and to identify the strategic responses to globalization adopted by the Kenya Commercial Bank. This study targeted six members of the top leadership team working for Kenya Commercial Bank. The interviewees in this study were the General Managers and Executive Directors of six major departments who were involved in the formulation of strategies and day to day operations of the Bank. The research was conducted in the Departments of Human Resources, Operations, Finance and Administration, Information and Technology, Credit and Business Development departments.

4.2 Analysis of Responses

To achieve the objectives of the study, the study targeted six members of the middle and senior manager for Kenya Commercial Bank. The study established that four of the leadership team was male and two were female. The interviews indicated the positions they held in the organization. The study found out that each of the interviews had worked for the Bank for more than more than seven years in different roles and function. This indicated low turnover and meant that they

understood the challenges posed by globalization to the Kenya Commercial Bank and strategic responses to globalization adopted by the Kenya Commercial Bank. The study established that each interview had held their current position leadership role for duration of four years. This meant they had the experience and knowledgeable on the research subject matter and would help in the realization of the research objective.

4.3 Challenges of Globalization to the Kenya Commercial Bank

Globalization has brought the adoption of the mobile banking as well as enabling the use of debit cards to the increased of customer base as indicated by interviewee from the Business Development department. From the Operations department, it was established that globalization has facilitated innovative process such as mobile banking and Internet banking. Nevertheless, these innovations have been plagued by fraudsters who constantly try to track customers down even if it means hacking into the system. Banks have debit cards that are VISA enabled and can therefore be used in any part of the world to increase the availability of the service. These debit cards can also be swiped on special machines when shopping thus providing safety and convenience to customers.

The Human Resource department has been affected by globalization to some extent with little or no efforts made to adjust to the changes of globalization. The staff turnover has gone down but new strategies have been adopted and implemented. Globalization has also had both negative and positive impact in the loans portfolio in terms of security and loan maturity and in the ICT section, the acquisition of the latest banking systems which are evolving almost every day has been a challenge.

In the Business Development department, the main challenge towards the globalization was the inadequate experienced personnel in the areas of expertise provision and coming up with the right software. However, the bank is still reluctant to provide modern technologies. Globalization has made it difficult for companies to operate and those that have not embraced the changes that come with it have not survived in the business. Therefore, for a firm to keep operating within the charged global atmosphere, it is important that it changes its operational tactics in tandem with globalization. The Kenya Commercial Bank, for example, has undergone through the global financial crunch of 2020/2021 due to Covid-19 pandemic and survived its destructive ripples simply because it embraced global strategies that enabled it ward off these ripples. Actually, the bank still affords to make profits in the post global financial crisis times.

Through its various innovative products like SIM-ple banking service, KCB has been able to acquire new customers and retain the old ones to the branch network growth in business. The bank is currently setting up new branches so that service can be offered to the customers' closer home. With technology, there are high chances of default when people improvise ways of beating the system. Moreover, the advanced technology can be a challenge to users hence prolonging time spent to recover the loans especially for the credit department. Globalization, as a matter of fact, has had both negative and positive impact in the loan's portfolio. This is in terms of security and loan maturity. The ICT department according to the interviews did not have challenge, all was positive since globalization led to the allocation of the modern gadgets employed in the banking ICT infrastructure.

The study established that economic decline has resulted in fewer business opportunities for KCB customers. Consequently, the level of deposits declined, which resulted to the ability of customers to borrow and service loan decline. The global economy is slowly recovering from the covid-19

crisis following massive injection of stimulus funds. Kenya economy is expected to register more robust growth rate on back of revival of tourism, increased export earnings, foreign direct investment and diaspora remittances. The East African common market protocol is expected to facilitate more intra-regional trade that will eventually lead to growth in business in banking industry; this will make it more competitive for the stakeholders.

4.4 The Impact of Globalization on Kenya Commercial Bank

From the Business Development department, it was established that the change that the Bank's structural changes effected were geared towards the achievement of the mission statement. It emerged from the Operations department that the bank's changes in structure for the last 5 years have been in line with the changing customer needs. For example, banking in some branches has been extended to 24 hours. KCB has also changed in Managing Director and this means a change in operations since a new person comes in with different ways of doing business. Moreover, the change means the exit of the older generation thus welcoming the younger generation with more energy and vigor. In the Human Resource department, change has been witnessed courtesy of performance appraisal that is done for every employee. More training of the personnel is also indicative of this change since it increases efficiency levels.

From the Finance department, it was established that the 2020/2021 global Covid-19 pandemic greatly affected the general financial health of the bank. Since then, the profits have been either declining or growing with negligible margins. The Credit department has witnessed a shift to automation and the process of loan advancement has also changed from manual to the Nero system which is Bank fusion Universal Banking. The ICT department of the bank changed its

infrastructure to enhance the efficiency and the effectiveness of its employee and this was geared by the technological evolution the country has been experiencing.

The Business Development department has endeavored to implement some technologies such as Internet banking and SIM-ple mobile banking to enable our customers to explain the advantages of technology within its boundary and around the world. The operation department has not been affected much by globalization but it has affected the competition and therefore need for coping and developing strategic ways of doing business. Globalization has resulted in more risky ways of doing business like Internet banking and therefore more precaution needs to be taken. In the Credit section of the bank, the globalization has had both negative and positive impact in the loan's portfolio in terms of security and loan maturity.

Human Resource department has seen some staff moving to other banks that have embrace globalization. In the Finance department, financing large fixed investments (new branches) and the new technology financing have greatly been observed as the major impact of the globalization which has been positive. The ICT section has recorded positive growth as globalization led to the allocation of the modem gadgets employed in the banking ICT infrastructure.

4.5 Strategic Responses to Challenges of Globalization

The interviews stated that the bank has adopted some specific strategic responses to challenges of globalization to remain significant in the market. These strategic responses are its core competences in having an edge over other players in the market, because they produce almost similar products and services. The strategic responses adopted are technology, quality customer service, cost leadership, differentiation, restructuring, alliance and joint ventures.

4.5.1 Technological Use in the Bank

KCB has invested massively in information technology in last 4 years in response to globalization situation, according to the interviewers. The Operations department of the bank has also acquired a new system which can meet the needs of the customers. This has been used as a means of diversifying and improving the service delivery channels to its customers. KCB has a wide branch network as compared to its competitors, comprising of 210 branches across the Africa Region, with 162 branches in Kenya. KCB recently acquired a new core banking system in its operations called T24 temenos which is user friendly, customized and fast. The use of this system has led to high profit margins because of its efficiency. The automation of business processes in branch network has led to an increase in the number of transactions processed from 200,000 to 350,000 per day and opening over 300 accounts per day. The bank was previously under great pressure to meet operation challenges of processing large number of transaction and data storage. With, the purchase of new systems, the respondents noted customers enjoy branchless banking.

The interviews noted that majority of customers subscribing to this service were young with age ranging from 18 years to 40 years. The service enables the customers to access their service via their mobile phones by touch of the buttons. The customers can do money transfer from their accounts to KCB or account of other banks, mobile number transfer regardless of network operators, pay their bills, request for forex rates, receive notification of credit usage and account notification such cleared cheques, credits, debits and accounts overdrawn. KCB Connect mobile banking service has been enhanced and now enables its customers to have a much more user-friendly offering due to the ease and simplicity of usage. The popularity KCB Connect service among its young customers has earned the bank with banking innovation Award in 2019, the

Kenya Information and communication Technology excellence Award. In operations department the bank also offers online payment services to its customers. This is enabled by use of debit and credit cards, which can be used in of payments of bills in hotels, hospitals, supermarkets, beauty shops amongst others.

In ICT department the bank has also established a wide coverage of ATM network, total number of ATMs is 750 across the region, this enables both its customer and non-customers to enjoy its services for example cash withdrawal, balance inquiry amongst others. KCB has also improved its linkage with internal sender providers. They include Kenya Data Networks and Safaricom Telecommunication. The driving objectives behind these changes according to interviews were, to improve customer service through faster and convenient access to banking service. Another objective was to enhance record keeping and ease data retrieval. The enhancement of internal communication for faster decision making was main motivation for installing internet access.

While making these changes, KCB has faced many challenges. According to interviews, IT changes involve substantial costs in terms of software, hardware, qualified personal. Kenya is yet to realize efficient telecommunication services and its market is still in the process of growth after liberalization. This has continued to hamper the progress desired by KCB. To overcome the above challenges, KCB has a project steering committee to oversee technical implementation program. The employees of KCB also undergo frequent training, to keep up with dynamic requirements and new products. The bank carries out periodic gap analysis and endeavor to close them promptly.

4.5.2 Offering Quality Customer Service

It was established that in the Business Development department, the creation of a department that mainly focuses on the maintaining the bank's status as a good provider was necessary. Working

for funding within the bank was another response initiated by the bank according to the interviews. The bank has increased its interest rates on loans and reduced its interest rate on deposit. Moreover, the bank has also employed a number of qualified sales personnel to help in brand building and has also run a number of adverts in the media to create product awareness, pricing, the bank has continued to review the prices that they remain affordable to customers.

KCB is committed to offering quality service to its customers in order to have an edge over its competitors. The management has placed efforts in ensuring this commitment is realized. The respondents elaborated that there is a constant communication to its staff via email, journals and magazines. This commitment is clearly demonstrated in its vision and mission. The vision of KCB is "To be the preferred Financial Solutions Provider in Africa with a Global Reach" and mission is "To grow our existing business whilst building the platform to be the preferred Financial Solutions Provider in Africa with Global Reach". KCB management realized that by offering quality service to its customers, it could stand out from its competitors because the products and services offered are more or else similar in the market.

KCB had established a contact Centre in its effort to ensure customers receive quality service. The interviews explained that a Contact Centre is a central place within an organization where employees handle incoming and/or outgoing customer calls, email, SMS, web chat, voice mail and scanned documents in a structured and programmed and monitored way. Each interaction is tracked for accountability and quality of service. On a strategic level, the Contact Centre will support the Group's core banking and mortgage units by driving profitable growth across the region, cost reduction, process improvement and Customer Sandee improvement. The objectives of KCB in establishing contact Centre is to handle customer interactions by use of dedicated well-trained customer service staff, who are currently eighty in number, to manage customer traffic that

would otherwise need to contact the branch about a banking enquiry, to objectively measure the performance of its service network, to enhance Customer access and choice of contacting the bank, to provide a delightful customer experience and to carryout tele-marketing and promotional or awareness campaign.

KCB continuously offers customer service training to its staff to ensure that they are well versed in senile they offer and product knowledge. Offering quality customer service is important because today's customers are knowledgeable, they know what they want, and services offered to customer are mostly perishable as it cannot be repeated, one has to get it right at first time and the competition is stiff in the market. It is noted that contact Centre staff handle approximately 8000 enquiries per day, which has resulted to faster turnaround time in solving problems.

4.5.3 Cost Leadership and Differentiation Strategies Used in the Bank

KCB uses cost leadership and differentiation strategies as responses to competition in the market. The interviews noted that the bank offers wide range of products and services to its customers according to their needs. KCB has segmented its customers into two categories namely retail and corporate. This categorization has enabled the bank to offer a group of banking products designed to meet the unique and diversified needs of business customers. The client base at KCB stands at 1.5 million customers, representing 11 percent of market share and 15 percent by value, according to market intelligence (2002), banking survey.

KCB has Micro Banking Services with approximately 50,000 account holders, which is tailor made to suit the needs of any Micro and Small Entrepreneurs. The entrepreneurs are owners of salons, Jua kali business, cyber cafe or any other small business. The entrepreneurs are offered

sendees at lower cost as compared to other customers such as ledger, maintenance and transaction fees example cash withdrawal, cost of cheques, statement inquiries.

KCB has launched a club called Biashara, which is designed to provide a range of value adding sendees to Small and Medium sized business, aimed at growing their business even further. By joining KCB's Biashara club, the approximately 150,000 customers, can take advantage of valuable opportunities to take their business to a higher level. The Biashara Club offers; Workshops on entrepreneurship and capacity building, Opportunities for one to network and source for new customers for their business, business advisory sendees through SME Management seminars and workshops in a variety of relevant topics and business trips to tap into new markets among others.

KCB also offers exclusive banking sendees at premium cost to its customers called advantage banking for class and comfort. The service offered at KCB advantage banking is convenient, personalized, dedicated and has timely banking sendees. KCB has opened 10 Advantage Banking centers, to take care of these needs by adding value and making a difference in the banking experience. The customers have access to a telephone banking facility and also get a waiver for day-to-day activities including ledger fees, service charge, Overdraft buffer, credit card with pre-scored limit, Preferential interest rates on Asset facilities, discounted processing fees on mortgage financing product and access to offshore investments via our international connections.

4.5.4 Restructuring, Alliances and Joint ventures.

Due to challenges of globalization, the interviews pointed out that the bank had to adopt restructuring, alliances and joint ventures as strategic responses. KCB has done a lot of restructuring recently, which includes financial, portfolio and operational restructuring. Financial

restructuring has been done through offering rights issues to its stakeholders worth KSh. 15 billion, where the 170,000 shareholders were offered to buy additional shares at discounted price of ksh.17 per share. The bank has done a lot of structural changes like bringing in a new managing director which means changing the way things are done. Trade among nations via the use of comparative advantage promotes growth, which is attributed to a strong correlation between the openness to trade flows and effect on economic as growth and economic performance.

KCB managed to raise KSh.12.5 billion capital from rights issue, which is to be used to book long-term assets such as loans and property development. The raised capital is to be used to facilitate business growth in the market, which is very competitive. KCB has recently opened 13 additional branch networks and installed 300 more ATMs across Eastern Africa with raised capital to enhance accessibility of its services. Recently KCB management offered its 850 staff members, with a voluntary exit retrenchment package as a way of restructuring the bank. The package was offered to staff who had worked for the bank for a very long time and were about to retire or lacked the necessary competence to their Job descriptions. The interview explained that voluntary exit retrenchment program has enabled KCB to employ more qualified and competent persons in order to compete effectively in the market. KCB has approximately 5000 employees across Africa region.

KCB has formed alliances and joint ventures as one of its strategic responses to challenges of globalization. Recently Savings and to an Kenya limited (S&L) was merged with KCB, in order to facilitated access to mortgage finance through the bank's wide branch network. The interviews pointed out that KCB S&L mortgage division has started forming partnerships with manufacturing and construction companies, where its customers would enjoy products and services at discounted price. There is also partnership agreement with the National Housing Corporation limited that will

facilitate the construction of over 700 housing units in Nairobi. As part of its strategy, KCB plans to embrace more partnerships to bridge the housing demand and supply gap. KCB is in partnership with other sender providers' example Western Union and MoneyGram in offering its customers with money transfer sender that are safe, fast and convenient ways to send and receive money. With these sender providers' partnerships, it enables a wide coverage locally and internationally through KCB's large local network. Customers can easily send money worldwide; it is estimated that 50,000 transactions are facilitated through this service per month. The increase in number of transactions facilitated through this sender has contributed to commissions and fees earned by the bank.

4.5.5 Expansion Strategies

The study established from the business development department that globalization should be seen as a medium through which the bank and other institutions have embraced growth and development. Globalization and technological innovations have brought additional transaction to personal and interconnected banking. By embracing globalization and technology, the bank has redefined itself to a new brand thus serving more people and expanding branches in order to increase its profitability. The Finance department used bank fusion universal banking which is a wide range of banking and financial services offered by financial organism under a single roof through a variety of delivery channels. Furthermore, the department financed large fixed investments to construct/rent new branches. The new include Kitengela, Westlands, Ongata Rongai and Eastleigh. Another measure for business development was soliciting for finances within the bank to fund expansion/growth proposals.

4.6 Discussion of Findings

The results obtained from the research study do agree with empirical knowledge. It is clear from the data analyzed in the study that globalization has brought many challenges to the KCB. Globalization has come with new technologies that have made the management of the bank to establish new structures for them to run. To begin with, globalization came with a technology for mobile banking as well as the use of debit cards in order to increase the customer base of the bank. Finding are agree with Kairu (2013) asserts that quick technological adjustment, easier admission by overseas competitors, in addition to the hastening collapse of outdated industry margins subject companies to new, impulsive competitive powers.

Despite the challenges, the bank has come up with measures to overcome the challenges. First, KCB had established a contact Centre in its effort to ensure customers receive quality service. The interviewers explained that a Contact Centre is a central place within an organization where employees handle incoming and/or outgoing customer calls, email, SMS, web chat, voice mail and scanned. documents in a structured and programmed and monitored way. Each interaction is tracked for accountability and quality of service. The finding agrees with Prico (2012) that the global marketplace where customer needs are always influx, it becomes necessary for an organization to either improvise or sometimes overhaul its product line in order to cater for the changing needs of customers.

KCB uses cost leadership and differentiation strategies as responses to competition in the market. KCB has Micro Banking Services with approximately 50,000 account holders, which is tailor made to suit the needs of any Micro and Small Entrepreneurs. The entrepreneurs are owners of salons, Jua kali business, cyber cafe or any other small business. The interviews noted that the

bank offers wide range of products and services to its customers according to their needs. KCB has segmented its customers into two categories namely retail and corporate. The findings agree with Ansoff & McDonnell, (2014) diversification requires new skills, new techniques and new facilities to be realized. Accordingly, it almost invariably leads to physical and organizational changes in the structure of the business that represent a distinct break with past business experience.

KCB has done a lot of restructuring recently, which includes financial, portfolio and operational restructuring. Financial restructuring has been done through offering rights issues to its stakeholders worth KSh. 15 billion, where the 170,000 shareholders were offered to buy additional shares at discounted price of ksh.17 per share. The bank has done a lot of structural changes like bringing in a new managing director which means changing the way things are done. According to Kerkhoff, (2006), the global trend of outsourcing has increased the pace of strategic alliances where companies give up their non-core activities to third-party service providers and concentrate on their core business activities.

KCB bank is embracing globalization and technology, the bank has redefined itself to a new brand thus serving more people and expanding branches in order to increase its profitability. This agrees with Prico (2012) affirmed that tactical reactions to environmental dynamics aimed at advancing value plus efficiency, decreasing expenditures, reorganization, as well as culture-development, as compared to discovering partnerships plus help from through the newly created limits. The discoveries propose that struggle influences self-growth and that the main motivation for strategy making is from one's internal strengths than from the environment.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings regarding the objective of the research. It covers the conclusion and recommendations of the study.

5.2 Summary of the Findings

The study objectives were to determine the challenges posed by globalization to the Kenya Commercial Bank and to identify the strategic responses to globalization adopted by the Kenya Commercial Bank. The study found out that each of the interviewees had worked for the Bank for more than more than seven years in different roles and function and also the established that each interviewee had held their current position leadership role for duration of four year. It was established that the personnel at the business development department had inadequate skills to successfully tackle challenges of globalization. Another challenge is in the installation of modern technologies as the bank has been unable to provide enough funding for the same.

The Kenya Commercial Bank has undergone through the global financial crunch of 2020/2021 due to Covid-19 pandemic and survived its destructive ripples simply because it embraced global strategies that enabled it ward off these ripples. KCB has been able to acquire new customers and retain the old ones to the branch network growth in business. The bank is currently setting up new branches so that service can be offered to the customers' closer home. With technology, there are high chances of default when people improvise ways of beating the system.

The study established that economic decline has resulted in fewer business opportunities for KCB customers. Consequently, the level of deposits declined, which resulted to the ability of customers to borrow and service loan decline. The global economy is slowly recovering from the Covid-19 crisis following massive injection of stimulus funds. Kenya economy is expected to register more robust growth rate on back of revival of tourism, increased export earnings, foreign direct investment and diaspora remittances

5.3 Conclusion of the Study

Globalization has occasioned free movement of workers from one country to another partly to find better employment opportunities. Globalization has affected both KCB both positively and negatively. To begin with, globalization has come with new technologies that are cost effective for the bank and have made the work of the bank easier such as SIM-ple banking and mobile technologies. The technologies have enabled the KCB to reduce its number of workers yet still remaining effective in its operations. The KCB has been able to expand and increase its branch network throughout the country due to friendly user technologies that has been effective to its customers.

It was determined that in the business development department, creation of a department that mainly focuses on the maintaining the bank's status as a good provider of the banking facility is very important. The operation department the bank has also acquired a new system which can meet the needs of the customers. The bank has increased its interest rates on loans and reduced its interest rate on deposit taking the bank has also partnered with other organizations to keep trend with innovation for example, SIM-ple banking.

There has been a positive response from the ICT department as globalization led to the allocation of the modern gadgets employed in the banking ICT infrastructure. Sharing of resources during seminars for the various departments is a very good move. It equips the personnel with knowledge necessary for coming up with the relevant mechanisms to help combat any challenges associated with the globalization in their departments. Development globalization should be seen as a medium through the banks and other institutions should embrace for growth and development rather than a system for drain and other negative aspects associated with it.

5.4 Recommendations

The summary of findings and conclusions in this chapter, the researcher has made some recommendations. The Bank should embrace the various aspects of globalization in all its departments since they are mostly positive and beneficial to the company. Moreover, the bank should review its mission every year so as to refine all the areas which it has not achieved as this would increase the customers' satisfaction through the increased efficiency and the effectiveness of its operations.

The study recommends that KCB becomes more diligent in environment scanning and continue with proactive as opposed to reactive strategies in dealing with challenges of globalization. This can be achieved by formulating and implementing strategic initiatives that would prevent any anticipate adverse changes for its operating environment. The study recommends that other commercial banks or any other organization should have specific strategic response to globalization in order to remain significant in the market.

There should be provision of funds for the installation of the various ICT related equipment and this should be prioritized given that it can increase the security levels and the efficiency rates

among its operations. Finally, employment of highly experienced personnel in all of the banks departments should also be a priority as this would put the bank a notch higher than its competitors.

5.5 Limitations of the Study

This study examined the strategic response to challenges of globalization on the KCB only while the generalizations were made specifically to the bank. The researcher took more time than expected to conduct the study as he interviewed the tops management of the bank yet the costs incurred were high than expected. The sample included a small number of clients of the bank as much focus was on the management of the bank.

The study limitations were that the research was based on a case study of KCB. Some of the interviews were hesitant, to ensure the disclosure is not detrimental to the company. Mainly, the interviews gave general information to avoid exposing the company to competitors.

The onset of Covid-19 necessitating people working from home and maintaining social distance limited the interactions the researcher could have with the interviews. Follow up questions had to be done remotely via a phone call or zoom meetings. These limitations further made it harder to adequately validate some of the responses as would have been the case in face-to-face meetings.

5.6 Implications of the Study

In this study, sought to determine the challenges posed by globalization to the Kenya Commercial Bank and to identify the strategic responses to globalization adopted by the Kenya Commercial Bank. The findings of study are of importance to the banks as it can be using the conclusions and recommendations to enhance strategic responses and challenges of globalization.

This information will allow policy-makers, trainers, consultants and institutions to design strategic initiatives, tools and actions which will encourage strategic response by banks in Kenya. The findings of this study point out the strategies used by market leader thus other banks can adopt these or develop strategic responses which is in line with the findings.

Finally, the findings of the study further add on the empirical evidence on strategic response, globalization and banking sector and presents an avenue for additional studies on the concept of strategic management.

5.7 Suggestions for Further Studies

This study has examined strategic responses by KCB to challenges of globalization. To this point, therefore, the same study should be carried out in other banks and financial institutions to find out if the same results would be obtained or replicated. The sample size used in this study was six interviewees and this study therefore would recommend increasing the sample size to more than six. Future studies should include more of the small-scale clients of the bank with especially regarding the benefits and user interface of the new technologies adopted by the bank only.

In summary combining of the study suggest that a mixture of approaches used to undertake out this research as a case study method may not have exhausted the problem or produced robust findings hence the need to use of in-depth interviews together with surveys might assist solve the issues.

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APPENDICES

Appendix I: Interview Guide

This questionnaire seeks information based on Strategic Responses to challenges of globalization by Kenya Commercial Bank.

Part A: Demographic Information About Interviewees

1. For how long have you been working with Kenya Commercial Bank?
2. What current position do you hold in the Bank?
3. For how long have you been holding the current position?

Part B: Challenges of Globalization on Kenya Commercial Bank

4. Does Kenya Commercial Bank encounter the following challenges of globalization?

	Yes	No
Bank expansion Challenge	()	()
Competition Challenge	()	()
Technology Challenge	()	()
Restructuring Challenge	()	()

5. If yes. How have the challenges affecting the growth of the Bank?

Explain.....
.....
.....

6. How is the Bank responding to the challenges?

Bank expansion Challenge

Competition Challenge

Technology Challenge

Restructuring Challenge

Part C: Strategic Responses to Challenges of Globalization

7. How has the Bank used expansion strategy to manage the challenges of Globalization?
8. How has the bank used differentiation strategy to manage the challenges of globalization?
9. How has the bank used cost- leadership strategy to manage the challenge of globalization?
10. How has the bank used quality customer service strategy to manage the challenge of globalization?
11. How has the bank used technology advancement strategy to manage the challenges of globalization?
12. How has the bank used restructuring, Alliance & Joint ventures strategy to manage the challenges of globalization?
13. Apart from the above-mentioned strategic responses describe some of the strategies used to manage the challenge of globalization

THANK YOU FOR YOUR CORPORATION