

**BUSINESS GROWTH STRATEGIES AND ORGANIZATION
PERFORMANCE IN CHASE BANK LIMITED**

BY

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DECLARATION

This project is my original work and has not been presented for the award of a degree in this University or any other Institution of higher learning for examination.

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

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DEDICATION

This project is dedicated to my family for their love and to the Chase Bank Ltd.

ACKNOWLEDGEMENT

To God is the glory for seeing me through this programme. I am greatly indebted to my supervisor, who devoted valuable time to guide this work and placing at my disposal his splendid academic judgment, thoroughness and usually fine research talents which were of enormous assistance in bringing this study into completion.

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ABSTRACT

Growth strategy denotes actions or patterns of actions intended for the attainment of goals. The most widely pursued growth strategies in banks are those designed to achieve growth in sales, assets and profits banks that do business in competitive sector in which they must grow to survive. There are very few local studies carried out in Kenya concentrated on strategic responses in commercial banks. However, there has been no study done on specifically growth strategy and organization performance in Chase bank, thus informing the need to fill the gap by investigating these strategies. The main objective of the study was to identify the growth strategies of Chase Bank Limited and to establish how the growth strategies influence performance of chase Bank Limited. This research was designed into a case study. Primary data was collected via personal interview with an interview guide. The data was qualitative in nature and was analyzed using content analysis. The study established that Chase Bank Limited has adopted various growth strategies to enhance the banks performance. The strategies used to enhance competitive advantage include taking excessive risks, increasing their reliance on non-interest sources of revenue, increasing operational efficiency, altering the risk level of asset portfolios, the adoption of new technologies, diversification of product to cater for diverse needs of its customers; pricing rationalization/discounting to enhance organization performance by influencing consumer perceptions of the advertised offers, market expansions by providing accounts that target specific market segments and promotion to persuade and influence the consumer's purchase decision. The study recommend that Kenyan Bank can enhance growth by implementing significant organizational change including policies and rules, organizational structure, workplace practices, and organizational culture; banks can enhance product innovation by investing more in research and design; and pricing rationalization strategies can be enhanced by always ensuring that the reduction falls within the price reduction that consumers would expect to be normally discounted for sale.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Pearlson and Saunders (2006) define a growth strategy as a “well-articulated vision of where a business seeks to go and how it expects to get there. It is the form by which a business communicates its goals. Management constructs this plan in response to market forces, customer demands, and organizational capabilities. A growth strategy can thus, be defined as the process that the organization takes to make technical market oriented sustainable decisions about the business direction.

Growth strategy denotes actions or patterns of actions intended for the attainment of goals. In an organizational setting, the term strategy covers more than just intended or planned strategy, it also includes the “sequence of decisions” that exhibit a “posteriori consistencies in decisional behavior (Mintzberg, 1978). Business of all sizes practice some form of strategic management. Businesses use strategy to formulate as well as implement strategy in order to compete successfully, Ward, and Duray (2000) stressed that strategy management is applied for the purposes of moulding, directing and relating an organization effectively to its environment. Strategic decision making is at the heart of the organization- environment – co-alignment process so heavily emphasized in both the business policy and organization theory.

The most widely pursued growth strategies in banks are those designed to achieve growth in sales, assets and profits banks that do business in competitive sector in which they must grow to survive. Continuing growth means increasing sales and a chance to take advantage of the experience curve to reduce the cost of product sold (Wheelen & Hunger,

2010).The bottom line in the growth sustainability of the banking sector require that the commercial banks should achieve stability in the retail banking sector to ensure that all banking institutions taking deposits safely handles the public's savings and ensure that the chances of financial crises are minimized. Greater efficiency in the delivery of financial services to ensure that the costs of services become increasingly affordable and that the range and quality of services better caters to the needs of both savers and investing businesses and Improved access to financial services and products for a much larger population of Kenyans.

1.1.1 Growth strategies

These are Strategies aimed at winning larger market share, even at the expense of short term earnings. Four broad growth strategies are diversification, product development, market penetration, and market development (Boone, 2000). Within these, several strategies have been adopted such technological, pricing, promotion, market expansion and product innovation strategies. The large number and wide variety of growth strategy decisions required to strategize and deliver a service are made at several levels in the organization, from the strategic level to the operational and service encounter levels.

Technology strategy is a firm's approach to the development and use of technology. A technology strategy designed to achieve differentiation in product performance will lose much of its impact, for example, if a technically trained staff force is not available to explain the performance advantages to the buyer if the manufacturing process does not contain adequate provisions for quality control (Porter, 1998)

In product innovation strategy, the power of product innovation in helping companies retain and grow competitive position is indisputable. Products have to be updated and completely renewed for retaining strong market presence. The practice of pricing strategy on can accomplish both short- and long-run objectives (Fraccastoro, Burton & Biswas, 1993). Short-run objectives include creating product awareness and interest, increasing store traffic and sales, reducing inventory, and enhancing perception of savings and value.

Marketers develop market expansion strategies to ensure that their products are available in proper quantities at the right time and place. Distribution decisions involve modes of transportation, warehousing, inventory control, order processing and selecting of marketing channel. Promotion strategy encompasses all the various ways an organization undertakes to communicate its products' merits and to persuade target customers to buy from them. Promotion is the communication link between sellers and buyers organizations and uses many different means of sending messages about goods, services and ideas.

1.1.2 Growth Strategies and Performance

The most widely pursued corporate directional strategies are those designed to achieve growth in sales ,assets and profits companies that do business in expanding industries must grow to survive. Continuing growth means increasing sales and a chance to take advantage of the experience curve to reduce the cost of product sold (Wheelen & Hunger, 2010). The motives behind the rapid growth of bank financial services are the stakeholders involved expect to increase their wealth (value per share of stock), and

management expects to gain higher salaries and employee benefits.(Rose & Hudgins, 2008).

Sairi (2010), investigated the effect of bank specific characteristics and macroeconomics determinants on bank profitability estimated in profitability measurement. The study results showed that the most significant internal and external factors affecting Saudi banks are: capital adequacy, earning assets to deposits ratio, operational efficiency, growth rate and banking sector development. Sufain & Habibullah , (2009) suggests that bank specific growth characteristics, in particular loans intensity, credit risk, and cost have positive and significant impacts on bank performance, while non-interest income exhibits negative relationship with bank profitability.

Athanasoglou., Delis , & Staikouras (2008), indicated that as a result banks gain market share and an increase in earnings and an increase in profitability. Since large banks are assumed to enjoy economies of scale, they are able to produce their outputs or services more cheaply and efficiently than smaller banks. As a result, larger banks will earn higher rates of profit if entry is restricted. The study of Mendes & Reblo (2009) assesses a bank branch's operating and profit efficiency. The study also explore the impact of IT-based retail banking services on branch efficiency, and found that IT-based transactions at the branch level have a significant impact on profit efficiency, and therefore have a significant role to play in profit maximization. Also bank branch technology to best support service delivery is also a practical way to achieve greater efficiency, which in turn, contributes to a commercial bank's overall profitability.

1.1.3 The Banking Sector

The banking sector in Kenya comprises of, the Central Bank of Kenya, as the regulatory authority, Commercial Banks, Non-Bank Financial Institutions, Forex Bureaus and Deposit Taking Microfinance Institutions as the regulated entities. As at 31st December 2012, the banking sector was composed of 46 institutions, 44 of which were commercial banks and 2 mortgage finance companies. Commercial Banks and Mortgage Finance Companies are licensed and regulated under the Banking Act, Cap 488 and Prudential Guidelines issued there under. Deposit Taking Microfinance Institutions on the other hand are licensed and regulated under the Microfinance Act and Regulations issued there under. Foreign Exchange Bureaus are licensed and regulated under the Central Bank of Kenya Act, Cap 491 and Foreign Exchange Bureau Guidelines issued there under. Out of the 46 institutions, 33 were locally owned and 13 were foreign owned. The locally owned financial institutions comprised 3 banks with public shareholding, 28 privately owned commercial banks and 2 mortgage finance companies (MFCs) (Central Bank 2012).

Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market. The dynamism in the Kenyan banking sector is expected to continue as banks seek new opportunities in the face of an anticipated subdued risk appetite.

1.1.4 Chase bank Limited

Having started its operations in 1995, Chase bank has been growing tremendously since then. Its Assets, profits, deposits and loan book have been growing in double digits since then. The growth of the bank has not gone un-noticed as it has been recognized in the

Think business banking awards on growth with awards. In 2012, 2010 and 2009 it was ranked as the fastest growing bank in Kenya. While assembling a strong capital base is important for Chase Bank, it goes in tandem with other growth strategies. Some of the critical growth catalysts include branch expansion in line with the devolved system, a move that is aimed at ensuring the bank is closer to its growing clientele (www.chasebank.co.ke).

Five years ago, Chase Bank had only eight branches. Today the Chase Bank Group prides of 23 branches and is targeting about 80 branches and mini branches by end of 2015. Chase Bank is also rolling out its agency banking service dubbed Chase Popote. Already it has 283 agency banking outlets and it is targeting 500 in the immediate future.

A successful retail strategy, however, could amount without products that specifically correspond with market needs. In deed this is something that Chase Bank clearly understands. The bank has been diversifying its product range to meet the changing needs of its customers. This survey therefore seeks to demystify the success strategies that commercial banks employ into growth. Of much concern will be the success strategies that have been employed by Chase Bank Ltd in its quest for growth in the market.

1.2 Research Problem

The strategic management literature emphasizes on the important role of growth strategy in both large and small firms (Wit and Meyer, 2001 Pfeiffer, 1987). Firms use growth strategy to outline the fundamental steps that they plan to follow in order to accomplish their objectives. Organizations can have a single strategy or many strategies, and that these strategies are likely to exist at; corporate level; business level and functional level

strategies. Although the literature suggests that strategies are developed at the three different levels, theoretical and empirical studies of the relationship between strategy and organizational performance have mainly emphasized on growth strategy (Earl and Khan 1994).

Chase Bank has adopted growth strategies. Some of the critical growth catalysts include branch expansion in line with the devolved system, a move that is aimed at ensuring the bank is closer to its growing clientele. A successful retail strategy, however, could amount without products that specifically correspond with market needs. In deed this is something that Chase Bank clearly understands. The bank has been diversifying its product range to meet the changing needs of its customers. However the there has been increased competition from other banks as well as international banks, some of which are new players in the country. A major challenge for banks is ensuring that decisions at each of the strategic levels are made consistently, focused on delivering the correct service to targeted customers (Boone, 2000:96).

As a form of market expansion strategy, Lawton & Harrington, (2006) indicated that a small bank from domestic market base diversify its revenue streams through international investment and acquisition. Using analysis of variance, Emery found that there was a significant impact in terms of returns based on branch network growth. Mendes & Reblo, (2009) showed that there IT-based growth in retail banking services has an impact on branch efficiency, and a significant impact on profit efficiency, and therefore have a significant role to play in profit maximization.

There are very few local studies carried out in Kenya concentrated on strategic responses in commercial banks. Kiptugen (2003) undertook a study on strategic responses to the

changing environment in Kenya Commercial Bank and established that changes in the environment has led to intense competition in the banking industry through availability of substitute products. Adoyo (2005) focused his study on responses to changes in the external environment at Postbank. He established that the bank has responded adequately to changes in the environment through re-organizing its organizational structure, improving its service delivery, developing new products and cultural transformation.

Kagwiria (2010) did a study on the basic growth strategies being used by Commercial Banks in Kenya adopting a descriptive census survey of all the commercial banks in Kenya. Her study looked into product development, market development and diversification strategies, thus leaving out technological and promotional based strategies.

Abishua A.D. (2010) carried out a study on Strategic Responses used by Equity Bank to Compete in the Kenyan Banking Industry. As observed from the above, there has been no study done on specifically growth strategy and organization performance in Chase bank, thus informing the need to fill the gap by investigating these strategies guided by the following research question; what is the influence of growth strategies on organization performance in Chase Bank Limited?

1.3 Research Objectives

The objectives of this study were:

- i. To identify the growth strategies of Chase Bank Limited
- ii. To establish how the growth strategies influence performance of chase Bank Limited

1.4 Value of the study

In a nutshell this study will assist in addressing issues relating to the body of growth strategy particularly in the following areas:

Policy and Decision makers at various levels of management will gain value added information on adapting growth strategies in response to changing competitive environment in banking industry. For instance, the managers responsible for strategy may use the findings to formulate effective monitoring and control systems to mitigate against the challenges while formulating and adopting growth strategies.

Academics and business researchers will be able to borrow from the findings of this research to support literary citations as well as develop themes for further research. Specifically, the study hopes to make theoretical, practical and methodological contributions. The findings will contribute to professional extension of existing knowledge in growth strategy management by helping to understand the current strategies in banking sector.

Business people and entrepreneurs can use the findings from this research to aid them in implementing their organizational strategies. The findings will also enable the business people to understand how growth strategy and structure relationship contributes to a firm's performance in a changing environment.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section draws on literature in the area of growth strategies in competitive environment. Secondary material such as books, journals, and articles which carry previous research work on the study topic are analyzed. The material is of importance to this study as it forms a basis for observations which will be made during the study in line with the aims and objectives of the study.

2.2 Concept of Growth strategy

The strategic management literature emphasizes on the important role of growth strategy in both large and small firms (Wit and Meyer, 2001 Pfeiffer, 1987). Firms use growth strategy to outline the fundamental steps that they plan to follow in order to accomplish their objectives. The literature indicates that organizations can have a single strategy or many strategies, and that these strategies are likely to exist at three levels; corporate level strategies (such as grand or master strategies); business level strategies (competitive strategies); and functional level strategies (Earl and Khan 1994).

The role of strategy is to match external environment with the firm's internal capabilities. Organizations exist in the context of complex commercial, economic, technological, cultural and social world. An understanding of the historical and environmental effects, as well as opportunities and other well exact threats to the organization is critical. Strategy crafting is therefore largely influenced by top manager's perception of their organization's environment. Every organization has a unique environment, even

organization within the same industry have environments unique to them (Mintzberg et al 2009). Thompson and Strickland (2007) pointed out that an organization's strategy consists of moves and approaches devised by management to produce successful organizational performance. That strategy is a management's game plan for the business. Without a strategy, there is no established course to follow, no roadmap to manage by and no cohesive action plan to produce the intended results. The 1980s and 1990s were characterized by discontinuous and unpredictable business environment.

Figure 2.1 Competitive Environment

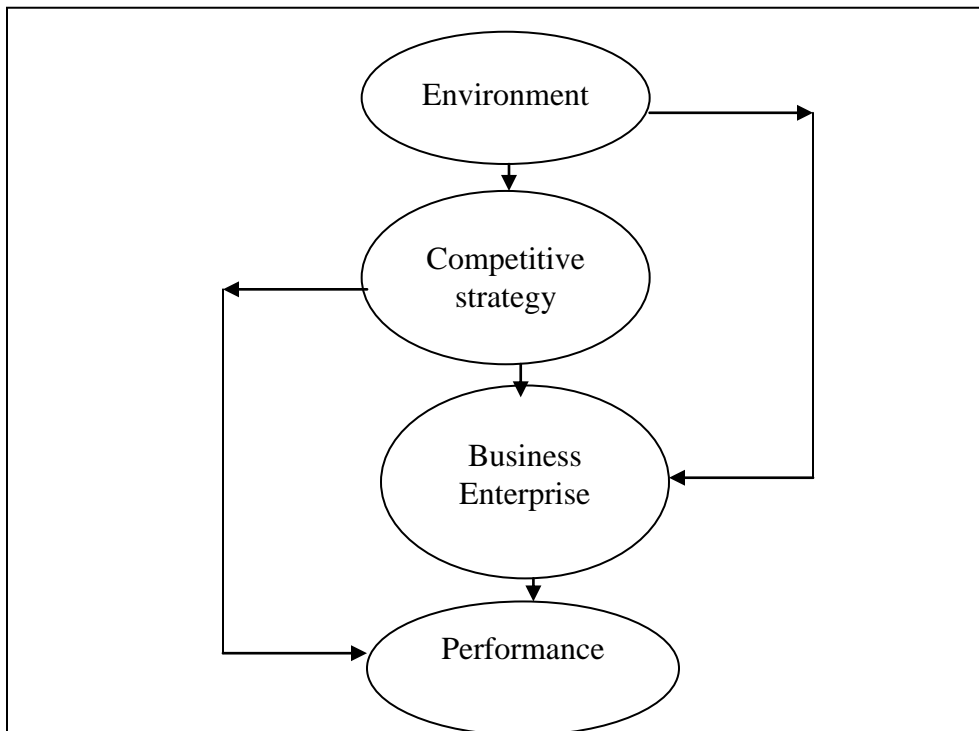


Figure 1: Conceptual model of growth strategy in its context

Source: Ward, P.T. and Duray, R. (2000). Manufacturing strategy

Source: Ward, and Duray, (2000). Manufacturing strategy in context: environment, competitive strategy and manufacturing strategy. *Journal of Operations Management*, 18, pg. 124.

Competitive strategy, in contrast with generic strategy focuses on the differences among firms rather than their common missions. In most firms comprehensive strategy evaluation is infrequent and, if it occurs is normally triggered by a change in leadership or financial performance. The fact that comprehensive strategy evaluation is neither a regular event nor part of a formal system tends to be deplored by some theorists, but there are several good reasons for this state of affairs (ward and Duray, 2000).

2.3 Strategy and Environment

The objective environment can be further categorized into “task” and “general”. An alternative subdivision of strategy is primary (domain selection) and secondary (competitive approach). The concepts of strategy and environment are integrated in that primary strategy concerns opportunities in the general environment and secondary strategy involves navigating within a task environment (Bourgeois, 1980). Until recently, the field of growth strategy has been characterized by two types of literature. Normative works of several writers (Ackoff, 1970; Andrews, 1971; Ansoff, 1965; Katz, 1970) have typically instructed managers on how to formulate strategy by scanning the firm’s environment to seek opportunities that could be matched with the firm’s capabilities.

This instruction was typically followed by a primer on organization design and on the selection of “competitive weapons” and allocation of resources. Strategy content and environment have been joined empirically, but there has not been much work that joins the strategy formulation process and environment. One of the few examples of work that

does so was a study by Khandwalla (1976), who found that when managers perceived the environments of their firms as “rich in contingencies”, as when they are dynamic and uncertain, their strategies are likely to be more comprehensive or multifaceted. These results agree with those of Miles and Snow (1978) and Paine and Anderson (1977), which indicate that strategic managers in more uncertain environments tend to be more proactive and innovative and they tend to assume a higher degree of risk.

The development of strategies to guide organizational activities is a key managerial function, and that guidance is accomplished through the effective co-alignment of organizational resources within environmental conditions. Environmental perception is an element distinct from the objective task environment and is a prime input to secondary strategy making. The treatment of environment has often indiscriminately mixed objective and perceived attributes, clearly points out that the objective external environment and its variability are the source of the firm’s opportunities and risks and as such must be accounted for when strategies are made and executed, where managers’ perceptions of the environment are part of the strategy-making process. This concludes the synthesis of the two concepts, strategy and environment, by relating them of hierarchical level (Bourgeois, 1980).

According to Johnson and Scholes (2008), dealing with the environment is difficult because of three factors. First is the diversity of the different influences that affect a business. Identifying the environmental influences may be possible but it may not be of much use because no overall picture emerges of the really important influences on the organization. The second difficulty is the speed of change. Managers typically feel that

the pace of technological change and the speed of global communications mean more and faster changes than ever before. Third is the problem of complexity. Managers are no different from other individuals in the way they cope with complexities; they try to simplify what is happening by focusing on those few aspects of the environment which have been important historically.

2.4 Growth Strategies and Organization Performance

Organisational performance and effectiveness is a function of match between organisational structure, processes, and the external environment (Hrebiniak and Joyce, 1985). In the field of strategic management pioneering works were carried out by many experts. Porter emphasised that corporate strategy cannot be planned and implemented without considering the competitive environment whereas Mintzberg explained that strategy is evolutionary, organic process and it is unpredictable (Hamel and Prahalad, 2002). Although Chandler stressed on organisational structure design around the needs of effective strategy execution, the structure also influence the choice of strategy (Thompson and Strickland, 1999).

Growth of organisations is influenced by three major factors – the background/resource of the entrepreneur, the nature of the firm, and the strategic decisions taken by the owner/manager (Storey, 1994). The entrepreneur needs to develop both strategic and tactical skills and abilities (Kuratko et al, 2001). Entrepreneurial ventures being goal directed also need to plan to face the uncertainties (Carland et al, 1984). Entrepreneurial strategy is the means through which small organisations establish and re-establish the

fundamental set of relationships with the environment and the uncertainties (Murray, 1984).

Growth also depends on the changing industry patterns and management; it is also about sociological evolution of the business (Boswell, 1973). Prater and Ghosh (2005) in an empirical study on U.S. based small and medium sized enterprises operating in Europe reported new product development, expansion into new international markets and expansion into new European markets are the major growth strategies adopted by them. Contrary to common belief upgrading operation strategy was not reported to be a major strategy. The study also concluded that the enterprises did not take advantage of outsourcing of operation functions such as logistics. However growth carries different meanings by the different entrepreneurs. There is a strong impact of entrepreneur's attitude and the decision on growth and there may not be uniformity in growth agenda among the entrepreneurs even if they operate in the same market (Matthews and Scot, 1995).

On strategic model of growth O' Farrell and Hitchins (2002) analysed the strategic management perspective. High growth firms make use of external relations (Lechner and Dowling, 2003) and growth is a combination of environmental and leadership processes (Eisenhardt and Schoonhoven, 2002). Similar conclusions were drawn by Chan and Foster (2001) after a study of small businesses in Hong Kong and by Kelmar and Wingham (1995). The latter listed 47 growth strategies reported in various research works and classified them into 12 categories. They reported that 55.5% were related to external variables of growth (market penetration, pricing, product mix, product demand,

promotion, market creation, market stability and intermediary use as the greatest contributors) and the rest were the internal variables (corporate strategy and staffing are the greatest contributors). They concluded that a combination of external and internal variables supports growth of organisations.

2.5 Technological Strategies

Technology strategy is a firm's approach to the development and use of technology. Although it encompasses the role of formal Research and Development (R&D) organizations, it must also be broader because of the pervasive impact of technology on the value chain. Because of the power of technological change to influence industry structure and competitive advantage, a firm's technology strategy becomes an essential ingredient in its overall competitive strategy. However, technology strategy is only one element of overall competitive strategy, and must be consistent with and reinforced by choices in other value activities.

Technology has an influence on all aspects of business from the very general to the very specific. The advent of technology has made it easier for people to communicate with each other, whether they operate in the political, economic, social or general business arena. Communications technology takes the form of mobile phones, fax machines, video conferencing, the internet and the world wide web, and its key benefit is that staff are contactable all the time while at work, and should be able to contact customers and clients without having to return to an office (Capon, 2008).

Capabilities are a company's proficiency in combining people, process and technology which allow it to continually distinguish itself along the dimensions that are important to

its customers. For example, in a high-tech industry, the ability to quickly develop new state-of-the-art products with features and performance that deliver value to customers creates an enduring advantage. In a commodity industry, it may be the ability to constantly reduce costs through innovative actions that creates lasting competitive advantage. Growth strategy is therefore composed of both market focused and capabilities focused perspectives and in fact both are essential. The market focused elements determine the products and markets where the organization is presently competing. Capabilities not only support the current strategic thrust but, more importantly, determine future competitiveness (Edwards and Peppard, 1994).

2.6 Product Innovation Strategies

A product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. Consumers seek different product benefits in various localities, thus as a firm expands, it may use product as one of its marketing entry strategies. This can only be effective if the firm looks at products not being offered by other firms and venture the market and start offering them (Kotler, 2005). Several classification systems for consumer's products have been suggested. One basic distinction is based on whether or not the buyer perceived a need for the item. Thus an unsought product is one for which the consumer does not yet recognize a need. This classification is based on consumer buying behavior (Thompson, and Strickland, 2007).

Product innovation such of insurance provides the most obvious means for generating revenues. Process innovation, on the other hand, provides the means for safeguarding and improving quality and also for saving costs. Improved and radically changed products are

regarded as particularly important for long-term business growth (Hall, and Saias, 1980). The power of product innovation in helping companies retain and grow competitive position is indisputable. Products have to be updated and completely renewed for retaining strong market presence.

Product portfolio decisions are the manifestation of a firm's innovation and marketing strategies. The common approach to managing new product development is to develop and manage a portfolio of specific projects (Wheelwright & Clark 1992). Practically speaking, choosing the product portfolio determines the firm's strategy for the medium term future and is senior management responsibility (Storey et al. 1998; Cooper et al. 2002). Operationally, portfolio decisions involve two strategic components: a development strategy regarding the number and rate of new product introductions (introduction intensity), and a market entry strategy regarding the relative speed to market (pioneering intensity). Past research suggests that better-managed firms structure their portfolios by striking a balance in the product innovation portfolio across these strategic components.

2.7 Pricing Rationalization Strategies

The practice of promoting products on sale can accomplish both short- and long-run objectives (Fraccastoro, Burton & Biswas, 1993). Short-run objectives include creating product awareness and interest, increasing store traffic and sales, reducing inventory, and enhancing perception of savings and value. Long-run objectives include establishing a specific price image for the advertiser to achieve a competitive positioning and customer loyalty. Marketers promoting lower prices must thus decide how much to reduce the price

as well as how to communicate the price reduction (Della Bitta, Monroe & McGinnis, 1981).

Past research has shown that the plausibility of a price reduction claim influences consumer perceptions of the advertised offer (Biswas & Blair, 1991). However, such research on claim plausibility concern reference prices where exact dollar values are state. No one has studied the effects of claim plausibility on percentage reduction claims such as save 80 percent. Ads featuring percentage price reduction are frequently used by retailers to promote a line or announce a store-wide sale. A plausible percentage price reduction is one that falls within the price reduction that consumers would expect to be normally discounted for sale, while an implausible percentage price reduction is one that is considerably higher than the average price reduction level that consumers expect to be normally discounted for sale.

Price is the only element of the marketing mix to generate revenues. Kotler (2005) pointed that all other elements of a business operation represent costs. One of the most difficult areas of making decisions is pricing strategy, which deals with methods of setting profitable and adjustable prices. It is closely regulated subject to considerable public scrutiny. One of the factors influencing marketers pricing strategy for both goods and services is the competition.

2.8 Market Expansions Strategies

In the marketing discipline, it is a widely accepted truth that if a company responds appropriately to the preferences and requests of customers – and if these responses are

equal to or exceed the performance of the company's competitors – then success is guaranteed. Companies often have to be able and willing to cope with issues such as risk of turbulent change, poorly developed communication and distribution systems, limited managerial resources and cultural differences (Dawson, 2000). Traditional market selection analysis relies on purely macroeconomic and political factors at the outset of the analysis and fails to account for an emerging market's dynamism and future potential resulting from rapid change, national attributes that affect specific sectors and market receptiveness.

To create a market selection framework that does justice to EM and enhances traditional analysis, we have sought to integrate into the assessment process tools developed by a variety of scholars. These tools include long-term market potential assessment from Arnold and Quelch's (1998) market demand-driven model. Marketers develop market expansion strategies to ensure that their products are available in proper quantities at the right time and place.

Accessibility to the target market within the specific country needs to exist. Since each market structure is different, tools (e.g. media, channels of distribution, etc.) available to marketers will vary across countries. As economic integration drives countries closer together, accessibility to similar cross-national target markets may become easier.

2.9 Promotional Strategies

Promotion is the function of informing, persuading and influencing the consumer's purchase decision. Most of the insurance firm conduct their promotion by informing the

target market of the availability of the new product and persuade consumers to try it by giving away free samples and influence consumers (El-Ansary, 2006). Promotion encompasses all the various ways an organization undertakes to communicate its products' merits and to persuade target customers to buy from them. The message may be communicated directly by sales people or indirectly through advertisement and sales promotion. Promotion strategies serve different purposes and vary in size and scope (Kotler, 2003).

The marketing manager sets the goals and objectives of the firm's promotion strategy in accordance with overall organizational objectives and the goals of the marketing organization. Based on these objectives, the various elements of the strategy—personal selling, advertising, sales promotion, publicity, and public relations—are formulated into a coordinated promotional plan. The feedback mechanism, including marketing research and field reports, completes the systems by identifying any deviations from the plan and suggesting modifications for improvement (Kotler, 2003).

Promotional strategy is closely related to the process of communication. A standard definition of communication is the transmission of a message from a sender to a receiver. Marketing communications, then, are those messages that deal with buyer-seller relationships. Marketing communication is a broader concept than promotional strategy, because it includes word-of-mouth advertising and other forms of unsystematic communication. A planned promotional strategy, however, is certainly the most important part of any marketing communications (Keegan, 2003).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the methodology to be employed in the study. It discusses the research design, data collection and analysis and why they are the most preferred for the study.

3.2 Research Design

According to Saunders; Lewis and Thornhill (2009) research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

This research was conducted through a case study. A case study is preferred because it enables the researcher to have an in-depth understanding of adopting growth strategies in at Chase Bank. Case studies place more emphasis on a full contextual analysis of fewer events or condition, and their inter relations (Cooper & Schindler 2006).

3.3 Data Collection

Primary data was collected and used for the study. Primary data was collected via personal interview with an interview guide (see appendix 1) consisting of open-ended questions. The interviewees in this study included the Managing Director who is the chief strategist charged with the responsibility of facilitating the implementation of various

policies approved by the Board. Other interviewees were; finance manager, human resource manager, marketing manager and customer relations manager. Interviews were adopted because the researcher can follow up on a question and probe the respondent to provide more information.

3.4 Data Analysis

The nature of data to be collected was qualitative and was analyzed using content analysis technique. Content analysis is a tool for measuring the content of communication. Its objective is to obtain a qualitative description that manifests content of communication. In content analysis, the responses from different respondents are compared and summarized according to the objectives of the study.

Content analysis is the best method of analyzing the open-ended questions. It is suitable because of its flexibility and allows for objective, systematic and quantitative description of the content of communication (Cooper et al, 2006).

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study. The main objective of the study was to identify the growth strategies of Chase Bank Limited and to establish how the growth strategies influence performance of Chase Bank Limited. Data was collected from managing director, finance manager, human resource manager, marketing manager and customer relations manager at Chase Bank Limited.

4.2 Business Growth Strategies at Chase Bank Ltd

The first objective of the study was to establish the growth strategies of Chase Bank Limited. The following subsections present the findings of the study.

4.2.1 Technological strategies

4.2.1 Technologies adopted by Kenyan banks

The study established that Kenyan banks have adopted the following technologies:

Automatic Teller Machine (ATM): Automatic Teller Machine is the most popular device in Kenya, which enables the customers to withdraw their money 24 hours a day 7 days a week. It allows customer who has an Automatic Teller Machine (ATM) card to perform routine banking transactions without interacting with a human teller. In addition to cash withdrawal, Automatic Teller Machines (ATMs) can be used for payment of utility bills, funds transfer between accounts, deposit of cash into accounts and balance enquiry.

Point of Sale Terminal: Point of Sale Terminal is a computer terminal that is linked online to the computerized customer information files in a bank and magnetically encoded plastic transaction card that identifies the customer to the computer. During a transaction, the customer's account is debited and the retailer's account is credited by the computer for the amount of purchase.

Electronic Data Interchange (EDI): Electronic Data Interchange is the electronic exchange of business documents like purchase order, invoices, shipping notices, receiving advices etc. in a standard, computer processed, universally accepted format between trading partners. Electronic Data Interchange (EDI) can also be used to transmit financial information and payments in electronic form.

Electronic Funds Transfer (EFT): Electronic Funds Transfer (EFT) is a system whereby anyone who wants to make payment to another person/company etc. can approach his bank and make cash payment or give instructions/authorization to transfer funds directly from his own account to the bank account of the receiver/beneficiary. Complete details such as the receiver's name, bank account number, account type (savings or current account), bank name, city, branch name etc. should be furnished to the bank at the time of requesting for such transfers so that the amount reaches the beneficiaries' account correctly and faster.

Electronic Clearing Service (ECS): Electronic Clearing Service is a retail payment system that can be used to make bulk payments/receipts of a similar nature especially where each individual payment is of a repetitive nature and of relatively smaller amount. This facility is meant for companies and government departments to make/receive large volumes of payments rather than for funds transfers by individuals.

4.2.2 Consideration taken by banks in adoption of new technology

The respondents were asked to explain the consideration taken by the bank in adoption of new technology. The study established the following consideration in the adoption of new technology:

The security of data: The study established that banks consider how safe their data is. With cloud computing, the bank must entrust their data to a third party. Any good service provider will provide backup and recovery as part of the service. They will also invest considerable sums in deploying the best security technology and hiring the best security experts. Disaster planning also needs to be taken into consideration. The bank need to look at the legal jurisdiction under which data is held and the implications for who can legally demand access.

Technical skills: The availability of technically skilled personnel to operate and manage a new technology is also an important factor. If the local work force is inexperienced and insufficiently trained to support a chosen technology, the bank may have to import personnel with the appropriated skills or train their personnel. Even if skilled workers are available locally, it may still be necessary to rely on external service providers. Training staff in-house may be costly, time consuming and difficult to achieve in the short-term, but more sustainable in the long-term. Once the staff acquires the necessary skills, the ongoing cost of maintaining technology in-house may be lower than relying on external providers.

Readiness to Assimilate Technology: The banks adopting a new technology must be sensitive to the readiness of the stakeholders to assimilate the technology. In some

circumstances, people will expect more from a technology than it can realistically deliver. In other cases, people may be distrustful or suspicious of a technology, or they may be poorly equipped to adopt it. Unrealistic expectations of a technology can result in new technology that is not capable of fulfilling its intended functions. This can happen if the technology chosen is not appropriate for its intended tasks, or if it cannot be maintained after installation due to inadequate support mechanisms. A distrust or suspicion of technology can lead to delays in implementation or can halt a project altogether. When stakeholders are poorly equipped to adopt new technology, due, for example, to the absence of trained staff or reliable infrastructure, technology can easily fail to fulfill its promise.

4.2.2 Product Innovation

The respondents were asked to indicate the products offered by Chase bank as part growth strategy. Chase bank has diversified its product to cater for diverse needs of its customers. The lending products include: Asset Financing which empowers customers in the acquisition of assets e.g motor vehicles, tractors and machinery; Mortgage Facilities available for the purchase of residential and commercial properties. Financing is available to companies, Real Estate developers, salaried and self-employed individuals; Overdraft Facilities which help customers to meet working capital funding needs. Interest is only charged on the utilized debit balance; school overdraft which assists schools handles their overhead costs especially towards the end of the term.

The respondents stated that Chase bank has adopted product innovation to a great extent. The study established that Chase bank engage in new product development or

improvement of existing service products. The main considerations by the bank in the adoption of product innovation are customer needs, the need to enhance efficiency in service provision, market segmentation.

4.2.3 Pricing rationalization Strategies

The study established that pricing rationalization/discounting is greatly practiced by Chase bank. During price rationalization/discounting Chase bank formulates Short-run and Long-run objectives. The short-run objectives include creating product awareness and interest, increasing store traffic and sales, reducing inventory, and enhancing perception of savings and value. The long-run objectives include establishing a specific price image for the advertiser to achieve a competitive positioning and customer loyalty.

4.2.4 Market Expansions

The study found out that market expansions is a strategy that banks have adopted to realize larger customer base. Chase Bank operates beyond Kenyan borders and provides diaspora banking. Chase Bank has segmentation its target market by providing accounts that target specific market segments. The accounts include the Iman Savings Account (Wadiah) which is shariah compliant accounts guided by Islamic law. They are packaged to meet the banking needs of all including; children, youth, women, salaried and self-employed individuals, companies etc. In compliance with the shariah law, no interest paid and no charges are levied. The

Chase Bank provides accounts which caters for children under the age under the age of 18 years that encourages a saving culture from a tender age, encourages savings by young people in the age group of 18 -25 years, an account where parents may deposit cash for

children studying in learning institutions worldwide, account which offers an affordable, secure and convenient avenue for accumulating savings as well as processing remittances e.g. salaries, pension, agricultural proceeds; wages account which offers an affordable, secure convenient account for salary processing for employees of large companies e.g. security firms, flower farms, factories.

Other accounts includes: Current Accounts which offer fast and convenient access to cash at any time. It is suitable for individuals as well as companies; Fixed Deposits which offers an avenue to earn interest on long term and short term deposits. It is a convenient and flexible way to save funds; Welfare Account which targets registered groups that requires an account to manage their funds.

4.2.5 Promotion Strategy

The study established that Chase Bank has adopted promotion Strategies to persuade and influence the consumer's purchase decision. Promotion strategies provides communication link between sellers and buyers organizations. The bank communicates to consumers via print and electronic media. The print media include magazines, newspapers and newsletters. The electronic media include internet banking platforms, mobile banking platforms and automated teller machines.

4.3 How growth strategies enhance performance

Banks view investments in new technology as a way to combat competition by improving productivity, profitability, and quality of operations. The study established the existence of two formulations of performance: efficiency and effectiveness. Technology enhances

efficiency and effectiveness in banking. Efficiency emphasizes an internal perspective employing such metrics as cost reduction and productivity enhancement in the assessment of business process. Effectiveness denotes the achievement of organizational objectives in relation to a bank's external environment and may be manifested in the attainment of competitive advantage, that is, effecting a unique value creating strategy with respect to competitors

The study established that product innovation enhance organization performance by attracting more customers to the bank, increasing the choice of products available to customers, allowing the bank to offer products that meet consumer needs. The respondents suggested that banks can enhance product innovation by investing more in research and design. The banks should also employ persons with special skills in different types of products provided by the bank.

The study findings revealed that price rationalization/discounting enhance organization performance by influencing consumer perceptions of the advertised offers. Consumers end up subscribing to more products thus increasing capital base of the bank. The respondents suggest that pricing rationalization strategies can be enhanced by always ensuring that the reduction falls within the price reduction that consumers would expect to be normally discounted for sale.

4.4 Discussion of the Study Findings

The study findings revealed that Chase Bank Limited has growth strategies of aimed at improving performance of the bank. The strategies include adoption of latest technology, product innovation, pricing rationalization, market expansion, and promotion strategy.

Technologies adopted by Chase Bank Limited include: Automatic Teller Machine (ATM), Point of Sale Terminal, Electronic Data Interchange (EDI), Electronic Funds Transfer (EFT), Electronic Clearing Service (ECS) and mobile and internet banking.

The study established the following consideration in the adoption of new technology: the security of data, the availability of technically skilled personnel to operate and manage a new technology is also an important factor, and the readiness of stakeholders to assimilate technology.

Banks view investments in new technology as a way to combat competition by improving productivity, profitability, and quality of operations. The study findings are in tandem with Capon (2008) who argued that technology has an influence on all aspects of business from the very general to the very specific. The study established the existence of two formulations of performance: efficiency and effectiveness. Technology enhances efficiency and effectiveness in banking. Efficiency emphasizes an internal perspective employing such metrics as cost reduction and productivity enhancement in the assessment of business process. Effectiveness denotes the achievement of organizational objectives in relation to a bank's external environment and may be manifested in the attainment of competitive advantage, that is, effecting a unique value creating strategy with respect to competitors. According to Edwards and Peppard (1994) capable companies are proficient in combining people, process and technology which allow it to continually distinguish itself along the dimensions that are important to its customers.

The study findings revealed that Chase bank has diversified its product to cater for diverse needs of its customers. Chase bank engage in new product development or improvement of existing service products. The main considerations by the bank in the adoption of product innovation are customer needs, the need to enhance efficiency in service provision, market segmentation. The study established that product innovation enhance organization performance by attracting more customers to the bank, increasing the choice of products available to customers, allowing the bank to offer products that meet consumer needs. The respondents suggested that banks can enhance product innovation by investing more in research and design. The banks should also employ persons with special skills in different types of products provided by the bank. The study findings are in line with Kotler (2005) who argued that consumers seek different product benefits in various localities, thus as a firm expands, it may use product as one of its marketing entry strategies. Cooper et al. (2002) further state that choosing the product portfolio determines the firm's strategy for the medium term future and is senior management responsibility.

The study findings show that established that pricing rationalization/discounting is greatly practiced by Chase bank. During price rationalization/discounting Chase bank formulates Short-run and Long-run objectives. The short-run objectives include creating product awareness and interest, increasing store traffic and sales, reducing inventory, and enhancing perception of savings and value. The long-run objectives include establishing a specific price image for the advertiser to achieve a competitive positioning and customer loyalty. According to Biswas and Blair (1991), the plausibility of a price reduction claim influences consumer perceptions of the advertised offer. The study findings revealed that

price rationalization/discounting enhance organization performance by influencing consumer perceptions of the advertised offers. Consumers end up subscribing to more products thus increasing capital base of the bank. Similarly Kotler (2005) argue that price is the only element of the marketing mix to generate revenues. The respondents suggest that pricing rationalization strategies can be enhanced by always ensuring that the reduction falls within the price reduction that consumers would expect to be normally discounted for sale.

Market expansions are a strategy that Chase Bank has adopted to realize larger customer base. Chase Bank operates beyond Kenyan borders and provides diaspora banking. Chase Bank has segmentation its target market by providing accounts that target specific market segments. The study findings is in line with Arnold and Quelch's (1998) who argued that marketers develop market expansion strategies to ensure that their products are available in proper quantities at the right time and place.

Another growth strategy is promotion which the bank uses to persuade and influence the consumer's purchase decision. Promotion strategies provides communication link between sellers and buyers organizations. The bank communicates to consumers via print and electronic media. According to El-Ansary (2006), firm conducts their promotion to inform the target market of the availability of the new product and persuade consumers to try it. Keegan (2003) argue that a planned promotional strategy is the most important part of any marketing communications. The study established that the print media at Chase Bank include magazines, newspapers and newsletters. The electronic media include internet banking platforms, mobile banking platforms and automated teller machines.

The study findings revealed that Kenyan Banks have realized tremendous growth in the last five years and have expanded to the east African region. The banking industry in Kenya has also involved itself in automation, moving from the traditional banking to better meet the growing complex needs of their customer and globalization challenges.

There has been increased competition from local banks as well as international banks, some of which are new players in the country. The commercial banks (including those owned by the state), are very aggressive in formulating and implementing strategies to enhance competitive advantage, most importantly, fostering a formidable relationship with both its corporate, individuals and small enterprises in a bid to retain and expand their market shares, in the wake of competition.

The highly competitive environment in Kenya has created a downward pressure on bank profits, which in turn has created incentives for banks to take excessive risks that banks unfettered by competition would set high interest rates on loans. As a result, borrowers facing these high interest rates invest in riskier projects, resulting in a higher probability of loan default and increased bank fragility.

Kenya banks respond to competitive pressure by increasing their reliance on non-interest sources of revenue. Banks facing relatively higher competition seek out alternative sources of revenue as captured by a higher proportion of revenues deriving from non-interest sources. The study also established that banks facing higher competition seek to increase operational efficiency as reflected in improved efficiency ratios and burden rates. Banks facing relatively higher competition seek out alternative sources of revenue as

captured by a higher proportion of revenues deriving from non-interest sources. The study found out that banks facing higher competition seek to increase operational efficiency as reflected in improved efficiency ratios and burden rates

As competition increases pressure on profits, potentially lowering a bank's charter value, the bank's owners rationally increase the risk of its chosen asset portfolio. Extensive anecdotal evidence suggests that bank managers alter the risk level of their asset portfolios through modifications to their underwriting standards whether underwriting standards are declining in the level of the bank's perceived competitive environment. A potential implication of lower underwriting standards due to competition is that new loans issued by the bank will embed lower credit quality that will be reflected in poor future performance of these loans. Consistent with this implication, we show that the observed loan growth of banks facing higher competition is associated with higher future loan charge-offs relative to loan growth of banks facing lower competition.

While there is a strong association between competition and increased risk-taking and earnings management by banks, it does not necessarily imply that competition causes banks to be less stable. It is possible that banks facing more competition hold more capital or hedge more, thus compensating for the higher risk that they are taking. The study found out that a bank's level of competition is positively associated with its risk of suffering a severe balance sheet contraction. Further, there is a positive relationship between a bank's level of competition and its marginal contribution to the systemic risk of the financial system. Thus, the results suggest that a bank is not only at a greater risk of individual contraction as a result of operating in a highly competitive environment,

but the risk it presents to the entire banking system is also increasing in the level of competition.

The study findings revealed that Kenyan banks welcome competition from other players in the banking industry. Bank considers competition as an impetus toward enhancing products and services and improving performance. Banks facing higher perceived competition exhibit lower interest margins and loan growth, shift operations towards greater reliance on non-interest sources of income, and place greater emphasis on cost-cutting measures. Consistent with competition pressuring banks to lower underwriting standards, new loans made by banks confronting relatively higher perceived competition exhibit higher future loan charge-offs.

Further, higher competition is associated with banks arranging syndicated loans for riskier borrowers, reducing the number of covenants in loan contracts and setting interest spreads that are less sensitive to borrowers' default risk. Competition is also shown to influence accounting choices, where the timely recognition of expected loan losses is shown to decrease with perceived competition. Finally, higher competition is associated with individual banks facing a higher risk of severe balance sheet contraction and contributing more to system-wide risk.

4.4.1 Factors that influence the adoption and implementation of growth strategies

The study established the factors that influence the adoption and implementation of growth strategies in Kenyan banking industry. The study established that the adoption and implementation of growth strategies is influenced by factors such as the needs to develop both strategic and tactical skills in the banking industry, the changing industry

patterns and management, sociological evolution of the business through new product development, expansion into new national and international markets. Other factors that influence the adoption and implementation of growth strategies include: the need to obtain the economies of scale, exploitation of new business opportunities, to enhance competitive advantage, to protect against adverse business conditions, to gain economic and market power, to raise profits and creating resources for further reinvestment into business, to enhance optimum utilization of resource and to secure subsidies, tax concessions and other incentives offered by the government`

4.4.2 Ways in which Kenyan Bank can enhance technological strategies as growth strategy

The respondents suggested the following ways in which Kenyan Bank can enhance technological strategies as growth strategy: implementing significant organizational change including policies and rules, organizational structure, workplace practices, and organizational culture.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the study findings, conclusion and recommendations of the study.

5.2 Summary of the Study Findings

The main objective of the study was to identify the growth strategies of Chase Bank Limited and to establish how the growth strategies influence performance of chase Bank Limited. The study established that Chase bank has adopted the following technologies as part of the banks business growth strategies: Automatic Teller Machine (ATM), Point of Sale Terminal, Electronic Data Interchange (EDI), Electronic Funds Transfer (EFT), Electronic Clearing Service (ECS) and mobile and internet banking.

The study established the following consideration in the adoption of new technology: the security of data, the availability of technically skilled personnel to operate and manage a new technology is also an important factor, and the readiness of stakeholders to assimilate technology.

Banks view investments in new technology as a way to combat competition by improving productivity, profitability, and quality of operations. The study established the existence of two formulations of performance: efficiency and effectiveness. Technology enhances efficiency and effectiveness in banking. Efficiency emphasizes an internal perspective employing such metrics as cost reduction and productivity enhancement in the

assessment of business process. Effectiveness denotes the achievement of organizational objectives in relation to a bank's external environment and may be manifested in the attainment of competitive advantage, that is, effecting a unique value creating strategy with respect to competitors

The study findings revealed that Chase bank has diversified its product to cater for diverse needs of its customers. Chase bank engage in new product development or improvement of existing service products. The main considerations by the bank in the adoption of product innovation are customer needs, the need to enhance efficiency in service provision, market segmentation. The study established that product innovation enhance organization performance by attracting more customers to the bank, increasing the choice of products available to customers, allowing the bank to offer products that meet consumer needs. The respondents suggested that banks can enhance product innovation by investing more in research and design. The banks should also employ persons with special skills in different types of products provided by the bank.

The study findings show that established that pricing rationalization/discounting is greatly practiced by Chase bank. During price rationalization/discounting Chase bank formulates Short-run and Long-run objectives. The short-run objectives include creating product awareness and interest, increasing store traffic and sales, reducing inventory, and enhancing perception of savings and value. The long-run objectives include establishing a specific price image for the advertiser to achieve a competitive positioning and customer loyalty. The study findings revealed that price rationalization/discounting enhance

organization performance by influencing consumer perceptions of the advertised offers. Consumers end up subscribing to more products thus increasing capital base of the bank. The respondents suggest that pricing rationalization strategies can be enhanced by always ensuring that the reduction falls within the price reduction that consumers would expect to be normally discounted for sale.

Market expansions are a strategy that Chase bank has adopted to realize larger customer base. Chase Bank operates beyond Kenyan borders and provides diaspora banking. Chase Bank has segmentation its target market by providing accounts that target specific market segments. Another growth strategy is promotion which the bank uses to persuade and influence the consumer's purchase decision. Promotion strategies provides communication link between sellers and buyers organizations. The bank communicates to consumers via print and electronic media. The print media include magazines, newspapers and newsletters. The electronic media include internet banking platforms, mobile banking platforms and automated teller machines.

The study established that Kenyan Banks have realized tremendous growth in the last five years and have expanded to the east African region. The banking industry in Kenya has also involved itself in automation, moving from the traditional banking to better meet the growing complex needs of their customer and globalization challenges.

There has been increased competition from local banks as well as international banks, some of which are new players in the country. The commercial banks (including those owned by the state), are very aggressive in formulating and implementing strategies to enhance competitive advantage, most importantly, fostering a formidable relationship

with both its corporate, individuals and small enterprises in a bid to retain and expand their market shares, in the wake of competition.

The highly competitive environment in Kenya has created a downward pressure on bank profits, which in turn has created incentives for banks to take excessive risks that banks unfettered by competition would set high interest rates on loans. As a result, borrowers facing these high interest rates invest in riskier projects, resulting in a higher probability of loan default and increased bank fragility.

Kenya banks respond to competitive pressure by increasing their reliance on non-interest sources of revenue. Banks facing relatively higher competition seek out alternative sources of revenue as captured by a higher proportion of revenues deriving from non-interest sources. The study also established that banks facing higher competition seek to increase operational efficiency as reflected in improved efficiency ratios and burden rates. Banks facing relatively higher competition seek out alternative sources of revenue as captured by a higher proportion of revenues deriving from non-interest sources. The study found out that banks facing higher competition seek to increase operational efficiency as reflected in improved efficiency ratios and burden rates.

As competition increases pressure on profits, potentially lowering a bank's charter value, the bank's owners rationally increase the risk of its chosen asset portfolio. Extensive anecdotal evidence suggests that bank managers alter the risk level of their asset portfolios through modifications to their underwriting standards whether underwriting standards are declining in the level of the bank's perceived competitive environment. A potential implication of lower underwriting standards due to competition is that new loans issued by the bank will embed lower credit quality that will be reflected in poor

future performance of these loans. Consistent with this implication, we show that the observed loan growth of banks facing higher competition is associated with higher future loan charge-offs relative to loan growth of banks facing lower competition.

The study established that Kenyan banks welcome competition from other players in the banking industry. Bank considers competition as an impetus toward enhancing products and services and improving performance. Banks facing higher perceived competition exhibit lower interest margins and loan growth, shift operations towards greater reliance on non-interest sources of income, and place greater emphasis on cost-cutting measures. Consistent with competition pressuring banks to lower underwriting standards, new loans made by banks confronting relatively higher perceived competition exhibit higher future loan charge-offs.

Further, higher competition is associated with banks arranging syndicated loans for riskier borrowers, reducing the number of covenants in loan contracts and setting interest spreads that are less sensitive to borrowers' default risk. Competition is also shown to influence accounting choices, where the timely recognition of expected loan losses is shown to decrease with perceived competition. Finally, higher competition is associated with individual banks facing a higher risk of severe balance sheet contraction and contributing more to system-wide risk.

The study established the factors that influence the adoption and implementation of growth strategies in Kenyan banking industry. The study established that the adoption and implementation of growth strategies is influenced by factors such as the needs to develop both strategic and tactical skills in the banking industry, the changing industry patterns and management, sociological evolution of the business through new product

development, expansion into new national and international markets. Other factors that influence the adoption and implementation of growth strategies include: the need to obtain the economies of scale, exploitation of new business opportunities, to enhance competitive advantage, to protect against adverse business conditions, to gain economic and market power, to raise profits and creating resources for further reinvestment into business, to enhance optimum utilization of resource and to secure subsidies, tax concessions and other incentives offered by the government.

5.3 Conclusion

The study concludes that Chase Bank Limited has adopted various growth strategies to enhance the banks performance. The strategies used to enhance competitive advantage include taking excessive risks, increasing their reliance on non-interest sources of revenue, increasing operational efficiency as reflected in improved efficiency ratios and burden rates banks facing relatively higher competition seek out alternative sources of revenue as captured by a higher proportion of revenues deriving from non-interest sources, increasing operational efficiency as reflected in improved efficiency ratios and burden rates, altering the risk level of asset portfolios through modifications to the banks underwriting standards whether underwriting standards are declining in the level of the bank's perceived competitive environment.

Banks considers competition as an impetus toward enhancing products and services and improving performance. Banks facing higher perceived competition exhibit lower interest margins and loan growth, shift operations towards greater reliance on non-interest sources of income, and place greater emphasis on cost-cutting measures. Consistent with competition pressuring banks to lower underwriting standards, new loans made by banks

confronting relatively higher perceived competition exhibit higher future loan charge-offs. Banks arrange syndicated loans for riskier borrowers reduce the number of covenants in loan contracts and set interest spreads that are less sensitive to borrowers' default risk.

Other growth strategies include the adoption of new technologies as a way to combat competition by improving productivity, profitability, and quality of operations; diversification of product to cater for diverse needs of its customers; pricing rationalization/discounting to enhance organization performance by influencing consumer perceptions of the advertised offers; and market expansions by providing accounts that target specific market segments; and promotion to persuade and influence the consumer's purchase decision.

5.4 Recommendations

5.4.1 Recommendations for policy and practice

The study recommend that Kenyan Bank can enhance growth by implementing significant organizational change including policies and rules, organizational structure, workplace practices, and organizational culture.

The study recommends that banks can enhance product innovation by investing more in research and design. The banks should also employ persons with special skills in different types of products provided by the bank.

The study recommends that pricing rationalization strategies can be enhanced by always ensuring that the reduction falls within the price reduction that consumers would expect to be normally discounted for sale.

5.4.2 Recommendations for further study

The study recommends further study on factors that hinder or promote implementation of growth strategies in the Kenyan banking industry. The further study will complement the findings on this study by recommending factors that should be considered for successful implementation of business growth strategies in the Kenyan banking industry.

5.5 Limitations of the study

This research was a case study and therefore the research was limited to Chase Bank Limited. Thus the findings on business growth strategies and organization performance are limited only to Chase Bank Limited and as such they cannot be generalized as remedies to other firms.

The study focused on interviewing some of the very busy executive team members and scheduling appropriate interview timings was a challenge, in some instances we had to keep rescheduling the interviews. However, the study eventually managed to interview obtains information from the key decision makers of the Bank.

It's also important to note that the data collected from the respondents may have suffered from personal biases and may therefore not fully represent the opinion of Chase Bank in some cases.

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APPENDICES

APPENDIX I: INTERVIEW GUIDE

Business Growth Strategies and Organization Performance in Chase Bank Ltd

1. How would you describe the competitive environment in banking industry in Kenya organization?
2. How often do you review growth strategies adopted by your bank?
3. How did the bank consider the competition from other players in the industry before formulating growth strategies?
4. What major factors influence the adoption and implementation of growth strategies?

Technological strategies

5. What Technologies have your bank adopted in the last 5 years
6. Explain the consideration taken by your bank in adoption of new technology
7. What are the effects of technological adoption/ innovations on organization performance in Chase Bank?
8. Suggest ways in which Chase Bank can enhance technological strategies as growth strategy

Product Innovation

9. What products are offered by your bank as a growth strategy

10. To what extent does product innovation have been adopted within your organization?
11. Does your bank engage in new product development or improvement of existing service products?
12. Explain the consideration taken by your bank in adoption of product innovation?
13. How does Product Innovation enhance organization performance in your bank?
14. What suggestion can you make to enhance Product Innovation in your bank?

Pricing rationalization Strategies

15. What is the extent to which pricing rationalization/discounting been adopted by your organization?
16. How do price rationalization/discounting enhance organization performance of Chase bank?
17. What suggestion can you make in enhancement of pricing rationalization strategies in your bank?

Market Expansions

18. Provide briefly how market expansions have been adopted by your bank in the last 5 years
19. To what extent has market expansion strategy been adopted in your organization in marketing of the bank services and products?

20. Does the organization have branches outside Kenya? B) If yes in which countries.....
21. How does market expansion enhance organization performance of Chase Bank?
22. Recommend the measures to enhance Market Expansions by Chase Bank

Promotion Strategy

23. What Promotion Strategies has your bank adopted in the last 5 years
24. To what extent has a market expansion strategy been adopted in your organization?
25. How has promotion strategies led to organization performance in Chase Bank
26. In your own opinion what should your organization do to enhance marketing of services and products?

APPENDIX II: LIST OF COMMERCIAL BANKS IN KENYA

	NAME OF THE BANK
1.	African Banking Corporation
2.	Akiba Bank
3.	Bank of Baroda
4.	Bank of India
5.	Barclays Bank of Kenya
6.	CFC Bank
7.	Chase Bank Ltd
8.	Citibank
9.	City Finance Bank
10.	Commercial Bank of Africa
11.	Consolidated Bank of Kenya Ltd
12.	Co-operative Bank of Kenya
13.	Development Bank of Kenya
14.	Diamond Trust Bank
15.	Dubai Bank Kenya Ltd
16.	Ecobank
17.	Equatorial Commercial Bank Ltd
18.	Equity Bank of Kenya
19.	Fidelity Commercial Bank Ltd
20.	Fina Bank Ltd
21.	First American Bank of Kenya
22.	Giro Commercial Bank Ltd
23.	Guardian Bank
24.	Habib Bank A.G. Zurich
25.	Habib Bank Ltd
26.	Housing Finance Co. Ltd
27.	Imperial Bank

28.	Industrial Development Bank
29.	Investment and Mortgages Bank Ltd
30.	Kenya Commercial Bank
31.	K-Rep Bank Ltd
32.	Middle East Bank
33.	National Bank of Kenya
34.	National Industrial Credit Bank Ltd
35.	Oriental Commercial Bank Ltd
36.	Paramount Universal Bank Ltd
37.	Prime Bank Ltd
38.	Prime Capital and Credit Ltd
39.	Southern Credit Banking Corp. Ltd
40.	Stanbic Bank Kenya Ltd
41.	Standard Chartered Bank
42.	Trans-National Bank Ltd
43.	Victoria Commercial Bank Ltd