COMPETITIVE STRATEGIES USED BY COMMERCIAL BANKS IN KENYA TO ATTRACT CORPORATE CUSTOMERS

BY

MARGARET WANJIRU KARIUKI

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

NOVEMBER 2014

DECLARATION

I, undersigned, declare that this research project is my original work and has not been submitted to any other institution, college or University.

Signed: ……………………………………. Date: …………………………

Margaret Wanjiru Kariuki
D61/79474/2012

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

Signature: ……………………………………. Date: …………………………

J. Kagwe
Lecturer
Department Of Business Administration
School Of Business
University Of Nairobi

ACKNOWLEDGEMENTS

I wish to acknowledge our Heavenly Father for enabling me and giving me the knowledge and strength to undertake this project, my husband for the support and encouragement, my parents for always reminding me that I can make it and my supervisor Mr. J.Kagwe for his guidance and taking me through the process.

DEDICATION

I dedicate this report to my husband Isaiah. You are a gift from God, thank you for believing in me. And to my dad Elijohn Kariuki and mum Janet Kariuki you are the best parents in the world. God bless you.

TABLE OF CONTENTS

ABBREVIATIONS

ANOVA: Analysis of Variance

CBK: Central Bank of Kenya

CRM: Customer Relationship Management

FGD: Focused Group Discussions

KBA: Kenya Bankers Association

KCB: Kenya Commercial Bank

NSE: Nairobi Securities Exchange

R&D: Research and Development

RBV: Resource Based View

SCA: Sustainable Competitive Advantage

SD: Standard Deviation

USA: United States of America

VRIN: Valuable Rare Inimitable Non-Substitutable

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

The concept of strategy has been underscored by various management scholars and practitioners. Competitive strategy is involved with the search for a favourable competitive positioning in the industry. In this sense it is concerned with how a company can gain advantage through a distinctive way of competing by establishing a profitable and sustainable position against the forces that determine industry competition. The objective of this study was to identify competitive strategies used by commercial banks in Kenya to attract corporate customers. The study adopted a cross sectional descriptive survey research design. The approach was used to obtain data concerning the current status of the phenomena. The target population for this study was all the forty three (43) commercial banks registered by the Central Bank of Kenya as at April 2014 and the primary data was collected by use of a standard questionnaire. Descriptive statistics such as means, standard deviations and frequencies as well as bivariate analysis in form of cross tabulation was used to analyse the data. The descriptive analysis was useful in giving summaries while the bivariate analysis was helpful in identifying differences among groups. Analysis of variance was also carried out to identify statistical significance of the findings and inferring the results to the entire population. The study concluded that there is empirical evidence to demonstrate that cost leadership; differentiation; and focus strategies are being used by the commercial banks in Kenya to attract corporate clients. The study recommends retention strategies beyond the attraction strategies being adopted. It also recommends a more focused approach targeting specific clients as they possess unique needs. Finally replication of the study in different sectors under different circumstances would be welcome to establish the validity and generalizability of the present findings across different sectors and contexts.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The concept of strategy has been underscored by various management scholars and practitioners. Pearce and Robinson, (2003), viewed strategy as a large scale, future oriented plan for interacting with the competitive environment to achieve company objectives. It is therefore concerned with long-term direction of an organization and strategic decisions which are mainly concerned with the scope of an organization‘s activities i.e. the direction and scope of an organization over the long-term which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stake holder‘s expectations (Kavale, 2013). He further explains that it is involved in determination of long-term goals and objectives, the adoption of courses of action and associated allocation of resources required to achieve goals. Hence competitive strategy is involved with the search for a favourable competitive positioning in the industry. In this sense it is concerned with how a company can gain advantage through a distinctive way of competing by establishing a profitable and sustainable position against the forces that determine industry competition i.e. developing abroad formula on how business is going to compete, what its goal should be and what policies would be needed to carry out these goals. It is a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there (Chiteli, 2013).

This study was based on the Open Systems Theory and the Resource Based View. The open systems theory explains that business organizations exist in open systems where they constantly interact with an environment in which they operate. These interactions present both opportunities and challenges and to ensure survival and success, organizations need to develop capability and capacity to manage threats and exploit emerging opportunities promptly (Chiteli, 2013). The Resource Based View, on the other hand argues that a firm consists of a collection of productive resources and these resources may only contribute to a firm's competitive position to the extent that they are exploited in such a manner that their potentially valuable services are made available to the firm. This requires formulation of a competitive strategy, for example, to try and edge out competition and consolidate economic strength organizations must create positive admirable qualities that arouse interest or pleasure to try and pull customers towards them (Ellegaard & Ritter, 2007). This defines customer attraction. Attracting customers in this context is considered as an intermediary step in the relationship building process with the ultimate objective of increasing loyalty of profitable customers (Oloko, 2012).

The past few years have seen an increase in drastic changes in the Kenyan Banking Sector. There has been an increase in the variety of banking products and services targeting various customer segments. Kathuni and Mugenda, (2012), posit that 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. Hence to survive various commercial banks in Kenya have adopted a wide range of competitive strategies to establish sustainable and profitable position against the forces that determine industry competition. Some of the segment targeted tactics to attract customers include; development of age based products like the Bankika product by KCB targeting the youth; Chama accounts by Barclays Bank targeting the investment clubs; converting of the bank into a one-stop shop-in the case of equity which has acquired a stock broking license and is offering stock broking services, insurance services and Mpesa services.

1.1.1 Competitive Strategies

According to Ogutu and Samuel, (2011), competitive strategy specifies the distinctive approach which the firm intends to use in order to succeed in each of its strategic business areas. It gives a company an advantage over its rivals in attracting customers and defending against competitive forces providing the customers with what they perceive to be of superior value in goods or services at a low price, a superior service that is worth paying more for, or a best value offering that represents an attractive combination of prices, features, quality, service, and other attributes that buyers find attractive.

Porter, (1980), developed four generic strategies that can be viable in the long term business environment. They are cost leadership strategy, differentiation strategy, cost focus strategy and differentiation focus strategy. Cost leadership involves producing at the lowest cost. It is normally associated with economies of scale where a firm largely offers standard products. Differentiation involves market segmentation in order to target goods and services at specific segments, generating a higher than average price. It allows companies to desensitize prices and focus on value that generates a comparatively higher price and a better margin (Ogutu & Samuel, 2011).

Cost focus on the other hand involves serving buyers in the target market niche at a lower price than rival competitors. It has considerable attraction when a firm can lower costs significantly by limiting its customer base to a well-defined buyer segment. Lastly differentiation focus involves providing products that are clearly different from competitors within one or a number of target market segments. The products must different from the competitors' who may be targeting a broader group of customers (Porter, 1980).

1.1.2 Corporate Customers

The term corporate pertains to forming a corporation which form the most common form of business organization registered by a state and has an entity separate from its owners. It is characterized by the limited liability of its owners, the issuance of shares of easily transferable stock, and existence as a going concern. Hence corporate customers consist of legally registered organizations existing as separate legal entities seeking services or products from another business (Fragata & Gallego, 2009).

There is general presumption that there exist differences between the nature of the relationship between a bank and its business customers depending on whether they are individuals or other registered companies as well as the size of the companies (Butler and Durkin, 1998). Compared to individual clients, companies are expected to be having complex financial needs and high bargaining power in the bank-customer relationship. They also offer the possibility of high, volume-rated margins, and it is therefore important for banks to achieve the lead bank status in this sector as the largest slice of the corporate banking business would be is a pointer to high business volumes (Fragata & Gallego, 2009). This explains the stiff competition between banks in this corporate customer segment and the major challenge for banks to provide high standards of service quality to attract and retain their corporate clients.

1.1.3 The Banking Industry in Kenya

The Kenyan banking sector was liberalised in 1995 and exchange controls lifted. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and addresses issues affecting its members. The industry is dominated by a few large banks. Eleven of the major banks are listed on the Nairobi Securities Exchange (NSE, 2014). The banking industry in Kenya comprises of micro finance institutions, the accredited commercial banks and the Central Bank of Kenya. The Central Bank of Kenya is mandated with controlling the commercial banks and micro finance institutions. The commercial banks and non-banking financial institutions offer corporate and retail banking services but a small number, mainly comprising the larger banks, offer other services including investment banking, insurance services and custodial services among others (Mugo, Wanjau & Ayodo, 2012).

According to the Central Bank of Kenya, by the end of December 2012, the industry had an assets value of Ksh.2.35 trillion;Total deposits were at Ksh.1.76 trillion; Net advances (loans) were at Ksh.1.27 trillion; Profit before tax at Ksh.107 billion.The number of bank accounts were 17.6 million and Deposit insurance has evolved to cover fully 94% of the total deposit accounts (CBK, 2014).The reforms in the sector has seen a suffecful roll out of credit information sharing in 2008 and agent banking in 2010 (the aim of which was to incease the outreach of banks and satisfy the financial needs of the underbanked and unbanked Kenyan populace as well as leveraging on additional cost effective distribution channels to offer financial services ans as at June 2012 banks had facilitated more than 21 million transactions valued at more than Ksh.105 billion (USD1.2 billion)).

The banking industry in Kenya has three broad roles in the economy: financial intermediation between savers and borrowers that entails mobilization of resources from entities with surplus funds and channeling them to the deficit areas. Implementation of government policies by way of money supply management using instruments of monetary policies namely: cash ratio requirement, open market operation and Treasury bill action. They also play another role of facilitating the flow and interaction of various economic acts (Kimutai, Jagongo, 2013).

The banking industry in Kenya has been affected immensely by the business environmental changes. Technological innovations, globalization, privatization, increased competition, acceleration implementation of economic reforms, increased customer demands, privatization and commercialization of public sector, price decontrols and liberalization of both domestic and foreign markets has lead to has forced banks to adjust their strategies to survive (Chiteli, 2013). Despite these challenges there has been an increase in the number of players in the industry.

1.1.4 The Commercial Banks in Kenya

A commercial bank is an institution which processes credit and lending operations, as well as accepting deposits and making advances. It also allows for the issuance of money and facilitates payment processing including automatic payment and facilitates all forms of electronic banking services internally and externally (Idiab, Haron & Ahmad, 2011). In this way the commercial banks in Kenya has been critical in fostering economic development by improving the allocation of society's scarce resources by facilitating faster capital accumulation or increased savings as well as widening access to external finance and channelling of resources to the sectors that need them most (Gichui, 2013).

According to the Central Bank of Kenya [CBK] which is the legally mandated body to formulate monetary policy, promote price stability and issuance of currency, as at April 2014, there were 43 licensed commercial banks which are licensed and regulated under the Banking Act and the Regulations I the laws of Kenya (CBK, 2014). Out of the 43 institutions, 30 are locally owned and 13 are foreign owned. The locally owned financial institutions comprise 3 banks with significant shareholding by the Government and State Corporations and 27 commercial banks.

According to Ongore and Kusa, (2013), in Kenya the commercial banks dominate the financial sector. They allude that in a country where the financial sector is dominated by commercial banks, any failure in the sector has an immense implication on the economic growth of the country. They attribute this to the fact that any bankruptcy that could happen in the sector has a contagion effect that can lead to bank runs, crises and bring overall financial crisis and economic tribulations.

1.2 Research Problem

The motivation to study competitive strategies was based in the old age question as to why business organizations diverge in their conduct and performance. Jonsson and Devonish, (2009), posit that companies as autonomous entities strive for competitive advantages from either external or from internal resource capabilities. They note that the objective of a company's strategy is therefore to achieve competitive advantages, but additionally, the strategy itself is a source of competitive advantage. Hence Strategy is about ensuring the survival and prosperity of a firm by implementing strategies to fulfil stakeholder expectations in an uncertain future. The firms that engage in strategic planning and have appropriately designed and applied competitive strategies tend to have higher performance than those that do not (Jonsson & Devonish, 2009, pg. 492).

The motivation to study the strategies used by commercial banks in Kenya to attract corporate customers arose from the fact that the current banking industry in Kenya environment is highly competitive and dynamic with constant increased change in customer demand patterns (Grant, 2003). This has born a realization that the commercial banks can improve product and service delivery through a greater focus on the operating environment (Griffiths et al., 2001). Hence before a company implements or re-evaluate its strategies it must carry out an environmental scanning to determine customer demand patterns and how they are the customers can be attracted.

Elsewhere several approaches have been used to try and explain the concept of competitive strategies. Porter's, (1985), generic strategy indicates that a business firm can maximize performance either by striving to be the low cost producer in an industry; differentiating products or services from those of other businesses; or focusing of organizational efforts on a given segment of the market. Miles and Snow's, (1978), generic strategy approach, identified four competitive strategy alternatives: prospectors, analyzers, defenders, and reactors. Lumpkin and Dess, (2006); Miller and Dess, (1993), explain that the first three of these strategies can be associated with high performance if the organization's approach is aligned with the demands of its environment but the fourth strategy type, the reactor does not represent a high-performing strategy. Kim Nam and Stimpert, (2004), introduced the concept of speed. They note that the pace and intensity of change in the global business environment have become much more pronounced during the past two decades. As a result, speed has become more valuable as a competitive weapon, while the Internet has minimized the importance of physical boundaries and distance, and can enable firms to serve larger markets more efficiently.

In fact several studies have been done in Kenya to look at competitive strategies adopted by commercial banks under varying conditions to attract and retain customers.Ogutu and Nyatichi, (2012), looked at the competitive strategies adopted by multinational banks in Kenya. The study indicated that for multinational banks to maintain their competitive edge in the market they have largely adopted broad differentiation strategy which includes maintaining strong relationship with customers, wide coverage of organization across the country in terms of number of branches in operation, advancement of organization system and diversity of organization culture in terms of products offered. Muro, Muguti and Getembe, (2013), looked at the strategic benefits of and challenges in the use of customer relationship management (CRM) systems among commercial banks in Kenya. The study indicated that CRM is a useful business strategy and most essential to banks which have a day to day dealing with the customers. Auka, Bosire and Matern, (2013),proposed the need for bank managers to place an emphasis on the underlying dimensions of service quality in order to create and maintain competitive strategy through customer loyalty.

The other studies on commercial banks in Kenya give little attention to the corporate customers and tend to focus on the entire commercial bank clients. A study byMaingi, Wanjiru, Kitheka, Ngunjiri and Mulwa, (2013), focused on establishing the extent of financial innovation in Kenya and how this enhances competitiveness.The study noted that the Kenyan financial sector has made some remarkable strides towards financial innovations. However there is still enormous untapped potential that can enhance Kenya's economy further.A study by Chitale, (2013), identified agent banking operations as a competitive strategy of commercial banks in Kisumu City. The study however was only focused on one competitive strategy, agency banking and was also limited to Kisumu City.

The literature reviewed indicated that most of the studies only focused on a section of banks in Kenya. Further, none has explicitly focused on the adoption of competitive strategies with respect to the corporate clients. These presented a knowledge gap. The study answered the question; what are the competitive strategies currently being used by commercial banks in Kenya to attract corporate customers?

1.3 Research Objective

The objective of this study was to identify competitive strategies used by commercial banks in Kenya to attract corporate customers.

1.4 Value of the Study

This study enriches the empirical knowledge mass on the concept of competitive strategies used by commercial banks bearing in mind that banks are a critical aspect of the economy. The findings are also critical for scholars who are interested to further explore the concept of corporate customer attraction in the banking sector.

The information from this study is insightful in offering the empirical data that policy makers within the government can rely upon on developing policy directions for the banking sector in Kenya.

The study findings is also insightful to industry players as they identify the actual strategies being adopted and their shortcomings for better reevaluation and redesigning of better strategies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of previous literature to offer a theoretical and empirical basis for the current study. It offers an in-depth understanding of the relationship between resources based view; open system theory and competitive strategies.

2.2 Theoretical Framework

The open systems theory is based on the fact that organizations do not operate independently but rather they constantly interact with the environment within which they are based. The Resource Based view argues that organizations achieve their objectives they must acquire and control valuable, rare, inimitable, and non-substitutable resources.

2.2.1 Resource Based View

The concept of resource based view (RBV) can be traced to the works of Penrose, (1959), who argued that a firm's growth, both internally and then externally through merger, acquisition, and diversification, is due to the manner in which its resources are employed. She argued that a firm consists of 'a collection of productive resources' and these resources may only contribute to a firm's competitive position to the extent that they are exploited in such a manner that their potentially valuable services are made available to the firm. Like Penrose, Rubin, (1973), recognized that resources were not of much use by themselves but firms must process raw resources to make them useful.

Later, Wernerfelt, (1984), attempted to formalize the RBV concept by arguing that while a firm’s performance is driven directly by its products, it is indirectly (and ultimately) driven by the resources that go into their production. Thus firms may earn above normal returns by identifying and acquiring resources that are critical to the development of demanded products. This brought on board the concept that these resources are not only static but include firm’s inimitable skills, technologies, knowledge, etc., with which they are deployed (Newbert, 2007). This was supported by Prahalad and Hamel, (1990), who argued that the critical task of management was to create radical new products, which was enabled by the exploitative nature of the firm’s core competences.Barney’s, (1991), borrowing from the works of Penrose (1959); Rubin (1973); Wernerfelt (1984); Prahalad and Hamel, (1990), concluded that to attain sustatined competitive advantage, firms must posses resources that are valuable, rare, inimitable and non-substitutable.

More recently, Barney and Arikan, (2001), studied 166 empirical articles that test the RBV in one form or another. Their finding tend to validate the RBV as a ‘true’ as 98% of the studies were consitent with the RBV logic.Ferreira, Azevedo and Ortiz, (2010), argued that the Resource-Based View (RBV) of the firm has become one of the most widely used theoretical frameworks in the management literature. They posit that the foci of RBV are competitive advantages generated by the firm, from its unique set of resources. They note that the theory aspires to explain the internal sources of a firm's sustained competitive advantage (SCA) and its central proposition is that if a firm is to achieve a state of SCA it must acquire and control valuable, rare, inimitable, and non-substitutable (VRIN) resources and capabilities, plus have the organization in place that can absorb and apply them (Kraaijenbrink, Spender & Groen, 2009).

Ferreira et al., (2010), support the idea that the resources in question can be both tangible and intangible in nature. Tangible resources in this way include capital, access to capital and location (among others) while intangible resources consist of knowledge, skills and reputation, entrepreneurial orientation, among others. Hence they note that this theory defends that, under imperfection of markets exists a diversity of firms and a variation in the specialization degrees that provokes a limited transfer of resources which present type, magnitude and different nature. Therefore, the main reason for firms to grow and have success can be found inside of the firms, that is, firms with resources and superior capabilities will build up a basis for gaining and sustaining competitive advantage.

Despite the fact that RBV is premised that close competitors differ in their resources and capabilities which creates a differences and in turn affect competitive advantage and disadvantage, there shouldn't be any illusion whatsoever that this premise necessarily implies a static approach to the resource-based view. Helfat and Peteraf, (2003), posit that competitive advantage and disadvantage comes about over a period of time and also may shift over time. Therefore, in order to explain competitive advantage, the resource-based view must incorporate the evolution over time of the resources and capabilities that form the basis of the competitive advantage. This creates the capability lifecycle which helps to make resource-based theory dynamic by providing a framework for understanding the evolution of capabilities over time.

2.2.2 Open System Theory

The concept of systems resides in the premise that we are not able to fully comprehend a phenomenon simply by breaking it up into elementary parts and then reforming it; we instead need to apply a global vision to underline its functioning.

Although we can start from the analysis of the elementary components of a phenomenon, in order to fully comprehend the phenomenon in its entirety we have to observe it also from a higher level: a holistic perspective' (Mele, Pels, Polese, 2010 pg. 127).

Hence the Systems thinking comes from the *shift in attention from the part to the whole* considering the observed reality as an integrated and interacting *unicuum* of phenomena where the individual properties of the single parts become indistinct (Mele et al., 2010). It sees organizations as an arrangement of elements that have interdependence on one another. It thus tries to describes the complex relationships between people, tasks, and technologies and helps us to see how these can be used to enhance organizational performance (Pasmore & Sherwood, 1978).

Mele et al., (2010), note that in open systems there are exchanges of energy, matter, people, and information with the external environment while in closed systems there are no exchanges of information and matter, just exchanges of energy i.e. in isolated system there is no exchange of elements. They posit that the *Open system theory (OST)* looks at the relationships between the organizations and the environment in which they are involved. The interractive nature of the elements within the organization and between the organization and the environment results into at least two open systems charactristics; the adaptation and equitability (Zeithaml, Varadarajan& Zaithaml, 1988). They note that the principle of adaptation asserts that the lements within the system adapt to one another to preserve the basic character of the elements while the principle of equtability holds that a system can reach the same final state from differing initial conditions and by a vierity of paths.

This focus here reflects on organizations' ability to adapt to changes in environmental conditions. Hanna, (1988), sees Open Systems theory as a comprehensive model that describes the elements of an organization and their dynamic interrelationships (Hanna, 1988). Using a case of non profit organizations, Starnes, (2001), noted that to effectively compete in today's competitive business environment, non-profit organizations need to operate as open systems developing strategic alliances with key actors.

The systems approach calls for continuous environmental scanning. Formica and Kothari, (2008), posit that every change or development in the external environment creates signals and messages that an organization may need to heed. They note that in seeking information, organizations have to attend selectively to a flood of signals created by a dynamic environment, interpret often confusing messages, and make sense of cues in relation to the firm's goals and activities.

2.3 Competitive Strategies Adopted by Organizations to Attract Corporate Customers

Business enterprises exist in an environment of continuous unprecedented changes induced by rapid developments in communication and information technology, trade liberalization, trade-related support services, cross-border capital flows, more demanding consumers and globalization (Rosli, 2012). He continue that as globalization flexes its muscle in the economy, firms compete not only with their domestic but also foreign rivals and with a rapid adoption of the Internet, physical boundaries and distance become less important as firms all over the world are now able to cater for larger markets more efficiently. Therefore firms must strive to outperform their peers, they have no choice but to adapt to the environment in order to survive and prosper.

A company must therefore strive to possess advantage over its rivals in attracting customers and defending against competitive forces providing the customers with what they perceive to be of superior value in goods or services at a low price, a superior service that is worth paying more for, or a best value offering that represents an attractive combination of prices, features, quality, service, and other attributes that buyers find attractive (Ogutu&Nyatichi, 2012).

Clayton, (2001), indicates that for any company, gaining competitive advantage is an interactive process that begins with recognition of where the organization is now, to what the organization has, and where the organization wants to be in the future. He notes that the differences between a firm and its competitors are the basis of its advantage and if a firm is in business and is self-supporting, then it already has some kind of advantage, no matter how small or subtle thus the objective is to enlarge the scope of the advantage, which can only happen at some other firm's expense.

Rosli, (2012), explains that competitive strategies try to address the issue of "how" a firm should compete with its competitors in a particular industry and outlines how a business unit or firm competes within the same industry. This strategy enables a firm to gain competitive advantages over its rivals. It must be noted that every industry including banking has an underlying structure or a set of fundamental economic and technical characteristics which give rise to competitive forces. Therefore a firm can clearly improve or erode its position within an industry through its choice of strategy. Competitive strategy, then, not only responds to the environment but also attempts to shape the environment in its favour (Porter, 2003).The strategist must therefore seek to position his or her firm to cope best within its industry environment or to influence that environment in the firm’s favor.

According to Dirisu, Iyiola and Ibidunni, (2013), business strategy development is concerned with matching customers’ requirements (needs, wants, desires, preferences, and buying patterns) with the capabilities of the organization, based on the skills and resources available to the business organization, leading to the issue of core competence. They posit that the concept is about something the organization does at least as well as other organizations, or preferably better than, any other organization in the market thus competitive strategy defines the distinctive approach which the firm intends to use in order to succeed in each of its strategic business areas. It gives a company an advantage over its rivals in attracting customers and defending against competitive forces providing the customers with what they perceive to be of superior value in goods or services at a low price, a superior service that is worth paying more for, or a best value offering that represents an attractive combination of prices, features, quality, service, and other attributes that buyers find attractive (Ogutu & Samuel, 2011).

Porter, (1980), developed three generic competitive strategies that can be viable in the long term business environment with the general presumptions that being able to produce an event at a lower cost compared to the competitors is one-way to competitive advantage. Al-alak and Tarabieh, (2011), explain that this comes from large-scale organizations developing efficiency due to their repetitive experience of the tasks involved or using their power to leverage lower costs. They continue that the other two routes to competitive advantage relate to the value seen by customers who either see specific attractive elements in the offering (differentiation) or feel that all their needs are being met in the best way than what competitor's offering (focus). In addition, Miller, (1993), distinguishes between two types of differentiation advantages: innovation differentiation and market differentiation.

Recent studies have questioned Porter's argued that cost leadership and differentiation strategies are mutually exclusive (Dirisu et al., 2011) as organizations may pursue elements of both types of strategy. Despite this, they note that manufacturing organizations tend to view the differentiation strategy as a more important and distinct means to achieve competitive advantage in constrict to a low cost strategy.

In the banking industry, an empirical study by Powers and Hahn, (2004), in the USA indicated that competitive methods used by banks in the financial service industry conform to generic strategy types and banks following a cost leadership strategy realize statistically significant superior performance when compared to banks that are stuck-in-the-middle. The study point out that for some banks that pursued a broad differentiation, customer service differentiation, or focus strategy reported above average returns which were reported less frequently. They thus suggested that superior performance is more difficult to realize for banks following one of these strategic directions than it is for banks following a cost leadership strategy.

This is contrary to findings in Kenya by Mugo, Wanjui and Ayodo, (2012), which showed that Equity Bank, one of the fastest growing banks adopted array of product differentiation strategies to increase profitability. Some of these strategies to achieve the differentiation include involvement of customers in product development through focused group discussions (FGDs), aligning products with customer needs and the environment in which they are being offered to ensure customers can identify themselves with the same.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents a logical sequence on how the study was carried out in order to answer the research objectives highlighted in chapter one of this study. It presents the design, identifies the population of study and presents the data collection method, research procedures and data analysis method.

3.2 Research Design

The study adopted a descriptive survey research design. The descriptive approach was used to obtain data concerning the current status of the phenomena to describe what exists with respect to variables in a situation, by asking individuals about their perceptions on the strategies being adopted by their banks to attract corporate customers (Mugenda & Mugenda, 2003). The survey approach was also appropriate since it allowed collection of huge data within a short time as well as allowed for comparisons based on differences in demographics (Ndungu, Machuki & Murerwa, 2014), such as years in the industry.

3.3 Population of Study

A population is an entire group of individuals, events or objects having common observable characteristics (Muro, Magutu & Getembe, 2013). The target population for this study was all the forty three (43) commercial banks registered by the Central Bank of Kenya as at April 2014 (CBK, 2014).

3.4 Data Collection

The study used primary data. The primary data was collected using a standard questionnaire developed in line with the research objective. The use of the questionnaire made it easy to collect large amount of data within a short time. It also facilitated confidentiality of respondent's personal and business details as they were not forced into disclosing their identity when filling out the questionnaire. This was expected to enhance responses rate and limit bias as the respondent's needed not worry that their information will reach their business competitors. There were 43 respondents who were officials responsible for product development in the 43 banks registered by the Central Bank of Kenya. These respondents were the most appropriate because they are well based in understanding of the attraction strategies adopted by their organizations as these strategies are normally considered during the initial strategies of product development.

The data collection adopted a drop and pick strategy for administering the questionnaires. A research assistant after giving a brief on the objective of the study and assuring the respondents of confidentiality then allowed the respondents approximately 20 minutes to fill the questionnaire before collecting.

3.5 Data Analysis

Descriptive statistics such as mean, standard deviation and frequency distribution as well as bivariate analysis in form of cross tabulation was conducted to analyse the data. The descriptive analyse was useful in giving summaries while the bivariate analysis was helpful in identify differences among groups. Analysis of variance was also carried out to identify statistical significance of the findings and inferring the results to the entire population.

Data presentation was done by use of tables and figures. Inferential statistics was used in drawing conclusions. Data in part one of the questionnaire was analysed by use of frequencies and percentages to establish the demographic characteristics. Data in part two, three and four of the questionnaire was analysed by use of means, standard deviation, frequency distribution and cross tabulations.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

The chapter offers the data analysis, results and discussions in a manner that answers the research question raised in chapter one of this study. The objective is to identify competitive strategies used by commercial banks in Kenya to attract corporate customers.

4.2 Response Rate

The study targeted a population of 43 Product Development Managers or their equivalents in the 43 registered banks in Kenya. Thirty nine duly filled questionnaires were received back out of the 43 that were distributed translating into 91% response rate. This was considered reasonable as these managers normally have tight work schedules.

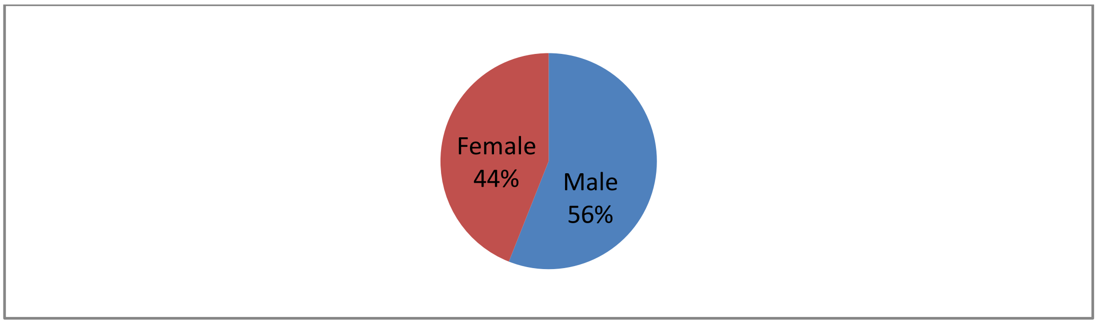
4.3 General Information

The study sought to highlight the general information of the respondents to identify whether they were in a position to offer valid information about their organization strategies.

4.3.1 Gender of the Respondents

The study sought to find out the gender of the respondents. Figure 4.1 shows that males were 56% while the females were 44%.

Figure 4.1: Gender of the Respondents



Source: Author

4.3.1 Position within the Organization

The study sought to identify the positions held by the respondents within their organizations. Table 4.1 shows that 17.9% of the respondents officially served in their organizations as Product Development Managers but the other 82.1% officially served under different titles but were also responsible for product development. Table 4.1 indicates that 28.2% were Branch Managers; 12.8% were Relationship Managers; 17.9% were Product Development Managers; 17.9% were Operations Managers; 10.3% were General Managers; and 12.8% were Credit Managers. The fact that all the respondents were in management positions indicated that they were in better position to understand the strategies adopted by their organizations.

Table 4.1: Position within the Organization

Management Position	Frequency	Percentage (%)
Branch Manager	11	28.2
Relationship Manager	5	12.8
Product Development Manager	7	17.9
Operations Manager	7	17.9
General Manager	4	10.3
Credit Manager	5	12.8
Total	**39**	**100.0**

Source: Author

4.3.3 Length of Service

The study sought to find out how long the respondent had served within their current organizations. Table 4.2 shows that the majority of the respondents had served within their current organizations between 4-7 years (56.4%). This was followed by those who had served for 8-10 years at 15.4%; less than 3 years at 15.4% and above 10 years at 12.8%.

The findings indicate that 84.6% had served their organizations for more than 4 years. This indicates that the respondents were in a better place after serving for long (>4 years) to understand their organizations strategies. Thus they were relevant to the study.

Table 4.2: Length of Service

Length of Service	Frequency	Percentage (%)
Below 3 years	6	15.4
4-7 years	22	56.4
8-10 years	6	15.4
Above 10 yerars	5	12.8
Total	**39**	**100.0**

Source: Author

4.3.4 Respondents' Department

The study sought to find out from which the departments the respondents were working in. Table 4.3 indicates that the majority of the respondents were working in Corporate Banking (33.3%) followed by those from the Support Function (28.2%); Operations (20.5%); and Retail Banking (17.9%). This diversity showed that the responses were cutting across different divisions within the various organizations. Thus the findings would offer a multi-faceted approach which is critical in giving inferences.

Table 4.3: Respondents' Department

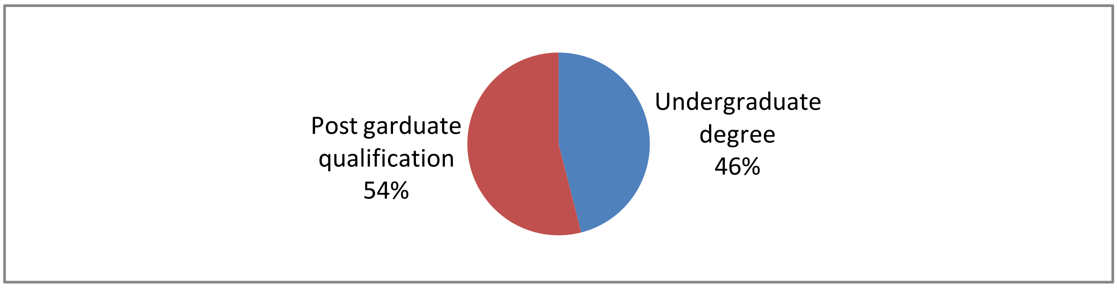
Department	Frequency	Percentage (%)
Retail Banking	7	17.9
Corporate Banking	13	33.3
Operations	8	20.5
Support function	11	28.2
Total	**39**	**100.0**

Source: Author

4.3.5 Highest Education Level

The study sought to find out the highest education level attained by the respondents. Figure 4.2 indicates that the majority at 54% had post graduate qualifications while 46% had undergraduate degree. The high academic qualification was expected to facilitate better understanding of the corporate strategies and decision making. This was also significant in answering the study questions.

Figure 4.2: Highest Education Level



Source: Author

4.3.6 Bank Ownership Structure

The study sought to find out the ownership structure of the firms from which the respondents were drawn. Table 4.4 indicates that (24), 61.5% were locally owned private banks; (12), 30.8% were foreign owned banks and (3), 7.7% were state owned banks. This is reflective of the actual population where 3 banks are state owned; 13 are foreign owned and 30 are locally owned private banks (CBK, 2014).

Table 4.4: Bank Ownership Structure

Ownership Structure	Frequency	Percentage (%)
Foreign owned (>50% owned by foreign individuals and or firms)	12	30.8
State owned (>50% owned by Kenyan Government)	3	7.7
Locally owned private banks (>50% owned by local individuals and or firms)	24	61.5
Total	**39**	**100.0**

Source: Author

4.4 Cost Leadership Strategy

The objective of the study was to identify the competitive strategies currently being used by commercial banks in Kenya to attract corporate customers. The study sought to find out if cost leadership strategy is currently being used as a strategy by commercial banks in Kenya to attract corporate clients. The responses were first subjected to a factors analysis with a varimax rotation and the results of the analysis appear in Table 4.5.The responses within the various variables were also tested for internal reliability using Cronbach alpha tests and the results are also captured in Table 4.5. Emory and Cooper, (1991), indicated that factor analysis helps to reduce a large number of variables to some smaller number by indicating which factors belong together and seem to say the same thing. The advantage of which is to ensure that the finding conclusions are focused.

Validity and reliability of the test variables used was tested by use of Cronbach's Alpha. Makgosa, (2006), notes that Cronbach's Alpha of less than 0.5 indicates unreliability of the variables hence cannot be used to deduce findings. The criteria listed in Table 4.5 include only those which had factor loadings of 0.50 and above and Cronbach's Alpha of greater than 0.5.

Table 4.5: Factor Analysis for Cost Leadership Strategy

Cost Leadership Strategy- Cronbach's Alpha 0.524	Factor Loadings
Basing jobs on limited and specialised tasks (CL11)	.893
Outsourcing activities to other organisations with a cost advantage (CL12)	.859
Rigorous pursuit of cost reductions from experience (CL3)	.853
Increased efficiency through repetition and routine tasks (CL8)	.821
Merges to achieve economies of scale (CL10)	.821
Cost minimisation in areas like R&D, service, sales force, advertising (CL7)	.816
Tight cost and overhead controls (CL4)	.789
Avoidance of marginal customer accounts (CL6)	.762
Backward or forward integration to reduce costs (CL9)	.760
Designs, production, and marketing of a comparable products more efficiently than its competitors (CL2)	.696
Aggressive pursuit of automation to lower the cost of service delivery (CL1)	.672

Source: Author

After identifying the factors that were related by use of factor analysis, the analysis then involved calculations of means, standard deviations, and analysis of variance (ANOVA). The ANOVA was critical in identifying statistically significant variations in opinions if any among comparative groups.

The respondents were asked to rate the extent to which they agreed that their organizations engage and emphasise activities that relate to cost leadership to attract corporate customers on a scale of 1 to 5; (1: Strongly disagree 2. Disagree, 3: Neutral, 4: Agree, 5: Strongly agree). Means for the factors were established in order to provide a generalized feeling of all the respondents. Similarly means for banks based on ownership structure was also carried out to try and identify if there is a relationship between the findings and the bank ownership structure. Means greater than 1 and less than 1.5 indicated strongly disagree; 1.5 to 2.5, disgaree; 2.5 to 3.5, neutral; 3.5 to 4.5, agree; and 4.5 to 5.0 strongly agree. The standard deviation was used to describe how the responses were distributed around the mean. A standard deviation of more than 1 indicated that there is no consensus, greater than 0.5 and less than 1, indicatedthat the responses are moderately distributed, while less than 0.5 indicated that the distributions are concentrated aroundthe mean.

Table 4.6 indicates that on a summated scale, 92% of the respondents at 95% level of confidence level agreed (Grand Mean=4.47; Std. Dev. =.277; p=0.00) that cost leadership is being used as a strategy by the commercial banks in Kenya to attarct corporate clients. Table 4.6 indicates that as a measure of achieving cost leadership, the respondents strongly agreed that their organizations try to design, produce and market comparable products more efficeintly than their competitors (Mean= 4.8); rigorously pursue cost reduction from experience (Mean=4.7); pursue tight cost and overhead controls (Mean=4.7); pursue aggressive automation to lower the cost of service delivery (Mean=4.6); engage in backward integration to reduce costs (Mean=4.6); and engage in mergers to achieve economies of scale(Mean=4.6).

Table 4.6 also shows that the respondents agreed that their organizations outsource activities to other organization with a cost advantages (Mean=4.3); engage in cost minimization in areas like R&D, services, sales force and advertisement (Mean=4.2); and that their organizations avoid marginal customers accounts as a measure of reducing cost (Mean=4.1). Analysis of variance results in Table 4.6 indicates lack of statistically significant variation among the comparable groups (all p> 0.05 for these factors). Hence any observeable difference in the comparable group means is purely by chance and is in no way related to type of the organizations's ownership structure.
A standard deviation of 1.0804 for increasing efficeincy through repetition and routine tasks indicated lack of consensus on the factor. This was corroborated by p=0.032 which shows a statistically significant difference at 95% level of confidence

in the opinions expressed among the comparative groups (ownership structure). Thus the findings were not used for any conclusion.

Table 4.6: Cost Leadership Strategy-Comparison Based on Ownership Structure

	All n=39		Foreign Owned Banks; n=12		State Owned Banks; n=3		Local Private Banks; n=24		F	Sig
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.		
CL1	4.6	.5050	4.6	.515	4.7	.577	4.5	.511	.205	.816
CL2	4.8	.4268	4.8	.452	5.0	0.00	4.8	.442	.462	.634
CL3	4.7	.5691	4.7	.651	4.3	1.155	4.8	.442	.722	.493
CL4	4.7	.4424	4.7	.492	4.7	.5774	3.9	.776	.356	.703
CL6	4.1	.7236	4.2	.452	4.3	1.155	3.9	.776	1.102	.343
CL7	4.2	.7085	4.4	.669	3.7	.577	4.1	.717	1.716	.194
CL8	4.2	1.0804	4.3	1.15	2.7	1.155	4.3	.917	3.776	.032**
CL9	4.6	.5436	4.7	.492	4.3	.577	4.6	.576	.447	.643
CL10	4.6	.4983	4.6	.515	4.7	.577	4.6	.504	.037	.964
CL11	4.6	.5024	4.7	.492	4.7	.577	4.5	.511	.495	.614
CL12	4.3	.7511	4.3	.622	4.0	1.00	4.3	.806	.193	.825
Grand Mean=4.471			**92% Agreed**		**Grand Std. Dev.**			**.277**	**6.689**	**.000**

Notes: * Significant at $p < 0.1$; ** significant at $p < 0.05$; *** significant at $p < 0.01$

Source: Author

In conclusion, cost leadership is being used as strategy in the commercial banking sector in Kenya to attract corporate clients (92% agreed; Grand Mean=4.471; Std. Dev.=.277; $p<0.05$). This is achieved through design, production and marketing of comparable products more efficeintly; rigorously pursuing cost reduction from experience; pursuing tight cost and overhead controls; pursuing aggressive automation to lower the cost of service delivery; engaging in backward integration to reduce costs; and engaging in mergers to achieve economies of scale. Similarly, through outsourcing activities to other organization with a cost advantages; engaging in cost minimization in areas like R&D, services, sales force and advertisement; avoidance of marginal customers accounts as a measure of reducing cost. Statistical sigificance of these findings is further corroborated by the fact that analysis of variance results for comparable group (ownership structure)means is such that all p>0.05 i.e. there was no significant varaition in the opinions from the respondents from different groups. Thus any obseveable difference is due to pure chance and the findings can be used to generalised to the entire population.

4.5 Differentiation Strategy

The objective of the study was to identify the competitive strategies currently being used by commercial banks in Kenya to attract corporate customers. The study sought to find out if differentiation strategy is currently being used as a strategy by commercial banks in Kenya to attract corporate clients. The responses were first subjected to a factors analysis with a varimax rotation to identify factors that belong together and seem to say the same thing. Validity and reliability of the test variables used was tested by use of Cronbach's Alpha. Further means and standard deviations were used to identify general opinions of the respondents. Analysis of variance was used to identifying statistically significant variations in opinions if any among comparative groups.

The respondents were asked to rate the extent to which they agreed that their organizations engages and empahsises activities that relate to differentiation to attract corporate customers on a scale of 1 to 5.; (1: Strongly disagree 2. Disagree, 3: Neutral, 4: Agree, 5: Strongly agree). Means for the factors were established in order to provide a generalized feeling of all the respondents. Similarly means for banks based on ownership structure was also carried out to try and identify if there is a relationship between the findings and the bank ownership structure. Means greater than 1 and less than 1.5 indicated strongly disagree; 1.5 to 2.5, disgaree; 2.5 to 3.5, neutral; 3.5 to 4.5, agree; and 4.5 to 5.0 strongly agree.

The standard deviation was used to describe how the responses were distributed around the mean. A standard deviation of more than 1 indicated that there is no consensus, greater than 0.5 and less than 1, indicated that the responses are moderately distributed, while less than 0.5 indicated that the distributions are concentrated aroundthe mean.Table 4.7 include only those which had factor loadings of 0.50 and above and Cronbach's Alpha of greater than 0.5.

Table 4.7: Factor Analysis for Differentiation Strategy

Differentiation Strategy Factors- Cronbach's Alpha 0.735	Factor Loadings
My organization frequently introduce new products targeting corporate clients(DS1)	.873
My organization frequently improves existing corporate customers products(DS2)	.865
Corporate customer satisfaction has been achieved with the introduction of new unique products(DS5)	.856
My organization has separate banking halls for corporate clients(DS3)	.810
Our corporate clients receive customized services(DS8)	.808
We engage our corporate clients by use of the latest technology (DS7)	.788
My organization ensures our corporate clients receive specific value in the products offered(DS9)	.741
The bank I work for has special interest rate changes on loans for our corporate customers(DS6)	.644
The bank I work for has opened a number of branches to take care of our corporate clients (DS4)	.633

Source: Author

Table 4.8 shows that the respondents indicated that on a summated scale, 99.1% of the respondents at 95% level of confidence strongly agreed (Grand Mean=4.68; Std. Dev. =.274; p=.010) that differentiation strategy is being used by commercial banks in Kenya to attract corporate clients. Table 4.7 indicates that the respondents strongly agreed that differentiation strategy is achieved through frequent improvement of existing corporate customers products(Mean=4.8); by opening a number of branches to take care of corporate clients (Mean=4.8); by engaging corporate clients using the latest technology (Mean=4.8); by frequently introducing new products targeting corporate clients(Mean=4.7); by introducing new unique products to achieve corporate customer satisfaction (Mean=4.7); by customizing corporate clients services(Mean=4.7); by ensuring corporate clients receive specific value in the products offered(Mean=4.7); and by separating banking halls for corporate clients(Mean=4.6).

Table 4.8 also indicates that the respondents agreed that their corporate clients receive customized services(Mean=4.4).The analysis of variance results indicate that there was statistically significant difference in the opinions of the respondents from the different bank groups under different ownership categories as to the existence of separate banking halls for the corporate clients (p=0.15). The respondents from the foreign owned banks and state owned banks were more assertive (Mean=5.00 for each) that their organizations have separate banking halls for corporate clients compared to local banks which scored a mean of 4.7.

Table 4.8: Differentiation Strategy-Comparison Based on Ownership Structure

	All n=39		Foreign Owned Banks; n=12		State Owned Banks; n=3		Local Private Banks; n=24		F	Sig
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.		
DS1	4.7	.456	4.9	.289	5.0	.00	4.6	.504	3.060	.059
DS2	4.8	.409	4.9	.289	5.0	.00	4.7	.464	1.483	.241
DS3	4.6	.673	5.0	.00	5.0	.00	4.7	.464	4.764	.015**
DS4	4.8	.427	4.8	.389	5.0	.00	4.7	.464	.810	.453
DS5	4.7	.468	4.9	.289	4.7	.577	4.6	.504	2.162	.130
DS6	4.4	.502	4.4	.515	4.3	.577	4.5	.509	.091	.914
DS7	4.8	.427	4.8	.389	4.7	.577	4.7	.442	.236	.791
DS8	4.7	.468	4.6	.515	4.3	.577	4.8	.415	1.828	.175
DS9	4.7	.478	4.6	.515	4.33	.577	4.8	.442	1.299	.285
Grand Mean =4.68			**99.1% Agreed**		**Grand Std. Dev.**			**.274**	**2.573**	**.010**

Notes: * Significant at p < 0.1; ** significant at p < 0.05; *** significant at p < 0.01**Source: Author**

In conclusion, on a summated scale, the respondents at 95% level of confidence strongly agreed (99.1% strongly agreed; Grand Mean=4.68; Std. Dev. =.274; p=.010) that differentiation strategy is being used by commercial banks in Kenya to attract corporate clients. The study indicated that the respondents strongly agreed that differentiation strategy is achieved through frequent improvement of existing corporate customers products; by opening a number of branches to take care of corporate clients; by engaging corporate clients using the latest technology; by frequently introducing new products targeting corporate clients; by introducing new unique products to achieve corporate customer satisfaction; by customizing corporate clients services; by ensuring corporate clients receive specific value in the products offered; and by separating banking halls for corporate clients.

The study also indicated that the respondents agreed that their corporate clients receive customized services. The analysis of variance results indicate that there was statistically significant difference in the opinions of the respondents from the different bank groups under different ownership categories as to the existence of separate banking halls for the corporate clients at $p<0.05$. The respondents from the foreign owned banks and state owned banks were more assertive (Mean=5.00 for each) that their organizations have separate banking halls for corporate clients compared to local banks which scored a mean of 4.7.

4.6 Focus Strategy

The objective of the study was to identify the competitive strategies currently being used by commercial banks in Kenya to attract corporate customers. The study sought to find out if focus strategy is currently being used as a strategy by commercial banks in Kenya to attract corporate clients.

The responses were first subjected to a factors analysis with a varimax rotation to identify factors that belong together and seem to say the same thing. Validity and reliability of the test variables used was tested by use of Cronbach's Alpha. Further means and standard deviations were used to identify general opinions of the respondents. Analysis of variance was used to identifying statistically significant variations in opinions if any among comparative groups.

The respondents were asked to rate the extent to which they agreed that their organizations engages and empahsises activities that relate to focus strategy to attract corporate customers on a scale of 1 to 5.; (1: Strongly disagree 2. Disagree, 3: Neutral, 4: Agree, 5: Strongly agree). Means for the factors were established in order to provide a generalized feeling of all the respondents. Similarly means for banks based on ownership structure was also carried out to try and identify if there is a relationship between the findings and the bank ownership structure. Means greater than 1 and less than 1.5 indicated strongly disagree; 1.5 to 2.5, disgaree; 2.5 to 3.5, neutral; 3.5 to 4.5, agree; and 4.5 to 5.0 strongly agree.

The standard deviation was used to describe how the responses were distributed around the mean. A standard deviation of more than 1 indicated that there is no consensus, greater than 0.5 and less than 1, indicated that the responses are moderately distributed, while less than 0.5 indicated that the distributions are concentrated aroundthe mean.

Table 4.9 include only those which had factor loadings of 0.50 and above and Cronbach's Alpha of greater than 0.5.

Table 4.9: Factor Analysis for Differentiation Strategy

Focus Strategy Factors- Cronbach's Alpha .682	**Factor Loadings**
Targeting hearts and minds of specific niche markets to drive attitudinal loyalty (FS7)	.915
Ensuring a clear understanding of the corporate customer experiences that matter across the customer journey in each segment (FS3)	.903
Having employees develop the mindsets and capabilities behind the niche customer-centric agenda (FS9)	.882
Establishing an organizational structure in place that enables niche customer centricity in business decisions(FS8)	.833
Making brand and vision visible to our niche market (FS2)	.822
Building brand and vision around specific customer promise (FS1)	.798
Centering the corporate customer experience around a few key touch points of superior customer experience (FS5)	.793
Invest intelligently in superior customer experience in a systematic and economically viable manner targeting specific niche markets (FS4)	.719
All corporate customer-oriented activities rooted in economic goals, not just satisfaction (FS6)	.688

Source: Author

Table 4.10 indicates that on a summated scale, 98.5% of the respondents strongly agreed that focus strategy is being used by commercial banks in Kenya to attract corporate clients (Grand Mean=4.53; Std. Dev. =.233; p=.012). Table 4.10 further indicates that the respondents strongly agreed that the focus strategy is achieved by ensuring a clear understanding of the corporate customer experiences that matter across the customer journey in each segment (Mean=4.7; SD=.478); by ensuring that all corporate customer-oriented activities rooted in economic goals, not just satisfaction (Mean=4.7; SD=.442); and by establishing an organizational structure that enables niche customer centricity in business decisions (Mean=4.6; SD=.486).

Table 4.10 also indicates that the respondents were in agreement that focus strategy is evident as the organizations make brand and vision visible to niche markets (Mean=4.5; SD=.506); the organizations invest intelligently in superior customer experience in a systematic and economically viable manner targeting specific niche markets (Mean=4.5; SD=.506); the organizations are centering the corporate customer experience around a few key touch points of superior customer experience (Mean=4.5; SD=.506); the organizations are targeting hearts and minds of specific niche markets to drive attitudinal loyalty (Mean=4.5; SD=.505); the organizations are building brand and vision around specific customer promise (Mean=4.4; SD=.502); and that the organizations are having employees develop the mindsets and capabilities behind the niche customer-centric agenda (Mean=4.3; SD=.772).

Table 4.10: Focus Strategy-Comparison Based on Ownership Structure

	All n=39		Foreign Owned Banks; n=12		State Owned Banks; n=3		Local Private Banks; n=24		F	Sig
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.		
FS1	4.4	.502	4.4	.515	4.33	.577	4.5	.509	.091	.914
FS2	4.5	.506	4.5	.522	4.7	.577	4.5	.511	.143	.867
FS3	4.7	.478	4.7	.492	5.0	.000	4.6	.495	.814	.451
FS4	4.5	.506	4.4	.515	4.7	.577	4.5	.509	.381	.686
FS5	4.5	.506	4.5	.522	4.0	.00	4.5	.509	1.578	.220
FS6	4.7	.442	4.8	.452	4.7	.577	4.8	.442	.047	.954
FS7	4.5	.505	4.7	.492	4.0	.000	4.4	.504	2.525	.094
FS8	4.6	.486	4.8	.452	5.0	.000	4.5	.509	1.680	.201
FS9	4.3	.772	4.5	.674	4.0	1.00	4.3	.806	.581	.565
Grand Mean=4.53			**98.5% Agreed**		**Grand Std. Dev.**			**.233**	**2.507**	**.012**

Notes: * Significant at p < 0.1; * significant at p < 0.05; ** significant at p < 0.01

Source: Author

In conclusion, this section sought to find out if focus strategy is currently being used as a strategy by commercial banks in Kenya to attract corporate clients. The study confirmed that the respondents strongly agreed that focus strategy is being used by commercial banks in Kenya to attract corporate clients (98.5% strongly agreed; Grand Mean=4.53; Std. Dev. =.233; $p<.05$). The study further indicated that the respondents strongly agreed that the focus strategy is achieved by ensuring a clear understanding of the corporate customer experiences that matter across the customer journey in each segment; by ensuring that all corporate customer-oriented activities rooted in economic goals, not just satisfaction; and by establishing an organizational structure that enables niche customer centricity in business decisions. The study also indicated that the respondents were in agreement that focus strategy is evident as the organizations make brand and vision visible to niche markets; the organizations invest intelligently in superior customer experience in a systematic and economically viable manner targeting specific niche markets; the organizations are centering the corporate customer experience around a few key touch points of superior customer experience; the organizations are targeting hearts and minds of specific niche markets to drive attitudinal loyalty; the organizations are building brand and vision around specific customer promise; and that the organizations are having employees develop the mindsets and capabilities behind the niche customer-centric agenda.

4.7 Discussions of the findings

It is an inescapable fact that current business environment is increasingly being dynamic and businesses are constantly being faced with stiff competition from the existing competitors and new entrants. The banking industry is no exception from such competition. Therefore to ensure survival and success, organizations need to develop capability and capacity to manage threats and exploit emerging opportunities promptly (Chitale, 2012). Chitale, (2012), posits that this requires formulation of competitivestrategy that refers to the positioning of a firm to maximize the value of the capabilities that distinguish it from itscompetitors.To attain a competitive industry position in a competitive environment, Porter, (1980), proposed three generic competitive strategies namely cost leadership, differentiation and focus.

The study sought to find out whether these three generic strategies are adopted to attract corporate clients in the Kenyan banking sector. The study confirms that commercial banks in Kenya adopt competitive strategies in form of cost leadership, differentiation and focus strategies to attract corporate clients.In cost leadership a firm sets out to become the low cost producer in its industry; In differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers; while focus strategy has two variants namely cost focus strategy and differentiation focus strategy (Ogutu & Samuel, 2011). Cost focus involves serving buyers in the target market niche at a lower price than rival competitors. Lastly differentiation focus involves providing products that are clearly different from competitors within one or a number of target market segments (Porter, 1980).

The findings do share common themes with previous literature. It corroborates the findings by Ogutu and Nyatichi, (2012), who when studying competitive strategies adopted by multinational banks in Kenya indicated that for multinational banks to maintain their competitive edge in the market they have largely adopted broad differentiation strategy which includesmaintaining strong relationship with customers, wide coverage of organization across thecountry in terms of number of branches in operation, advancement of organization systemand diversity of organization culture in terms of products offered. In the same breadth Ogutu and Samuel,(2012), focusing on multinational corporations in Kenya confirmed that multinational corporations(banks included)adopt among other strategies differentiation, diversification,cost cutting measures, strategic alliances, joint venture, mergers/acquisitions; lower prices to attract new customers and to weather competitive challenges.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The objective of this study was to identify the competitive strategies adopted by commercial banks in Kenya to attract corporate clients. This chapter presents the summary of the findings, conclusions, recommendations and recommendations for further studies.

5.2 Summary of Findings

The response rate for the study was 91% comprising of 39 respondents from 3 state owned commercial banks; 12 international commercial banks and 24 local privately owned commercial bank in Kenya. Fifty six percent of the respondents were male while 44% were female. Eighty four point six percent of the respondents had served their organizations for more than 4 years. This duration put them in a better position to understand their organizations strategies and the the majority of the respondents had post graduate qualifications (54%) while 46% had undergraduate degree qualification.

First, the study indicated that 92% of the commercial banks in Kenya use cost leadership as strategy to attract corporate clients. This is achieved through design, production and marketingof comparable products more efficeintly; rigorously pursuing cost reduction from experience; pursuing tight cost and overhead controls; pursuing aggressive automation to lower the cost of service delivery; engaging in backward integration to reduce costs; and engaging in mergers to achieve economies of scale. Similarly, through outsourcing activities to other organization with a cost advantages; engaging in cost minimization in areas like R&D, services, sales force and advertisement; avoidance of marginal customers accounts as a measure of reducing cost.

Secondly, the study indicated that 99.1% of the commercial banks in Kenya use differentiation strategy to attract corporate clients. The differentiation strategy is achieved through frequent improvement of existing corporate customers products; by opening a number of branches to take care of corporate clients; by engaging corporate clients using the latest technology; by frequently introducing new products targeting corporate clients; by introducing new unique products to achieve corporate customer satisfaction; by customizing corporate clients services; by ensuring corporate clients receive specific value in the products offered; and by separating banking halls for corporate clients. Further corporate clients receive customized services. The analysis of variance results indicate that there was statistically significant difference in the opinions of the respondents from the different bank groups under different ownership categories as to the existence of separate banking halls for the corporate clients at $p<0.05$. The respondents from the foreign owned banks and state owned banks were more assertive (Mean=5.00 for each) that their organizations have separate banking halls for corporate clients compared to local banks which scored a mean of 4.7.

Thirdly, the study confirmed that 98.5% of the commercial banks in Kenya use focus strategy to attract corporate clients. The focus strategy is achieved by ensuring a clear understanding of the corporate customer experiences that matter across the customer journey in each segment; by ensuring that all corporate customer-oriented activities rooted in economic goals, not just satisfaction; and by establishing an organizational structure that enables niche customer centricity in business decisions. Further by making brand and vision visible to niche markets; by the organizations investingintelligently in superior customer experience in a systematic and economically viable manner targeting specific niche markets; by the organizations centering the corporate customer experience around a few key touch points of superior customer experience; by the organizations targeting hearts and minds of specific niche markets to drive attitudinal loyalty; by the organizations building brand and vision around specific customer promise; and by the organization having employees develop the mindsets and capabilities behind the niche customer-centric agenda.

5.3 Conclusions

The response rate was high enough and covered all types of the commercial banks in Kenya to limit errors in inferring the characteristics of the entire population. The respondents were knowledgeable about the their banks strategies as all of them were in management positions; had served within their organizations long enough and well educated to understand the concept of strategy and the actual strategies adopted by their organizations. Thus it can be concluded that the respondents were in a position to clearly rank their organization’s activities that relate to competitive strategies for attracting corporate clients.

It can be concluded that there is empirical evidence to demonstrate that cost leadership; differentiation; and focus strategies are being used by the commercial banks in Kenya to attract corporate clients. The results confirm the findings of previous studies and that of the open systems theory and resource based view theory (Mele et al., 2010; Porter, 1980; Pasmore & Sherwood, 1978; Kothari, 2008; Penrose,1959; Rubin, 1973; Ogutu & Nyatichi, 2012; Ogutu & Samuel, 2011).

5.4 Recommendations

The study has demonstrated that commercial banks in Kenya must develop strategies to attract customers in order to survive in a highly competitive environment. Attraction is the first phase and therefore commercial banks need to develop retention strategies which are in tandem with the attraction strategies to ensure sustainability for increased performance.

The study has also presented a scenario where the three generic strategies were being applied to attract a corporate client. The study recommends a more focused approach targeting specific clients as they possess unique needs. Application of all the strategies at the same time may also lead to no strategy at all.

5.5 Recommendations for Further Research

Due to the dynamic nature of the business environment, future study of the same would be welcome to identify the time variant on the current findings. Still replication of the study in a different sector under different circumstances would still be welcome to establish the validity and generalizability of the present findings across different sectors and contexts.

5.6 Limitations of the Study

The major challenge was booking appointments with the managers who were predominantly engaged during the set time for filling the questionnaires. This was managed by sending the questionnaires in soft to those respondents who could not be reached due to tight schedules to fill at their own convinient time.

REFERENCES

Ansoff, I. (1965). *Corporate Strategy*. New York. McGraw-Hill

Auka, D. O., Bosire, J. N. & Matern, V. (2013). Perceived Service Quality and Customer Loyalty In Retail Banking In Kenya. *British Journal of Marketing Studies 1 (*3), 32-61

Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management,* 17(1), 99–120.

Barney, J.B. &Arikan, A. M. (2001). The resource-based view: origins and implications. In *The Blackwell Handbookof Strategic Management,* Hitt MA, Freeman RE, Harrison JS (eds). Blackwell: Oxford, UK; 124–188.

Butler, P. & Durkin, M. (1998). Relationship intermediaries: business advisers in the small firm-bank relationship. *International Journal of Bank Marketing, 16*(1), 32-38

Central Bank of Kenya (2014). Commercial Banks & Mortgage Finance Institutions. Retrieved on 25th April 2014 from *https://www.centralbank.go.ke/index.php/bank-supervision/commercial-banks-mortgage-finance-institutions*

Chiteli, N. (2013). Agent Banking Operations as a Competitive Strategy of Commercial Banks in Kisumu City. *International Journal of Business and Social Science, 4* (13), 306-324

Clayton, C. M. (2001), The Past and Future of Competitive Advantage. *MIT Sloan Management Review,* 42 Winter.

Dirisu, J. I., Iyiola O. & Ibidunni, O. S. (2013).Product Differentiation: A Tool of Competitive Advantage and Optimal Organizational Performance (A Study of Unilever Nigeria Plc). *European Scientific Journal 9*(34), 1857 – 7881

Ellegaard, C. & Ritter, T. (2007).*Attractiveness in Business Markets: Conceptualization and Propositions.* Paper presented at 23rd IMP Conference, Manchester Business School, Manchester, United Kingdom.

Formica, S. & Kothari, T. H. (2008). Strategic Destination Planning: Analyzing the Future of Tourism. *Journal of Travel Research, 46,* 355-367.

Fragata, A. & Gallego, P. M. (2009). Loyalty by Corporate Banking Customers. Working Papers "New Trends on Business Administration". Documentos de Trabajo "Nuevas Tendencias en DirecciÃ³n de Empresas". 2009-05

Gichui, M. M. (2013). The role of financial systems in the Kenyan economy Challenges and possible interventions (A theoretical review).*Prime Journal of Business Administration and Management, 3*(10), 1197-1201

Grant, R. M. (2003). Strategic Planning in a Turbulent Environment: Evidence from the Oil Majors. *Strategic Management Journal, 24* (6), 491-517

Griffiths, J. Elson, B. & Amos, D. (2001). A customer-supplier interaction model to improve customer focus in turbulent markets. *Managing Service Quality, 11* (1), .57 - 67

Hanna, D. (1988). *Designing organizations for high performance.* NY: Addison-Wesley Publishing

Helfat, C. E. & Peteraf, M. A. (2003).The Dynamic Resource-Based View: Capability Lifecycles. *Strategic Management Journal*, 24: 997–1010.

Idiab, Haron & Ahmad, (2011).Commercial Banks & Historical Development. *Journal of Applied Sciences Research, 7*(7), 1024-1029.

Jo¨nsson, C. & Devonish. D. (2009). An exploratory study ofcompetitive strategies amonghotels in a small developingCaribbean state. *International Journal of Contemporary Hospitality Management, 21*(4), 491-500.

Kathuni, L. K. & Mugenda, N. G. (2012).Direct Sales Strategy Applied by Commercial Banks in Kenya. *International Journal of Business, Humanities and Technology, 2*(7), 132-138

Kavale, S. (2012). The Connection between Strategy and Structure. *International Journal of Business and Commerce, 1*(6), 60-70

Kenya National Bureau of Statistics [KNBS] (2013).*Kenya Facts and Figures 2013.* Nairobi, KNBS

Kim, E., Nam, D., & Stimpert, J. L. (2004). The applicability of Porter's generic strategies in the digital age: Assumptions, conjectures, and suggestions. *Journal of Management, 30*,569-590.

Kimutai, C. J. & Jagongo, A. (2013). Factors Influencing Credit Rationing by Commercial Banks in Kenya. *International Journal of Humanities and Social Science, 3*(20), 244-252

Kor, Y. Y., & Mahoney, J. T. (2005). How dynamics, management, and governance of resource deployments influence firm-level performance. *Strategic Management Journal, 26*,489-496

Lumpkin, G. T., & Dess, G. G. (2006). The effect of 'simplicity' on the strategy-performance relationship: A note. *Journal of Management Studies, 43,* 1583-1604

Maingi, M. W., Wanjiru, G. T., Kitheka, S. S., Ngunjiri, R. J. & Mulwa, M. J. (2013). Financial Innovation as a Competitive Strategy: The Kenyan Financial Sector. *Journal of Modern Accounting and Auditing,9*(7), 997-1004.

Mele, C., Pels, J., & Polese, F. (2010). A Brief Review of Systems Theories and Their Managerial Applications.*Service Science2*(1/2),126 – 135.

Miles, R. E., & Snow, C. C. (1978). *Organizational strategy, structure, and process.* New York, NY: West.

Miller, A., & Dess, G. G. (1993). Assessing Porter's (1980) model in terms of its generalizability, accuracy and simplicity. *Journal of Management Studies, 30*, 553-585.

Mugenda, N. O. & Mugenda, A.G, (2003).*Research methods: Quantitative and Qualitative approaches,* Acts Press.

Muro, M. B., Magutu, O. & Getembe, K. N (2013).The Strategic Benefits and Challenges In The Use Of Customer Relationship Management Systems Among Commercial Banks In Kenya. *European Scientific Journal, 9,* (13), 1857 – 7881

Nairobi Securities Exchange [NSE], (2014). *Listed Companies*. Retrieved on May 09, 2014 from www.nse.co.ke

Ndungu, C. W., Machuki, V. N. & Murerwa, T. (2014).Response Strategies by Commercial Banks to Economic Changes in Kenya.*Journal of Economics and Sustainable Development, 5*(2), 137-153

Newbert, S. L. (2007). Empirical Research on The Resource-Based View Of The Firm: An Assessment and Suggestions For Future Research. *Strategic Management Journal Strategic. Management Journal*, 28, 121–146.

Oloko, M. (2012).Influence of Relationship Marketing on Performance of Commercial Banks in Kenya.*Education Research Journal, 2*(2), 37-42

Ongore, V. O. & Kusa, G. B. (2013). Determinants of Financial Performance of Commercial Banks in Kenya. *International Journal of Economics and Financial Issues Vol. 3*(1), 237-252

Ogutu, M. & Nyatichi, V. (2012). Competitive Strategies Adopted by Multinational Banks in Kenya.*DBA Africa Management Review, 2* (1), 98-109

Ogutu, M. & Samuel, C. (2011). Strategies adopted by multinational corporations to cope with Competition in Kenya. *AIBUMA Conference***,** July 12-13, 2012, Kenyatta International Conference Centre (KICC) Nairobi, Kenya.

Parnell, J.A. (2008). Assessing theory and practice in competitive strategy: Challenges and future directions. *Journal of CENTRUM Cathedra, 1*(2), 12-27

Pearce, J. A. & Robinson, R. B. (2003).*Strategic management: formulation, implementation, and control.* New York, McGraw-Hill/Irwin

Pasmore, W., & Sherwood, J. J. (Eds). (1978). *Organizations as sociotechnical systems. Socio-technical systems: A sourcebook.* LaJolla, CA: University Associates.

Penrose, E. T. (1959). *The Growth of the Firm*. New York. Wiley.

Porter, L.W (2003). The entrepreneurship of resourced-based theory. *Journal of Management*, *27*, 755-775.

Porter, M. E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors.* New York: Free press.

Porter, M. E. (1981). The contributions of industrial organization to strategic management. *Academy of management review,* 6(4), 609-620.

Porter, M .E. (1985). *Competitive advantage*. New York, NY: Free Press

Powers, T. L. & Hahn, W. (2004). Critical competitive methods, generic strategies, and firm performance. *The International Journal of Bank Marketing, 22*, (1), 43-64

Prahalad, C. K. & Hamel, G. (1990). The core competence of the corporation. *Harvard Business Review* 68(3): 79–91.

Rosli, M. M. (2012). Competitive Strategy of Malaysian Small and Medium Enterprises: An Exploratory Investigation. *American International Journal of Contemporary Research ,2* (1), 93-105

Rubin, P. H. (1973). The expansion of firms. *Journal of Political Economy,* 84, 936–949.

Starnes, B. J. (2001). Achieving Competitive Advantage Through the Application of Open Systems Theory and the Development of Strategic Alliances: A Guide for Managers of Nonprofit Organizations. *Journal of Non-profit & Public Sector 8*(2):15-27.

Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal* 5(2), 171–180.

Zeithaml,V. A, Varadarajan, P. Rajan. & Zeithaml, C. P. (1988). The Contingency Approach: Its Foundations and Relevance to Theory Building and Research in Marketing. *European Journal of Marketing, 22*(7),37 - 64

APPENDICES

APPENDIX I: QUESTIONNAIRE

This study seeks to highlight the competitive strategies adopted by commercial banks in Kenyato attract corporate clients. Kindly provide information frankly and honestly. All information received will be treated confidentially and used for academic purposes only.

PART I: BACKGROUND INFORMATION

1. Name of the Bank ____

2. Gender:

   Male [ ] Female [ ]

3. Position in the organization ____

4. How long have you worked with the bank?

Below 3 years [ ] 4-7 years [ ] 8-10 years [ ] Above 10 years [ ]

5. Which Department do you work in?

Retail Banking [ ] Corporate Banking [ ]

Operations [ ] Support Function [ ]

5. What is your highest education level?

Certificate [ ] Diploma [ ]

Undergraduate [ ] Postgraduate [ ]

Other ____

6. What is the ownership structure of your bank?

Foreign owned [ ]

State owned [ ]

Private owned [ ]

d. Other (specify) ____

PART II: COST LEADERSHIP STRATEGY

To what extent do you agree that your organization has engages and emphasizes the following activities relating to cost leadership to attract corporate customers? (Please rate 1: Strongly disagree 2. Disagree, 3: Neutral, 4: Agree, 5: Strongly agree)

Statement	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
Aggressive pursuit of automation to lower the cost of service delivery	[ ]	[ ]	[ ]	[ ]	[ ]
Designs, production, and marketing of a comparable products more efficiently than its competitors	[ ]	[ ]	[ ]	[ ]	[ ]
Rigorous pursuit of cost reductions from experience (experience curve)	[ ]	[ ]	[ ]	[ ]	[ ]
Tight cost and overhead controls	[ ]	[ ]	[ ]	[ ]	[ ]
Emphasis on maximum capacity utilisation of resources	[ ]	[ ]	[ ]	[ ]	[ ]
Avoidance of marginal customer accounts	[ ]	[ ]	[ ]	[ ]	[ ]

Cost minimisation in areas like R&D, service, sales force, advertising	[ ]	[ ]	[ ]	[ ]	[ ]
Increased efficiency through repetition and routine tasks	[ ]	[ ]	[ ]	[ ]	[ ]
Backward or forward integration to reduce costs	[ ]	[ ]	[ ]	[ ]	[ ]
Merges to achieve economies of scale	[ ]	[ ]	[ ]	[ ]	[ ]
Basing jobs on limited and specialised tasks	[ ]	[ ]	[ ]	[ ]	[ ]
Outsourcing activities to other organisations with a cost advantage	[ ]	[ ]	[ ]	[ ]	[ ]

PART III: DIFFERENTIATION STRATEGY

To what extent do you agree that your organization engages and emphasizes the following activities relating to differentiation to attract corporate customers? (Please rate 1: Strongly disagree 2. Disagree, 3: Neutral, 4: Agree, 5: Strongly agree)

Statement	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
My organization frequently introduce new products targeting corporate clients	[ ]	[ ]	[ ]	[ ]	[ ]
My organization frequently improves existing corporate customers products	[ ]	[ ]	[ ]	[ ]	[ ]
My organization has separate banking halls for corporate clients	[ ]	[ ]	[ ]	[ ]	[ ]
The bank I work for has opened a number of branches to take care of our corporate clients	[ ]	[ ]	[ ]	[ ]	[ ]
Corporate customer satisfaction has been achieved	[ ]	[ ]	[ ]	[ ]	[ ]

with the introduction of new unique products					
The bank I work for has special interest rate changes on loans for our corporate customers	[ ]	[ ]	[ ]	[ ]	[ ]
We engage our corporate clients by use of the latest technology	[ ]	[ ]	[ ]	[ ]	[ ]
Our corporate clients receive customized services	[ ]	[ ]	[ ]	[ ]	[ ]
My organization ensures our corporate clients receive specific value in the products offered	[ ]	[ ]	[ ]	[ ]	[ ]

PART IV: FOCUS STRATEGY

To what extent do you agree that your organization engages and emphasizes the following activities relating to focus strategy to attract corporate customers? (Please rate 1: Strongly disagree 2. Disagree, 3: Neutral, 4: Agree, 5: Strongly agree)

Statement	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
Building brand and vision around specific customer promise	[ ]	[ ]	[ ]	[ ]	[ ]
Making brand and vision visible to our niche market	[ ]	[ ]	[ ]	[ ]	[ ]
Ensuringa clear understanding of the corporate customer experiences that matter across the customer journey in each segment	[ ]	[ ]	[ ]	[ ]	[ ]
Invest intelligently in superior customer experience in a systematic and economically viable manner targeting specific niche markets	[ ]	[ ]	[ ]	[ ]	[ ]
Centering the corporate customer experience around a few key touch points of superior	[ ]	[ ]	[ ]	[ ]	[ ]

customer experience					
All corporate customer-oriented activities rooted in economic goals, not just satisfaction	[ ]	[ ]	[ ]	[ ]	[ ]
Targeting hearts and minds of specific niche markets to drive attitudinal loyalty	[ ]	[ ]	[ ]	[ ]	[ ]
Establishing an organizational structure in place that enables niche customer centricity in business decisions	[ ]	[ ]	[ ]	[ ]	[ ]
Having employees develop the mindsets and capabilities behind the niche customer-centric agenda	[ ]	[ ]	[ ]	[ ]	[ ]

In your opinion, how else has your organization adopted focusing strategy to attract corporate customers?

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

THANK YOU FOR YOUR TIME

APPENDIX II: LICENSED COMMERCIAL BANKS IN KENYA AS AT AUGUST 2014

	State Owned Banks-(50%+ State owned)
1	Consolidated Bank of Kenya
2	Development Bank of Kenya
3	National Bank of Kenya
	Locally owned-(50%+ Locally owned)
4	ABC Bank (Kenya)
5	Jamii Bora Bank
6	Chase Bank Kenya
7	Commercial Bank of Africa
8	Cooperative Bank of Kenya
9	Credit Bank
10	Diamond Trust Bank
11	Dubai Bank Kenya
12	Equatorial Commercial Bank
13	Equity Bank
14	Family Bank
15	Fidelity Commercial Bank Limited
16	Giro Commercial Bank
17	Guardian Bank
18	First Community Bank
19	Housing Finance Company of Kenya
20	Imperial Bank Kenya
21	I&M Bank
22	Kenya Commercial Bank
23	K-Rep Bank
24	Middle East Bank Kenya
25	NIC Bank
26	Oriental Commercial Bank
27	Paramount Universal Bank

28	Prime Bank (Kenya)
29	Trans National Bank Kenya
30	Victoria Commercial Bank
	Foreign owned banks-(50%+ foreign owned)
31	Bank of Africa
32	Bank of Baroda
33	Bank of India
34	Barclays Bank Kenya
35	CfC Stanbic Holdings
36	Citibank
37	Ecobank Kenya
38	Gulf African Bank
39	Guaranty Trust Bank Kenya
40	Habib Bank
41	Habib Bank AG Zurich
42	Standard Chartered Kenya
43	United Bank for Africa

Source: www.centralbank.go.ke retrieved on 03/08/2014

APPENDIX III: INTRODUCTION LETTER

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE.....07/08/2014

TO WHOM IT MAY CONCERN

The bearer of this letter .....MARGARET WANJIRU KARIUKI

Registration No.....D61/79474/2012.

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

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

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
07 AUG 2014
MBA OFFICE
P.O. Box 30197 – 00100, NAIROBI