STRATEGIC REASONS LEADING COMMERCIAL BANKS IN NAIROBI TO USE SHOPPING MALLS AS EXTENSIONS OF BANK BRANCH NETWORK

BY

ANN NGINA MAWEU

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

NOVEMBER, 2016

DECLARATION

This research project is my original work and has not been presented for award in any other University.

Signature ………………………… Date……………………

ANN NGINA MAWEU

D61/63376/2011

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

Signature: ……………………..

Date………………………

PROFFESOR MARTIN OGUTU

Department of Business Administration

School of Business

University of Nairobi

DEDICATION

This project is dedicated to my daughters Lynn Mwende and Lisa Ndanu, my husband John Kyalo for his support, my Parents Mr. Jackson Maweu and Elizabeth Maweu for your continued encouragement and believe in me that I can do it. To my Parents in-law sisters and brothers who as a family instilled in me the spirit of perseverance and determination. I wish to express my appreciation to all who stood by me to complete my study.

ACKNOWLEDGEMENT

All glory and honor be to God for having enabled me to get this far and His providence. I specially thank Prof. Martin Ogutu, my supervisor whose continued dedication to this work, advice and willingness to assist during my project led to the successful completion of this venture. Finally, I would like to appreciate all those who made contributions in one way or another in this project and whose names have not been mentioned here.

TABLE OF CONTENTS

DECLARATION ii
DEDICATION iii
ACKNOWLEDGEMENT iv
TABLE OF CONTENTS v
LIST OF FIGURES viii
LIST OF TABLES ix
ABREVIATIONS AND ACRONYMS x
ABSTRACT xi
CHAPTER ONE 1
INTRODUCTION 1
1.1 Background of the Study 1
1.1.1 Concept of Strategy. 2
1.1.2 Concept of Shopping Malls 3
1.1.3 Bank Branch Networks 5
1.1.4 Commercial banks in Kenya 6
1.1.5 Banks at the shopping malls in Nairobi 8
1.2 Research Problem 9
1.3 Research objectives 10
1.4 Value of the Study 11
CHAPTER TWO 12
LITERATURE REVIEW 12
2.1 Introduction 12
2.2 Theoretical Foundation 12
2.2.1 The Theory of Competitive Advantage 12
2.2.2 Location theory 13
2.3 The Strategic Reasons For Extending Branch Network 14

2.4 Challenges of establishing branch networks 18

2.6 Chapter Summary...22

CHAPTER THREE 23

RESEARCH METHODOLOGY 23

3.1 Introduction 23

3.2 Research design..23

3.3 Target population 23

3.4 Data collection..24

3.5 Data analysis 24

CHAPTER FOUR..26

DATA ANALYSIS, RESULTS AND DISCUSSION...26

4.1 Introduction 26

4.2 Response Rate 26

4.3 Organizational Demographics...27

4.3.1 Personal details of the respondents...27

4.3.2 Departments...27

4.3.3 Bank branches in malls..28

4.3.4 Customer base..29

4.4 Factors that influence branch network 29

4.4.1 Bank Management..29

4.4.2 Bank roles dynamics...30

4.4.3 Assets, Liabilities and equity..30

4.4.4 Branches in shopping malls 32

4.5 Challenges faced by banks in extending branch networks................................33

4.6 Regression Analysis 35

CHAPTER FIVE 39
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS 39
5.1 Introduction 39
5.2 Summary of findings 39
5.3 Conclusion 40
5.4 Recommendations 41
5.5 Suggestions for Further Studies 41
REFERENCES 42
APPENDICES 47
APPENDIX I: INTRODUCTORY LETTER 47
APPENDIX II: QUESTIONNAIRES 48
APPENDIX II: LIST OF COMMERCIAL BANKS WITH BRANCH NETWORKS WITHIN SHOPPING MALLS IN NAIROBI 53

LIST OF FIGURES

Figure 4.1: Response Rate 26

Figure 4.2: Departments...27

Figure 4.3: Number of bank branches..28

Figure 4.4: Customer base 29

LIST OF TABLES

Table 4.1: Bank management 30

Table 4.2: Factors that influence branch network...31

Table 4.3: Factors influential when opening branches in Shopping malls 32

Table 4.4: Challenges faced by bank in extending branch network 33

Table 4.5: Strength of the model..35

Table 4.6: ANOVA..36

Table 4.7: Coefficients of Determination 37

ABREVIATIONS AND ACRONYMS

ATM	-	Automated Teller Machine
CBK	-	Central Bank of Kenya
CRBs	-	Credit Reference Bureaus
DTM	-	Deposit-Taking Microfinance
GDP	-	Gross Domestic Product
KBA	-	Kenya Bankers Association
MFC	-	Mortgage Finance Company
RTGS	-	Real-Time Gross Settlement Systems
NIC	-	National Industrial Credit Bank

ABSTRACT

The key purpose for the study was to establish the Strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch networks. The study investigates the influential factors affecting location of bank branches in the shopping malls and the challenges faced in locating bank branches in malls. In the study descriptive survey was used. This type of survey is a scientific method that involved observing and describing strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch network. The targeted population was commercial banks in Nairobi with branch networks in the shopping malls. A sample of 33 respondents was used to obtain data. Data was gathered using a questionnaire. The questionnaire contained relevant questions that were composed from relevant research and researcher questions. Data was collected from primary and secondary sources. Simple regression model was applied in determining the level of influence independent variables have on dependent variable. The study found out that overall bank management, changes in bank roles, total number of deposits, average deposit value, shareholders' equity, customer convenience and value of outstanding loans influence branch network as it strives to extend its branches in shopping malls. Technological changes and regulatory innovations have limited banking institutions' opening branches in shopping malls to deliver financial services. The study concludes that the regression model was good for foresting and could be used for prediction of strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch network.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic management consists of a set of resolutions and activities that bring about the creation, application and regulation of ideas intended to accomplish the vision, mission and strategic aims of an organization within the business setting in which it functions (Skinner, 2007). Today's business environment has become dynamic and aggressive with intense competition making business organizations' to be more forceful and vibrant in finding competitive tactics that which promise gainful survival of the business. Competition can be achieved through business advances, advancements in technology and changing customer demands. Christensen (2011) suggests that, for a business to realize and maintain competitive advantage, management should scrutinize the factors that affect execution of competitive strategies. The study will focus on licensed commercial banks within approved shopping malls in Nairobi County.

A bank branch is a retail locality where a bank offers a variety of face-to-face and automated services to clients. It provides services like withdrawals, deposits, financial facilities and financial advice to clients. A Strategic Plan regarding the bank expanding its horizon and looking forward for growth is by extending its branch network. To achieve unmatched level of service to all its customer's banks are now opening branches in the shopping malls. According to Hanweck, (2008) research evidence indicates that bank institutions are considering opening smaller outlets in malls rather than opening convectional branches. The effectiveness of the entire shopping mall unit is determined by evaluating the number of visits by shoppers and the volume of sales from the tenants.

This study is based on various theories, theory of competitive advantage by Porter (1990). According to this theory the objective of operational effectiveness as a strategy is to execute internal business actions in a superior way than competitors thereby making it easier or more favorable to engage with in business than competition. It advances the features of the company while decreasing the time it takes to sell the products and services on the market with a great start. Location theory by Johann (1998) is the physical locality of an commercial activity. It is concerned with what commercial activities are situated in which place and the reasons as to why they are located there. Businesses will therefore choose locations that will increase their returns and buyers make choices based on locations that give maximum utility.

Shopping malls are giving banks an opportunity to set up in store branches that allows for sharing of expenses with host outlets to reduce overheads to continue meeting the needs of its customers. According to Barney (2009) sustainability concerns are causing consumers to prefer mixed used developments where they can carry out economic activities within a walking distance.

1.1.1 Concept of Strategy.

Strategy is a design used by management to place a company in its chosen market ground. It guides an organization to superior performance by helping it establish competitive advantage. Strategy helps in making decisions that help in identifying purposes, goals, objectives, and priorities of the organization. It helps organization create competitive advantage as the organization needs to be aware of what the competitors do to effectively, Thompson (1998).

Strategic plan can be explained in various methods. It can be a vehicle for communication and coordination within the organization. Strategy guides organization resolutions towards higher performance by creating competitive advantage. This enables the company to compete successfully and please its customers while achieving good business performance. Johnson and Scholes (2003) describe strategy as the scope and formula that a business takes over a lengthy period. They argue that strategy attains advantage for the organization by aligning the resources in the dynamic settings to satisfy the requirements of the market and meet stakeholders‟ anticipations. Jeanne, (1962) in his definition of strategy states that strategy involves the identification of key long term aims and purposes of a business and the process of implementing the action plans; hence strategy helps in the provision of resources required to achieve the set target. Mintzberg, (1996) offers the opinion of strategy by asserting that strategy is a plan, a ploy, a place and a viewpoint as it identifies intentionally the required action plan to take. It acts as the way to beat competition and as a way of positioning the business in its operating environment.

1.1.2 Concept of Shopping Malls

The concept of mall has been elucidated by Finn and Louviere (1996) as the importance of cautious activities adopted by shopping centers management on environmental settings, differences in opinions and customer preferences based on their decision making to set up many businesses under one big building. Several factors are considered when setting up shopping malls. These include elements like design, opening hours, location, store mix and accessibility. Shopping malls are becoming increasingly popular throughout the world leading to increased development of malls. Therefore it is important to know what factors influence their popularity and what impact they have the residential property market.

The idea of making several shopping trips forms a main notion of establishing a new distinct place to do shopping. Researchers recommend in having a multi-product view rather than complexity of a single product when setting up a shopping mall. Thompson (1969) suggested that there is an inherent hypothesis that main reason that differentiates similar products is location and not the product or service price, quality, quantity and brand image. In reply to this, there has been a strategic effort applied recently to develop mathematical modeling in central place theory which integrates multi-purpose shopping.

Shopping centers are important aspects of city markets. This has remained unchanged even with the dynamic environment in socio cultural aspects and technology advancements. A shopping mall is described as a type of shopping place where one or multiple buildings have many shops occupied by different merchandisers with walkways that are interconnected to facilitate movement from one shop unit to the other. According to Leong (2001), shopping malls provide urban public space by attracting opportunities for social life and recreation in a protected pedestrian environment. As part of daily urban development shopping malls function as part of multifunctional urban public spaces of modern era according to (Roy, 2007).They provide urbanity and public attraction from the very beginning of development.

Banks have adopted to open new branches in malls due to the convenience of having many stores and services. The malls as it has been conceived for the last century is at critical changing point (Hanweck,2008). Increased wave of global changing trends are causing malls to change the roles they play in people’s lives. While they were primarily meant for shopping, consumers are now visiting malls looking for experiences that go well beyond traditional shopping (Rajagopal, 2007). Nairobi Kenya is becoming more of a shopping destination. New electronics, household items furniture, branded gear enter the market every day. Being a cosmopolitan city, international brands are really thriving in Nairobi. The shopping variety available is vast to suit any preference. Access to these commodities is widespread. For more local items it’s advised to visit the town shopping stalls, whereas for more high end products the malls are a better option.

1.1.3 Bank Branch Networks

Bank branches by tradition considered the foundation of customer relationship in banks retail business. Bank network is a group of two or more banks branches linked together. As a result of reorganization purposes banks are reconsidering the idea of branch site by locating them in malls. As customer needs continue to change, banking institutions have to continually keep abreast of the changing customers’ needs, Skinner (2007). As a result, location of banking institutions has been considered one of the competitive aspects that would increase convenience for customers as well as up scaling of sales for commercial banks.

Banks have in the past continuously experienced growth of their networks, following the rule that a larger network, more or less resulted into a larger sales Skinner (2007). This trend as Skinner notes has however undergone big gone changes ever since 1980s in reaction to competition found in the worldwide market offering financial facilities. Financial innovations such as online banking, ATMs and mobile banking are reducing the need to have wide branch networks to offer services to customers. This notwithstanding, there is still need for customers to come into banking halls.

In Kenya, this is particularly evident as seen by the queues at the beginning and end of each month. This is because customers need to bring and remit payments via direct deposits, cheques or RTGS. These processes may need customers to move from one bank branch to another. Shopping malls serve as attractive destinations where many bank branches can be under one roof. This emerging trend of developing shopping malls has seen an interesting change in the expansion of bank branches among banking institutions. (Skinner,2007). Further, as part of their reformation, commercial banks are reconsidering the idea of branch office. Alternatively the old traditional office has been put down to an entire branch located within a big mall. This branch office enables banks to advance on efficiency of branch network and recognize revenues from their investment in the alternative banking channels.

1.1.4 Commercial banks in Kenya

Banking Industry in Kenya has experienced many changes in regulations and financial restructuring. The changes have contributed to a big number of changes in the structural modifications and also it has attracted foreign banks to the country to come and offer their financial services. The capital market in Kenya is considered to be constricted because the financial sector is generally bank-based. Banks dictate the financial industry in Kenya and due to this fact the procedure of economic facilitation in the country relies mostly on commercial banks. Kenyan economy is connected and put together by the banking sector in Kenya. There are several industries like agricultural and manufacturing that fundamentally use the banking sector for their existence and development. The banking sector in Kenya has been experiencing incredible upgrade on performance for years. These has seen only two banks put on receivership. This numbers are far much less compared to 37 banks which according to CBK were not performing well in the year 1986 to 1998, (Kamau, 2009).

The Banking sector in Kenya is governed by Companies Act, the Banking Act, the Central Bank of Kenya Act and various provident rules by the Central Bank of Kenya (CBK). Commercial banks are unified under the Kenya Bankers Association (KBA).In this association the banking sector can lobby for interest's and gives a meeting to discuss matters affecting members. Commercial banks are those institutions involved in accepting deposits, provision of loans and trading facilities to the public while retaining a given amount of their capital base at the central bank. Commercial banks, just like other organizations operate within the environment and are environment dependent (Ansoff & Mc Donnell, 1990). According to CBK's Directory 2011, Kenya has forty-four (43) licensed commercial banks and one (1) Mortgage finance company. The regulation of commercial banks in Kenya is carried out by the Central Bank of Kenya through the Central Bank Act Cap 486, which is usually reviewed every year.

According to Price Water Coopers (2015), development of customer centric business models, optimization of supply, streamlining business and operating modes, gaining information advantage, allowing for innovation and abilities needed to foster it and proactively handling risk management and control is considered among the six priorities for Kenya's banking institution for the year 2020. In optimization of distribution, cost effective branches which are branches located within a mall could be considered among the strategies that banks are adopting in order to increase enhance their customer centric business models. This however has not been given eminence in studies describing Kenya’s banking industry. Competition has increased over the last few years among the players in this sector .This is as a result of increase in innovations amongst the participants and new entrants in the market.

1.1.5 Banks at the shopping malls in Nairobi

A shopping mall is a recent word that defines a type of shopping center where one or more buildings holds a number of shops which belong to different merchandisers with connecting pathways that allow clients to move from merchandiser to another.. According to Leong (2001), shopping malls provide urban public space by attracting opportunities for social life and recreation in a protected pedestrian environment. As part of daily urban shopping malls function as part of multifunctional urban public spaces of modern era according to (Roy, 2007). They provide urbanity and public attraction from the very beginning of development.

This city space as noted by (Hussain, 2008) gives opportunity for businesses to operate from and served three important functions that include; meeting place, market place and connection place. Shopping malls provides venues for exchange of goods and services.

Banks have adopted to open new branches in malls due to the convenience of having many stores and services. The malls as it has been conceived for the last century is at critical changing point (Beyard, 1999).Increased wave of global changing trends are causing malls to change the roles they play in people’s lives. While they were primarily meant for shopping, consumers are now visiting malls looking for experiences that go well beyond traditional shopping (Sigghal, 2007)

Nairobi Kenya is becoming more of a shopping destination. New electronics, household items, furniture, branded gear enter the market every day. Being a cosmopolitan city, international brands are really thriving in Nairobi. The shopping variety available is vast to suit any preference. Access to these commodities is widespread. For more local items it's advised to visit the town shopping stalls, whereas for more high end products the malls are a better option.

1.2 Research Problem

The Central Bank of Kenya is the banks regulatory body of Kenya. The banking sector in Kenya contains 44 banking institutions in which 43 are commercial banks and 1 is a mortgage finance company .There are four representative offices of foreign banks, six Deposit-Taking Microfinance Institutions (DTMs), 118 Forex Bureaus and 2 Credit Reference Bureaus (CRBs). There has been an increase in the number of bank branches by 98 from 1,063 in 2010 to 1,161 branches in 2011.This is a clear indication that there is an increase in the access to banking products and services. (CBK, 2011)

A research conducted by the Kenya Bankers Association revealed that as much as 73% of the potential value of expansion strategy in commercial banks in Kenya result to increased performance (KBA, 2013). The country economic growth and development is highly supported by the commercial banks. These sector supported 5.4% of the GDP in 2010 with an ability to contribute 8% to 15% (CBK, 2013) compared to 22% in South Africa and Ghana at 28%. Commercial banks can keep assets worth 63% of the GDP. Banking sector has been growing upwards in the last number of years to doubling the digit of growth over the period. This sector grew by 14.3% in 2009 where it made a profit of 48 billion in 2009. This result increased further by 28.4% in 2010 and 35.1% in 2011

(CBK, 2011). Today banks are increasingly using shopping malls as their branch network extension.

As a result of the growth in the banking industry banks in Nairobi are now adopting acquisition and start-up expansion strategies. According to financial experts banks should strategize to concentrate on the local market in which they operate before considering expansion the regional markets. Currently only 25 per cent of Kenya's population is banked (Kang'oro, 2013). These shows that there is still a big percentage which is yet be banked and banks need to develop strategies to offer banking solutions to the unbanked, which would result to economic growth. Expansion strategy is therefore very important for a business to fit in the dynamic business setting. To the researcher best knowledge there is no empirical evidence on the strategic reasons why commercial banks in Nairobi are using shopping malls as extensions of bank branch network. This study sought to find out: what are the strategic reasons why commercial banks extend branch network to the shopping malls? What are the challenges faced by commercial banks in establishing at the shopping malls in Nairobi?

1.3 Research objectives

The study aimed to achieve the following objectives:

i. To establish the strategic reasons leading commercial banks extend branch network to the shopping malls.

ii. To determine the challenges faced by commercial banks in establishing branch networks at the shopping malls in Nairobi.

1.4 Value of the Study

Finding from the study forms a foundation for adding value to the strategic theories. Branch networks requires significant reason to be considered when deciding where to open a bank account. They have both direct and indirect long-term repercussions for a bank’s impending development and capability to compete.

The finding of the study forms a future reference to researchers, scholars and students who may aspire to carry out research on the same or correlated field. The study may also be helpful to scholars and researchers in identification of further areas of research on other related studies by highlighting related topics that require further research and reviewing the empirical literature to establish study gaps. The study contributes significantly to strategic management at the banking sector. The study provides bankers with important information relating to strategic management in general and the importance of formulating better banking strategies and decisions when choosing locations for bank branches.

The study was useful to management of commercial banks in execution of decisions, strategic expansion plans and decisions. Management in the expansion of networks can use the study to determine the strategic practices to be adopted for the use in shopping malls as extensions to branch network.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

There are other researchers who have done research on similar areas of study. This chapter will review on information gathered from them. The precise areas to be discussed will be; theoretical foundation of the study, factors influencing location of bank branches and the challenges faced in locating bank branches in malls.

2.2 Theoretical Foundation

A theory explains a phenomena through logical declaration or collection of reports, that are sustained by evidence. A theory consists of orderly description of the association amongst phenomena. Theories give a general explanation to an occurrence. A researcher is therefore required to be acquainted with the theories relating to his area of research (Kombo and Tromp, 2009, Smyth, 2004). Kinuu (2007) suggests that a theoretical framework leads research, determines the variables to measure and statistical relationships to consider in the context of the subject under study. Thus, the theoretical literature assists researcher to identify correctly the variables of the study to give an overall structure for data analysis and assists in the choice of appropriate research design.

2.2.1 The Theory of Competitive Advantage

Competitiveness can be described in three altitudes: corporate, industry and national levels. Theory of national competition was introduced by Porter (1990) grounded on productivity as the capability to exploit economic production per unit of resources. He changed emphasis from national trade balance to factor endowments towards the micro and macro-economic factors distressing productivity as the main factor affecting competitiveness and long-term growth.

Firms develop commercial tactics to attain competitive advantage to beat its competitors Porter and Millar (1985. To achieve competitive advantage the firms should respond to the five forces which include; rivalry in the existing firms within an industry, threat of new entrants in the market, threat of substitute products and services and bargaining power of suppliers and buyers. According to porter 1979 a firm should evaluate the five factors in a given industry and target those points where the forces are weak. A business achieves competitive advantage when its activities in an industry yield economic worth and if limited competing businesses are engaging in related actions Porter (1985) .When the right strategies are used it ensures lasting profitability

2.2.2 Location theory

According to Johann (1998) location theory addresses the physical locality of a commercial activity. Location theory answers inquiries of what commercial undertakings are located where and the reasons why they are located there. Firms therefore will choose localities that increase their revenues and persons prefer locations that increase to maximize their usefulness. This helps firms meet their goals as they satisfy the customer needs in a convenient way. Company revenue is highly influenced by where it has been located. A location strategy is a design which assists in getting the best site to establish a company through highlighting out the company goals and objectives, and identifying the localities that are in line with these goals and objectives. This will therefore mean that a firm will want to increase opportunity and reduce on costs and risks (Parsons, 2003).

A firm location should ensure that firm meets the economic goals which include survival, growth and profitability. Firms must be located in place where they will remain and operate successfully .The location should consider the dynamic environment it operates in, businesses function in a changing environment and the need to adapt and respond appropriately (Pearce & Robinson, 2003).

2.3 The Strategic Reasons For Extending Branch Network.

At the moment the number of registered commercial banks in Kenya is 44. The main structure of the financial industry has experienced many changes despite the fact that the duties played by the organizations in the industry like offering payment services and expedition of the distribution of financial resources over time have remained fairly unchanged for the previous period,(Svensson, 2014). Speedy modernizations in new financial aspects and the extensive expansion in information technology lead to this change. This change results to increase in pressure to the employees to significantly increase productivity in all areas of their performance.

Due to competition firms must adopt new ways in order to remain competitive in the aggressive industry. It is recognized that commercial banks make an important influence in the socioeconomic and political structure of both second world and third world countries and also in countries on transition from command to market economies (Kinuu, 2007). Moreover, a fit and developing banking industry is seen to be vital for viable competition and economic expansion at local, regional and national levels (Porter, 2006).In a study that covered four Southern African countries: Botswana, Malawi, Swaziland and Zimbabwe, ability to get formal credit assists firms to survive only in

Malawi (Kombo and Tromp, 2009). In Swaziland and Botswana, the companies that received credit facilities from informal sources where highly subjected to closing down than those that had not received any credit facility from either source. In Indonesia after liberalization of the financial industry, incompetent organizations chosen by the government to get credit at lower interest rates did not survive (Hanweck, 2008). Proper utilization of loans given by banks has helped in the progress and development of businesses.

The banking sector is particularly undergoing a transition of extensive changes in the structure under both collective and associated forces like industry competition; declining entry barriers; dynamism in regulation; changing information ; technology change ; global competitive forces; fast-evolving strategic objectives, goals of banks themselves and existing and potential competitors (Barney, 2012). According to (Svensson, 2014) series of collective developments have are becoming intense and all have major consequences affecting the ability to compete among the banks. Many of the effects of these forces are similar however they have different timing and intensity. Worldwide forces have high chances to dictate each country's definite aspects in the forthcoming developments of the banking systems.

Commercial banks in Kenya are encountering stiff competition demanding the necessity of having competitive strategies to assure good results. Due to competition there is intensified force for banks to be proactive and to articulate effective tactics that assist in getting proactive answers to project future changes in the competitive environment Johnson (2002). Commercial banks should determine on how to enter a market, develop and defend its competitive position. One of the strategies they use is to extend their networks to the right locations where they will able to get more customers and serve them better than the competitor. Banks can also get clients from the overflow of the other existing businesses especially if they are located in shopping malls. Locating near your competitors aids to gain from their marketing efforts which attract clients to the area. Many businesses consider competition to be an advantage for business, making them to constantly advance their offerings to improve their competitive advantage (Kirkup and Rafiq 2012).

According to Jeanne (2014) due to busy schedules, ease and luxury with ecommerce customers are picking those brands which will give them convenience in the way they like and not the other way around. Those who are among these brands understand that clients want convenience on their terms and not the business terms. Convenience, according to Merria (2014) is something favorable to comfort or ease. Customer convenience is therefore important factor to consider when locating a business. According to Smyth (2003) for businesses to be successful they need to operate in locations where customers find it easy, cheap and quick to access the service being provided. Customers prefer the locations which provide convenience even before getting the service. They drive in easily, get parking space and walk to their destination in comparative safety and speed. There are some shopping malls that provide weather protection and an atmosphere created for shopping comfort. For customer the shopping malls have a big appeal.

Demographics specify the universal features of the population in a specific area. These features include power to purchase, residence type, transportation means, family status and level of educational. When businesses examine these characters they are able to confirm if business is feasible in the region and decide on the prices for products and services that inspire consumer spending. This study also helps business people create adverts and marketing plans that relate to their target markets, hence leading to effective movements for lead generation. Locating near their customer base increases their chances of making sales (Merria 2014). Firms need to determine who their customers are and how vital their proximity is to the business location. The demographic summary you have of your niche market will assist in making this decision.

The cost of building can be very expensive. Shopping mall bank branches decrease a bank's fixed and operating costs significantly. A firm may thus be enthusiastic to operate in shopping malls especially in the areas that could not sustain a convectional branch. The foot-traffic passing in the Shopping malls is an essential factor that makes shopping mall attractive for business operations. Shoppers are likely to see the firm brands as they carry out other errands in the shopping malls. Traffic stream designs are necessary considerations to determine the site. Traffic can be measured through traffic pattern, counts, and occurrence pattern of the traffic movement Khan (1992).

Accessibility matters such as provisions of parking and entry ease are essential. Shopping malls are usually easily accessible for customers, employees, and suppliers. Most of them are even accessible to people with disabilities. They are also open for many hours with access to most of the service providers. They provide ample and convenient parking for both customers and employees. Shopping malls are majorly located near other businesses and services. When a firm operates in a shopping mall it is able to a benefit from nearby businesses due customer traffic from neighboring businesses. These customers could also be the employees from the neighboring merchants who may find it efficient, convenient and efficient to buy goods and services that are close to them. According to Weinkranz (2012) shopping malls consist of a tenant mix that appeals similar clients which complements the businesses in the mall. Anchor tenants attract many customers because these businesses normally attract in most of the center's customer base. It also enriches the quality of your company as a workplace because even the employees can have easy access to other services which they may need.

The shopping malls and the firms operating in it have a mutual benefit. The bank branches in the malls expect improved sales as more of the other tenants' clients decide to shop at a shopping mall Weinkranz (2012). The bigger the bank's market segment in the area served by the shopping mall, the bigger the possible boost to sales. Many shopping trips make chances for a bank to open new accounts and offer face to face services to customers who would otherwise not enter the traditional branches. These branches give opportunities to cross sell additional services to the existing to bank customers who naturally visit a shopping mall more often than a traditional branch. Banks look out for shopping malls that have a high fraction of big and popular stores because the bigger the store, the bigger the flow of potential bank clients. The switch to shopping mall branches is a development that could help uphold and increase the availability of banking services. This will help meet the public demand for banking needs in a convenient way.

2.4 Challenges of establishing branch networks

Banks face challenges all over the globe: they no longer have monopolies and their comparative advantage has decreased their positions in the financial sector. (Rochet and

Tirole, 2006). Specifically there has been tremendous erosion in the entry barriers into banking services, competition has been increasing from a big range of both potential and actual suppliers. Competition is experienced from the capital markets, non-banking financial institutions, money markets and non-financial banking institutions. The upcoming changes and growth of online banking has aided foreign banks to enter to relatively closed domestic retail banking markets (Pollard and Hotho, 2006). In other scenarios big corporate customers have been carrying out some of their banking procedures through in -house banks. In some countries banks are retrenching employees and closing branches with the introduction of new banking technology and alternative banking channels. Banks have also decide to venture in to new areas like motor insurance, life assurance, unit trusts and other services to make revenue and beat the sharp competition

There has been tremendous developments caused by to changes in financial structures and systems like development of financial needs, growth of institutions offering investment services and savings plans, rise of change in the role of bodies in other departments in the financial system, the change in the duties of management in the financial structure, modification of financial businesses and the constant attrition of ancient differences among different kinds of financial firms; the access of new suppliers of financial solutions, a considerable increase in the growth range of new and multiple financial mechanisms, and the globalization of financial markets (Skinner 2007).

Since 1960s, entities and financial suppliers working in financial markets were met with radical modifications in the business environment. The rise of Inflation and interest rates went up tight and resulted to difficulties in forecasting on circumstances that transformed demand settings in financial markets. The increased development in computer technology changed the supply conditions (Mushkin, 2007). Due to difficulties in maintaining profitable positions financial banks discovered that most of the ancient methods of running business were not bringing revenue and sales were not growing from the financial solutions they were offering to the market. (Mushkin, 2007) The financial instruments that most of the commercial banks were using could not enable them get funds and without these funds they could not remain operational in the market.. In order to survive in the new economic environment, commercial banks were required to tailor advanced new products and services to cater for the present customer needs and expectations to increase their profit margins profitable (Mushkin, 2007).

The structure in a firm influences the movement of information context and nature of human interaction. Organizational structure puts certain borders of rationality, which are required due to the individual's limited cognitive capabilities (March and Simon, 1958). When an organization changes its strategy, the present organizational structure may be futile (Wendy, 1997). Miller and Colleagues (1988) highlighted that there is an inherent association between strategy formulation and structure. It allows for cooperation, stipulates ways of coordination, assigns authority and duties, and recommends stages of formality and complexity. Changes in plan usually call for modifications in the way an organization is structured. The main reason that relates structural conditions to the strategic problem is the way an organisation sees and processes information strategic stimuli (Galbraith and Merril, 1991).

Technology advances every day. It has expanded enormously leading to increased use of new technologies which is not only changing the way customers, suppliers, and competitors interact, it is also impacting on the organization's structures. Firms have to establish new technologies to reach their, suppliers and partners. According to Wheelen and Hunger (2008) knowledge is becoming a key asset and a source of competitive advantage. Keeping track with the changing technology is a big challenge to firms today.

Leadership of an organization has a vital effect on the success of a location strategy. Barnajee (1999) observes that there are three aspects to consider in a leader. These are: does the leader have a vision; are the leaders of the organization able to perceive quickly the trends and does the leader have powers? This dictates the capabilities of the leader to translate strategic aspirations into operating realities. Leadership is the practice of prompting others towards achievement of organizational goals (Bartoi and Martin, 1991). Leaders stimulate commitment to embrace change through three interrelated activities, which include: ability to clarify strategic intent, building an organization, and shaping organizational culture (Pearce and Robinson, 2002).

Culture means a set of values, traditions, and behavioral patterns that somehow bond together the people who comprise an organization. In order to implement strategies successfully a firm requires the right culture since the culture of an organization can have weighty effects. Ansoff (1957) points out that behavior is not value free, individuals show preferences for certain behavior and may persist with it even if it leads to sub optimal results. For a strategy to be effectively effected, it needs the right culture. (O'Reilly,1989). When businesses modify strategies, and structures they may fail due to the basic values that may not support the new approach (O'Reilly, 1989). Strategists must, therefore, strive to preserve, highlight, and build traits of prevailing culture that support proposed new strategies. Kazmi (2003) observes that culture may be a factor that drives strategy rather than the other way round.

2.6 Chapter Summary

This unit of the study covered a theoretical foundation of the study, strategic reasons on why banks establish branch network and challenges in establishing branch networks. In this section of the study it has been noted that no major study has been carried out in Kenya specifically to establish the factors influencing commercial banks to extend branch networks to the shopping malls and challenges in the extending bank branch networks to the shopping malls hence limited study from identifying specific theoretical and empirical issues pertaining the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will entail the research methodology that was required to carry out the study. The researcher identifies the procedures and techniques that were applied in collection, processing and analysis of data. Aspects covered include the research design, data collection methods, data analysis techniques.

3.2 Research design

Research design is the basic blueprint that shows an overview of the actions that are required to perform the research project. Kothari (2004) describes a research design as a plan, structure and strategy of inquiry to find out responses to research questions and govern variance.

This study adopted a descriptive survey. Descriptive survey research design is a scientific method which includes observing and unfolding behavior of a focus without manipulating it in any way (Bryman,2001). The study was conducted on commercial banks in Nairobi with branch networks in the shopping malls.

3.3 Target population

Target population is a set of persons, items or objects considered in any field of study. It refers to a large group from which the sample is taken. (Orodho, 2004), defines target population as items or people under consideration. For this study data was collected from all commercial banks in Nairobi with branch networks in the shopping malls.

3.4 Data collection

The survey used both primary and secondary sources of data. The primary data was gathered directly from the respondents in the population. Secondary data sources included the bank's intranet, journals, daily reports/Papers, brochures, policy documents and other related documents available in the registries that were of interest to the topic. According to Bryman and Bell (2013) there are 11 commercial banks with branches in shopping malls in Nairobi. Census was used to select 3 senior managers from each bank thus forming a sample size of 33 respondents who were used in this study.

Questionnaires were used to obtain the information from the respondents. These questionnaires were developed in three sections. Section A was to seek general organizational demographics while Sections B was to check the strategic reasons leading commercial banks to use shopping malls to extend branch network and Section C checks the challenges which commercial banks experience in establishing branch networks in the shopping malls. Respondents were given time to in the questionnaire in order to provide full information.

3.5 Data analysis

After collection of data, each questionnaire was checked for completeness and consistency to ensure that all variables of interest are correctly captured. The data was entered into excel spread sheet for coding and other management logistics including data cleaning, storage and any other necessary manipulation. The data was then imported to SPSS version 22 and parametric statistical procedure analysis was applied. According to Mugenda and Mugenda (2003) the key reason of analyzing the content is to understand the existing information for the purpose of determining the factors that explain a specific phenomenon. Descriptive statistics such as percentages and frequencies were used to answer research questions. Tables were used to present the data. Qualitative data was analyzed according to the themes and the research objectives.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

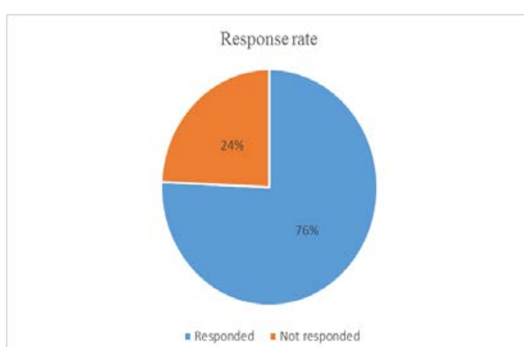
4.1 Introduction

This chapter entails data findings, analysis and discussion. The data was gathered by use of a questionnaires disseminated to 33 respondents. Descriptive and inferential statistics were applied in the analysis of the data collected. The response rate was 76 percent. This response rate was considered to be excellent because according to Mugenda and Mugenda (1999), a response rate of 50 percent is satisfactory for analysis and reporting; a rate of 60 percent is good and a response rate of 70 percent and over is excellent. The study sought to determine the strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch network.

4.2 Response Rate

The targeted a sample size of the study was 33 respondents from which 25 completed in and submitted the questionnaires making a response rate of 76%. This response rate was satisfactory to make conclusions for the study.

Figure 4.1: Response Rate



Source: (Reseacher 2016)

4.3 Organizational Demographics

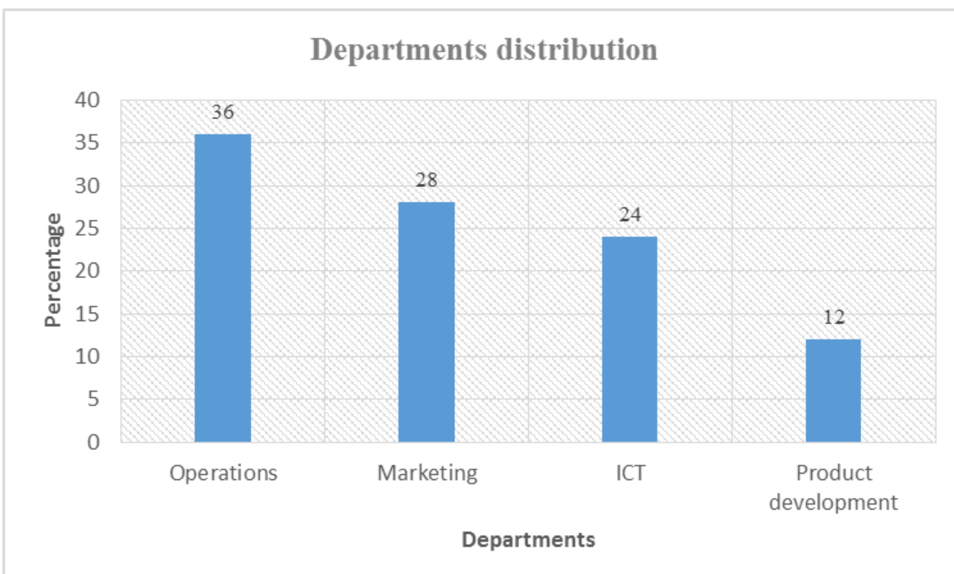
4.3.1 Personal details of the respondents

Respondents in this study were requested to describe their bank name, physical address of its head office and department in which the respondent is working in. The findings indicated that majority of the respondents specified that their banks have their main office in Nairobi, Kenya's capital representing 89.3 % of the total respondents.

4.3.2 Departments

In this survey, the respondents were required to specify the departments in which they work.

Figure 4.2: Departments.



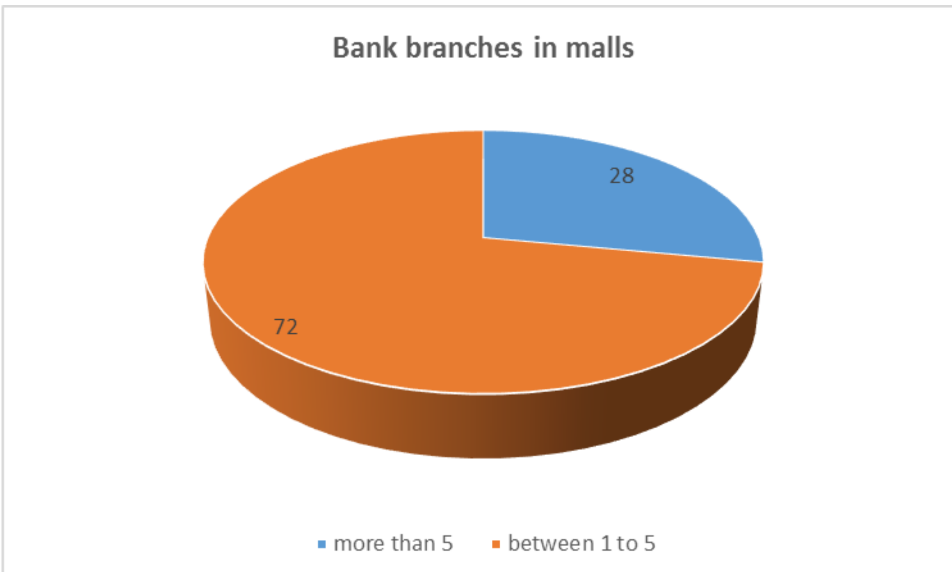
Source: (Reseacher 2016)

From the survey results, 36% of the respondents represented were from the operations department, 28 % of the respondents came from the marketing department, 24 % of the respondents originated from ICT department while 12 % of the respondents were from the product development department. These results indicate that respondents came from all the main departments in the banking institutions.

4.3.3 Bank branches in malls

In this survey, the respondents were asked to state the number of branches located in the shopping malls in Nairobi.

Figure 4.3: Number of bank branches



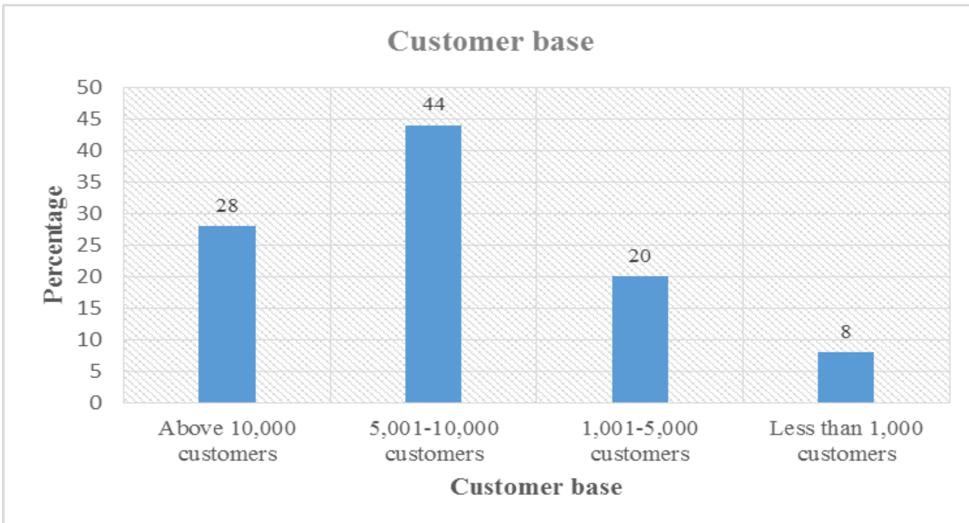
Source: (Reseacher 2016)

The study findings revealed that 72% of the respondents have between 1 to 5 branches while other 28% of the respondents have more than 5 branches in the malls. These findings depicts that majority of the banks have branches in the shopping malls.

4.3.4 Customer base

In this study respondents were told to specify the branch customer base in the shopping malls.

Figure 4.4: Customer base



Source: (Reseacher 2016)

From the findings it was found that 28% have customer base above 10, 000. Other 44% of the respondents have between 5,001 and 10,000, 20% of the respondents have between 1,001 to 5,000 while 8% have less than 1,000 customer base. The findings depicts that majority of the respondents have a customer base of between 5,001 and 10,000.

4.4 Factors that influence branch network

4.4.1 Bank Management

In this survey, the respondents were asked to state whether the Bank Management articulated a vision for the organization. From the responses it was found that 87% of the banks articulated the vision while 13% didn’t. Most of the respondents who agreed indicated that the use of vision has an impact on the bank management.

Table 4.1: Bank management

Response	**Frequency**	**Percentage**
Yes	22	88
No	3	12
Total	**25**	**100**

Source: (Reseacher 2016)

4.4.2 Bank roles dynamics

When asked whether the role of the branch will change and be less dependent on transactions, 52% agreed while the other 48% disagreed. The changes that may arise in the way the branches work was the adjustment to accommodate the incresed changes in technologies and the dynamic nature of the customers. The state of the customer in terms of financial management and the need to adopt mobile banking and online banking as alternative banking channels found them less dependent of the transactions.

4.4.3 Assets, Liabilities and equity

In this study, the respondents were requested to indicate whether they agree on the influence of these factors on the branch network. **Table 4.2** gives the means and standard deviations of the finding.

Table 4.2: Factors that influence branch network

Factors that influence branch network	Mean	Std. Deviation
Number of deposit accounts	4.3820	0.68267
Average value of deposits	4.6629	0.47539
Total number of loans outstanding	4.5618	0.65635
Total assets	4.3820	0.68267
Shareholders'/members' equity	4.5618	0.49898
Total value of loans outstanding	4.3483	0.65888

Source: (Reseacher 2016)

From the research results as tabulated in **Table 4.2**, respondents confirmed that:the number of deposit accounts influence the branch network with a mean of 4.3820 and a standard deviation of 0.68267. This was followed by a substantive agreement on average value of deposits with a mean of 4.6629 and a standard deviation of 0.47539, total number of loans outstanding having an influence with a mean of 4.5618 and a standard deviation of 0.65635, the extent total assets owned by the bank influence branch network was agreed by a large number of respondents with a mean of 4.3820 and a standard deviation of 0.68267 while influence of shareholders' equity and total value of loans were agreed with a mean of 4.518 and 4.3483 and a standard deviation of 0.49898 and 0.6588 respectively. These findings indicate that large number of the respondents agreed and concluded that all the factors have an influence on the branch network.

4.4.4 Branches in shopping malls

Respondents in this survey were requested to indicate to what extend the following reasons are influential when opening branches in the shopping malls.

Table 4.3: Factors influential when opening branches in Shopping malls

Factors influential when opening branches in shopping malls	Mean	Std. Deviation
Competition	4.243	0.65787
Number of potential customers	4.725	0.51257
Growth potential	4.182	0.42782
Number of firms in the mall	4.528	0.63245
Financial indicators	4.261	0.57251
Accessibility	4.421	0.69562

Source: (Reseacher 2016)

From the research findings as presented in **Table 4.3**, respondents agreed that competition influenced extending branches to shopping malls with a mean of 4.243 and a standard deviation of 0.65787, this was followed by a substantive agreement on number of potential customers with a mean of 4.725 and a standard deviation of 0.51257, growth potential influenced extending the branches to shopping malls with a mean of 4.182 and with a standard deviation of 0.42782, the number of firms in the mall influenced extending the branches to malls with a mean of 4.528 with a standard deviation of 0.63245 while influence of financial indicators agreed with a mean of 4.261 and standard deviation of 0.57251. These findings indicate that most of the respondents agreed that all the factors have a great influence on the opening of bank branches in shopping malls.

4.5 Challenges faced by banks in extending branch networks

In this study, the respondents were asked to show the extent of influence at which the challenges faced by bank in extending branch network to shopping malls.

Table 4.4: Challenges faced by bank in extending branch network

Challenges	**Mean**	**Std. Deviation**
Technology	4.1457	0.62474
Operating Cost	4.2451	0.42147
Structural Challenge	4.5532	0.65635
Extended operating Hours	4.7824	0.52472
Rivalry among banks	4.2247	0.47263
Our bank structure	4.8698	0.41734
Our bank culture	4.7885	0.66926

Our bank ownership	4.4627	0.67835
Political and legal environment	4.7895	0.47863
Economic environment	4.6651	0.57254
Global environment	4.7921	0.66524
Entry new banks in the market	4.5616	0.60210
Government Regulations	4.5512	0.49541
Security	4.6810	0.52764
Competition in the industry	4.3014	0.62375

Source: (Reseacher 2016)

The research findings as tabulated in **Table 4.4**, respondents agreed technological changes was a major challenge when extending the branches to shopping malls with a mean of 4.1457 and a standard deviation of 0.62474. This was followed by a substantive agreement on operating cost being an hindrance to extension with a mean of 4.2451 and a standard deviation of 0.42147, structural nature in the banks was an hindrance to extending branches to shopping malls showing a mean of 4.5532 and a standard deviation of 0.65635,the extended operating hours having a challenge to banks opening new branches in the shopping malls was agreed by most respondents with a mean of 4.7824 and a standard deviation of 0.52472, rivalry among banks being an hindrance was agreed with a mean of 4.2247 and standard deviation 0.47263, political and legal environment as a challenge was agreed by most respondents with a mean of 4.7895 and standard deviation of 0.47863 while stiff competition in the banking sector was agreed with a mean of 4.3014 and standard deviation of 62375. These findings show that most of the respondents agreed that all these challenges have great influence on the banks opening new branches in shopping malls.

4.6 Regression Analysis

The regression analysis is concerned with the distribution of the average value of one random variable as the other variables which need not be random are allowed to take different values. Regression model connects the average values of y for various values of the x-variables. This model was as follows:

$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + ẹ$

Where:

y = Strategic reasons leading commercial banks in Nairobi extending branches to shopping malls

β_0 = Constant Term

β_1= Beta coefficients

X_1= Bank management changes

X_2= Change in banking roles

X_3= Need to increase customer base

Table 4.5: Strength of the model

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Dimension0 1	.794[a]	0.6304	0.594	0.30202

Source: (Reseacher 2016)

a. Predictors: (Constant), strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch network

Analysis in **Table 4.5** indicate that the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variable) R2 equals 0.6304 that is, strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch network leaving only 1.5 percent unexplained. The P- value of 0.00014 (Less than 0.05) suggests that the model strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch network is significant at the 5 percent significance.

Table 4.6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.976	4	1.494	16.377	.000[a]
	Residual	3.466	38	.091		
	Total	9.442	42			

Source: (Reseacher 2016)

a. Predictors: (Constant), strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch network

b. Dependent Variable: effectiveness of the extension.

ANOVA findings (P- value of 0.000) in **Table 4.6** show that there is correlation between the predictor’s variable (strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch network) and response variable (effectiveness of the extension). An F ratio is calculated to signify the variance between the groups, divided by the variance within the groups. A large F ratio is an indication that there is more variability between the groups (caused by the independent variable) than there is within each group, referred to as the error term. A significant F test suggests that we can reject the null hypothesis which states that the population means are equal.

Table 4.7: Coefficients of Determination

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.165	.705		8.746	.000
Bank management changes	.348	.081	.489	4.289	.000
Change in banking roles	.436	.084	.635	5.187	.000
Need to increase customer base	.286	.084	-.396	-.420	.002

Source: (Reseacher 2016)

The P value is 0.000 which is less than 0.005 significance level.

a. Dependent Variable: Reasons for extension

The established multiple linear regression equation becomes:

$Y = 6.165 + 0.348X_1 + 0.436X_2 + 0.286X_3$

The study found that there are strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch network

The findings in **Table 4.7** indicated that implementation process effectiveness would be at 6.165 holding best that strategic reasons leading commercial banks in Nairobi to use shopping malls as extensions of bank branch network which are bank management changes, change in bank roles and need to increase customer base are constant at zero. The study established that there are strategic reasons leading to commercial banks in Nairobi to use shopping malls as extensions of bank branch network ($r= .755$, $p=0.001<0.05$).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study was carried out on strategic reasons leading commercial banks to establish branch network in the shopping malls and the challenges they face to establish those networks. This chapter will give an overview of the findings, conclusions as given by the study and recommendations.

5.2 Summary of findings

The study was to determine the strategic reasons leading commercial banks to extend branch network to the shopping malls and challenges faced by commercial banks in establishing branch networks at the shopping malls in Nairobi. The study revealed that the strategic reasons for commercial banks to extend branch network to shopping are; increased number of deposit accounts, increased number of customer base and market share, increase of bank deposits, increased revenues, established corporate image, maintaining existing customers, developing confidence of the customers, increase shareholder value, growth of its balance sheet, increase shareholder base, building a stronger brand name, presence of virgin market in the shopping malls, to be in line with its vision, maintain their position of being the largest branch network and enhance competitiveness in the banking industry.

Others strategic reasons include: to counter stiff competition in the banking industry, due to increased number of potential customers, positive growth potential, number of firms in the mall, financial indicators and increase accessibility.

From the study it was found that technological changes and regulatory innovations have limited banking institutions' opening branches in shopping malls to deliver financial services. A new technology means addition of costs that reduces the profits by these banks making the extensions limited. In the present customer experience is what matters making the banks to receive extensive pressure in order to deliver the level of service that clients want in regards to technology.

Banks and financial institutions are still making low returns on investment and equity despite the many reports about banking profitability. There is increased competition from other banks that use technology based systems to give financial services. The rise of changes in technology is changing the way traditional banking was carried out. This poses a big challenge for traditional banks since they are not able to fit easily and fast to the changes in technology, operations, culture, and other aspects of the industry.

Regulatory necessities continue to rise therefore banks use part of their discretionary budget on being compliant, and developing technology systems and processes to keep up with the rising necessities. This limits the number of branches in the shopping malls.

5.3 Conclusion

The study therefore concludes that bank management, changing in bank roles, total number of deposits, average deposit value, shareholders' equity and value of outstanding loans influence branch network as it strives to extend its branches in shopping malls.

The study also concludes that technology changes, high operating costs, complex legal framework, and rivalry between banks have continued to hinder extension by banks to shopping malls. Therefore dynamic financial environment leads to new challenges for bank management, regulatory and supervisory authorities. The main challenges come with the increase in cross-border transactions which are having lower transactional charges, ease in carrying out banking activities and use of advanced technologies which are been used to offer alternative banking channels with the required security. All these challenges have great influence on extending branch network to shopping malls.

5.4 Recommendations

The findings of the study shows that banks need to consider the factors that lead to the extension of bank branches to the shopping malls. It is therefore recommended that banks counter the challenges they face to overcome the hindrance in extending branches to shopping malls.

The study recommends that banking sector should engage in proper focus on right practice in line with these findings and develop a significant approach of addressing them to ensure compliance with all relevant guideline. They must address the issue of taping new markets, increasing customer base and challenges due in extending branch network to increase customer base.

5.5 Suggestions for Further Studies

This study did not exhaust every aspect and therefore it is suggested that another study be done on how expansion of alternatives banking channels has limited banks opening branches in shopping malls.

Further research should be conducted in other business units to ascertain whether these findings are universal. The same study can be carried out in a different industry to verify whether the findings of this study will remain true in a different context.

REFERENCES

Ansoff, H.I., & McDonnell E. (1990). *Implanting strategic management*, 2nd Edition, Prentice, Hall, and Europe.

Barney, J. (1991). 'Firm resources and sustained competitive advantage, '*Journal of Management*, Vol 17, No. 1, pp. 99-120.

Barney, J. (2012). *Gaining and sustaining competitive advantage*, 2nd edition, New Jersey: Prentice Hall.

Brancheau, J., & Wetherbe, J. (1990). The adoption of spreadsheet software: testing innovation diffusion theory in the context of end-user computing. Information Systems Research, 1 (2), 115-143.

Bryman, A. and Bell, E. (2013). Företagsekonomiska forskningsmetoder. 2nd edition. Stockholm: Liber AB. Translation: Business Research Methods

CBK. (2010). Central Bank of Kenya Directory of Commercial Banks and Mortgage Finance Companies, Kenya. Retrieved on Thursday, 18th August, 2011 @http://www.centralbank.go.ke/downloads/bsd/Commercial%20Banks%20Directrory%20-%2031%20December%202010.pdf

CBK. (2011). Central Bank of Kenya. Quaterly report on Development in the Kenyan banking Sector for the period ended 30th June 2011, retrieved on 8th August 2011 www.centrabank.go.ke/downloads

Christensen, C. M. (2011).The past and future of competitive advantage. *MIT Sloan Management*.

Hanweck, M.E. (2008). Towards a dynamic theory of strategy. *Strategic Management Journal*, (Winter Special Issue), 95-117.

Jeanne H. (2014). Increasing returns and long run growth, Journal of political economy p 500-521.

Johann. B., (1998)"The art and science of retail location decisions."

Johnson, G. & Scholes, K (1999*), Exploring Corporate Strategy*, 5th Edition, Prentice Hall Europe

Kamau, J.B., (2010). Firm resources and sustained competitive advantage**,** *Journal of Management*, Vol. 17 pp. 99-120.

Kang'oro, V. (2013), "The State of Strategic management practices in public sector organizations in Kenya", Unpublished Thesis, University of Nairobi

Kazmi, A. (2002). Business policy and strategy management (2nd ed). London: McGraw hill

Khan, M. A., (1992). Restaurant franchising. New York: Van Nostrand Reinhold

Kinuu, D. (2007). Management of strategic change at TAMOIL. *University of Nairobi Unpublished MBA project.*

Kirkup, M. H., & Rafiq, M., (2012, Managing Tenant Mix in New Shopping Centres: *International Journal of Retail & Distribution Management*, v. 22, p. 29-37

Kombo, D.K., & Tromp, D.L.A. (2009). Proposal and Thesis Writing: An Introduction. Paulines Publications Africa, Don Bosco Printing Press, Nairobi Kenya

Finn, K. L., (1993) Conceptualizing, Measuring, and Managing Customer-Based Brand Equity - Journal of Marketing 57, No. 1, pp. 1-22

Kothari, C. (2004). Research Methodology: Methods and Techniques, (2nd Ed.). *New age International Publishers*, New Delhi, India

Leong, V. (2013), "The State of Strategic management practices in public sector organizations in Kenya", Unpublished Thesis, University of Nairobi

Merria A., (2014). A production function approach for analysing the finance-growth nexus. *The evidence from Taiwan, Journal of Asian Economics* 10, 319-328.

Miles, R. E., Miles, G., & Snow, C. C. (2005). *Collaborative entrepreneurship.* Stanford, CA: Stanford University Press.

Mintzberg, H., (1996). *The strategy process: Concepts, contexts and cases*. Upper Saddle River, NJ: Prentice-Hall.

Mugenda, O. M., & Mugenda, A. G. (2003). *Research Methods: Quantitative & Qualitative Approaches.* Nairobi: African Centre for Technology Studies.

Neill, S., & John. P. (1996). "Bank Merger Impact on Small Business Services Is Changing." Wadsworth Publishing Company.

Parsons, A.G., (2003) Assessing the effectiveness of shopping mall promotions: Customer Analysis. *International Journal of Retail & Distribution Management* 31 (2): 74–79.

Pearce, J.A II., & Robinson, R.B J.r. (1991) *Strategic Management: Formulation, Implementation and Control*, 4th Edition, Richard Dr. Iwin, Inc.

Pearce, J. A.II, & Robinson, Richard B. Jr., (July/Sept 1983), *Environmental Forecasting: Key to Strategic Management Business***.**

Pollard, D. & Hotho, S. (2006), *Crises, Scenarios and the Strategic Management Process,* Dundee, UK

Porter, M. E., (1980). Competitive Strategy: Techniques for Analyzing Industries and Competitors. New York: Free Press.

Porter, M. E., (1985). Competitive Advantage: Creating and sustaining superior performance. New York: Free Press.

Porter, M. E., (1990).*Competitive advantage of nations*. New York: Free Press.

Prahalad C.K., & Hamel, G. (1990). The core competence of the corporation. *Harvard Business Review*, (May-June).

Price, W.C., (2015). Evaluating bank branch location and performance: A case study. *Kenya Journal of Operational Research, 87*, 389-402.

Rajagopal, L., (2006) Leisure shopping behavior and recreational retailing: A symbiotic analysis of marketplace strategy and consumer response. *Journal of Hospitality and Leisure Marketing* 15 (2): 5–31.

Robinson, E. (1958). The Structure of Competitive Industry. *Cambridge University Press: New York*.

Sigghal, P. (2007) The adoption of spreadsheet software: testing innovation diffusion theory in the context of end-user computing. Information Systems Research, 1 (2), 115-143.

Skinner, H. I., (2007). ‘Strategies for diversification’, *Harvard Business Review*, Vo. 35, pp. 112-113

Smyth, R. (2004). Exploring the usefulness of a conceptual framework as a research tool: A researcher’s reflection. Issues in Education Research, 14(2), 167-180.

Spee, R. & Wim, D. (2003)"Cost-Reduction Location Strategies." *Journal of Corporate Real Estate* 30–38.

Svensson, G. (2014). "Globalization of business activities: a global strategy approach", Management Decision.

Talley-Seijn, Margaret. "30 Years of Location Strategies." *Plants, Sites and Parks* 31, no. (July 2004): 26–29.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic Management. *Strategic Management Journal*, *18*(7), 509-533

Thomas, H. (1984). Strategic decision analysis: applied decision analysis and its role in the strategic management process. *Strategic Management Journal*, *5*(2), 139-156.

Thompson, A.A., Strickland, A.J; Gamble. J.E (2007), *Crafting and Executing Strategy, Text and Readings* 15th Edition, Mc Graw Hill Irwin

Wheelen, T.L. & Hunger, J.D. (2008). Strategic Management and Business Policy, Upper Saddle River, N.J: Prentice Hall Inc.

APPENDICES

APPENDIX I: INTRODUCTORY LETTER

ANN NGINA MAWEU

P.O BOX 62000-00200,

NAIROBI- KENYA.

25THAUG 2016.

To all respondents,

Dear respondents,

RE: RESEARCH DATA COLLECTION

I am a Masters student at The University of Nairobi. I am very glad that you are my respondent for this study. The purpose of this questionnaire is to obtain your opinion and views to be included among others in the study about "S**trategic reasons why commercial banks in Nairobi are using shopping malls as extensions of bank branch network'.** This research is one of the requirements leading to an Award of Master's degree on business administration. It is hence an academic research and will not be used for any other purpose other than academic. Your cooperation will be highly appreciated.

Thank you.

ANN NGINA MAWEU

D61/63376/2011

APPENDIX II: QUESTIONNAIRES

Section A: Organizational Demographics

1) Name of your bank ____

2) Physical address of head office ________________________________

3) Name your department ____

4) Number of branches located in the shopping malls [ ]

5) Please indicate the branch customer base in the shopping malls by ticking any of the categories below.

Less than 1000	[ ]
Between 1001 and 5000	[ ]
Between 5001 and 10000	[ ]
Above 10,001	[ ]

Section B: Factors that influence branch network

6) Has the Bank Management articulated a vision for the organization?

   YES ☐ NO ☐

   If Yes, Is the vision relevant in the current branch operations?

   YES ☐ NO ☐

7) Will the role of the branch change and be less dependent on transactions?

   YES ☐ NO ☐

   If YES, what are the changes?

8) Do bank customers still seem to have a strong affinity to branches?

YES ☐ NO ☐

9) Will the branch of the future be an exercise in innovation that must be competitive, game-changing and ultimately profitable?

YES ☐ NO ☐

10) Do customers choose your bank because they have a branch near them?

YES ☐ NO ☐

11) Is the branch a preferred banking channel for your customers?

YES ☐ NO ☐

12) In you view do you think brank networks in the shopping malls remain relevant with the current alternative banking channels

YES ☐ NO ☐

If YES, why?

13) How do the following factors influence branch network in you bank?

Where 5- Strongly agree, 4-Agree, 3-Neutral, 2-Disagree and 1-Strongly disagree

(Tick as appropriate)

Factors	Use the key above				
	1	2	3	4	5
Number of deposit accounts	☐	☐	☐	☐	☐
Average value of deposits	☐	☐	☐	☐	☐
Total number of loans outstanding	☐	☐	☐	☐	☐
Total assets	☐	☐	☐	☐	☐
Shareholders'/members' equity	☐	☐	☐	☐	☐
Total value of loans outstanding	☐	☐	☐	☐	☐

14) To what extend are the following reasons influential when opening branches in the shopping malls.

NOTE: **1** = Not at all, **2** = little extent, **3** = Moderate extent, **4** = great extent, 5 = very great extent

Reasons	Use the key above				
	1	2	3	4	5
Competition	☐	☐	☐	☐	☐
Number of potential customers	☐	☐	☐	☐	☐
Growth potential	☐	☐	☐	☐	☐
Number of firms in the mall	☐	☐	☐	☐	☐
Financial indicators	☐	☐	☐	☐	☐
Accessibility	☐	☐	☐	☐	☐

Cost of establishing a new branch	☐	☐	☐	☐	☐
Customer convenience	☐	☐	☐	☐	☐
Familiarity	☐	☐	☐	☐	☐
Risk diversification	☐	☐	☐	☐	☐

Other strategic reasons (please name them)

………………………………………………………………………………………………

………………………………………………………………………………………………

………………

Section C: Challenges faced by banks in extending branch networks

15) In your view to what extent are these challenges faced by your bank in extending branch network to shopping malls?

(Please tick the relevant box for each)

NOTE: **1** = Not at all, **2** = little extent, **3** = Moderate extent, **4** = Great extent, 5 = Very great exten

Challenges faced by your bank	Use the key above				
	1	2	3	4	5
Technology	☐	☐	☐	☐	☐
Operating Cost	☐	☐	☐	☐	☐
Structural Challenge	☐	☐	☐	☐	☐

Government Regulations	☐	☐	☐	☐	☐
Security	☐	☐	☐	☐	☐
Competition in the industry	☐	☐	☐	☐	☐
Extended operating Hours	☐	☐	☐	☐	☐
Political and legal environment	☐	☐	☐	☐	☐
Economic environment	☐	☐	☐	☐	☐
Global environment	☐	☐	☐	☐	☐
Entry new banks in the market	☐	☐	☐	☐	☐
Bargaining power of customers	☐	☐	☐	☐	☐
Rivalry among banks	☐	☐	☐	☐	☐
Our bank structure	☐	☐	☐	☐	☐
Our bank culture	☐	☐	☐	☐	☐
Our bank ownership	☐	☐	☐	☐	☐

Other challenges faced by your bank (please name them)

……………………………………………………………………………………………

Thank you for taking part in the survey.

APPENDIX II: LIST OF COMMERCIAL BANKS WITH BRANCH NETWORKS WITHIN SHOPPING MALLS IN NAIROBI

1. Standard Chartered Bank
2. Kenya Commercial Bank
3. Commercial Bank Of Africa
4. Co-Operative Bank
5. National Bank Of Kenya
6. Oriental Commercial Bank
7. Bank Of Africa Kenya
8. Barclays Bank Limited
9. National Industrial Credit Bank
10. Diamond Trust Bank
11. CfC Stanbic Holdings Limited