

**INFLUENCE OF STRATEGIC LEADERSHIP
PRACTICES ON COMPETITIVE ADVANTAGE OF
NATIONAL BANK OF KENYA**

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DECLARATION

This research project is my work and it has not been submitted in any university for an award of merit.

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This research project has been submitted with my approval as the university supervisor.

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DEDICATION

This project is devoted to my parents, Mr. James Kahiga and Mrs. Teresa Kahiga for instilling in me virtues of hard work and discipline.

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ABBREVIATIONS AND ACRONYMS

CBK Central Bank of Kenya

CEO Chief Executive Officer

ICT Information Communication Technology

KBA Kenya Bankers Association

KES Kenya Shillings

NBK National Bank of Kenya

ABSTRACT

The environment is evolving and this has forced firms to look for ways to remain competitive in the market place. Human and social capital has been considered as a source of sustainable competitive edge for firms and thus must be nurtured and developed. It has however been noted that lack of strategic leadership is a key hindrance towards successful strategy adoption and firm's competitive advantage. This study was set out to determine role of strategic leadership practices on National bank of Kenya's competitive advantage. The study implemented a case study research design where primary data was collected with the help of an interview guide. Data collected was analyzed using content analysis. The study concluded that the most popular strategic leadership practices implemented by NBK were setting strategic direction (targets), maintaining core competencies, regular training and development, organisational culture and a code of ethics. Implementation of all these practices was considered to be important by NBK. The study found that strategic leadership practices strengthened the unity of the employees in working towards the same direction. Decisions were made faster and this improved value for bank products and services and this contributed to a reduction in customer complaints. It is recommended that NBK should make consideration to pool more funds to invest in advanced technologies and research and development in order to maintain competitiveness and overall bank performance. The bank should sponsor its human assets to a continuous training programme to expose them to specialized skills and competencies to improve their creativity. The major limitations faced by the researcher include time and cost constraints that led a case study of NBK. The other limitation is that this research limited itself to open-ended questions. These types of questions are highly exposed to bias and this might affect the accuracy and reliability of findings. The study recommends that a similar study should be conducted to include all commercial banks in Kenya. This will enable the researchers to compare some of the strategic leadership practices implemented by commercial banks and the extent of the bank's commitment to their implementation. Another study could also be conducted with the help of a descriptive study design to test hypothetical relationship between strategic leadership practices and its contribution towards competitive advantage.

CHAPTER ONE

INTRODUCTION

Discussed in this chapter includes the study concepts which are strategic leadership practices and competitive advantage, an introduction of the theories anchoring this study have also been described and a situational analysis of Kenyan commercial banks particularly NBK. The concepts discussed are strategic leadership, strategic leadership practices and the competitive advantage; the concept definition and a description of what these concepts involve as well as how the concepts are measured. A situation analysis of the banking sector is discussed and that of NBK. The research problem is also discussed, the research objective and the importance of this study.

1.1 Background of the Study

The success of strategy implementation is mainly attributable to the strategic leaders who lead the employees in achieving corporate goals. Hitt, Ireland and Hoskisson (2007) note that every individual that takes part in management of change has duties and responsibilities, and it is important for the organization to realize leadership role in implementation of strategies to enhance effectiveness of the delegating role. Holman (2011) describes strategic leadership as the ability to influence others in decision making to enhance the prospects of the firm's long-term success while maintaining long-term financial stability. Different leadership approaches impact on the vision and potential success of the organization. To effectively manage change, strategic leaders must provide a sense of direction and build ownership and align workgroups to implement change.

The theories anchoring this study included the Trait Theory, Upper Echelons Theory and Contingency Theory. Trait theory states that an individual personality has a significant impact on the effectiveness of strategic leaders. Eysenck (1990) contends that a leader can be known by looking at their personality traits and how they relate to the roles of a strategic leader in an organization. Carpenter and Sanders (2004) posit that the senior executive of a firm is responsible for formulation and enactment. They interpret the strategic possibilities through their experience, values including other human factors. Contingency Theory holds that there lacks specific way to manage, plan, organise, lead and control an organization.

The approach adopted by top management executives must be tailored to the specific circumstances facing an organization (Lutans, 2011). Commercial banks have realized the value of strategic leadership and contribution that strategic leaders make in decision making, managing people and resources and aligning the employees towards accomplishing set goals and targets. To survive and remain competitive in the banking industry, National bank of Kenya (NBK) requires a strategic form of leadership that can set the bank's strategic direction, ensure maximization utilization of available resources, and establish a working environment. In Kenya, commercial banks have realized the importance of strategic leadership and its contribution in enabling an organization to accomplish its set goals and targets. National Bank of Kenya is one of the leading commercial banks in Kenya that offer banking products and services to customers. Recently, the bank appointed a new Chief Executive Officer (CEO), to devise plans that can restore the bank to its initial performance. This will be achieved through setting up strategic plans and establishing effective ways to implement these plans in order to realize the bank's objective (Ngugi, 2016).

1.1.1 Concept of Strategic Leadership

Hitt et al. (2007) defines strategic leadership as the capability of a leader to anticipate, predict, maintain flexibility and empower others in order to create strategic change. Strategic leadership is defined as the potential of the management to express their strategic vision of the organisation or part of it as a way of encouraging others to work towards that vision. Strategic leadership can be defined as applying strategy to manage employee. It is regarded as the potential to influence organizational members to adopt change (Freedman and Tregoe, 2003).

Strategic leadership allows the organization to develop a structure by allocating resources and expressing a strategic vision. Strategic leadership can be adopted in uncertain environment on very difficult matters which influence and get influenced by events and external organizations. It is multifunctional; it entails managing through others and assisting an organization to manage change that seems to increase exponentially in the present business environment. Strategic leadership needs the ability to accommodate and integrate both internal and external environment and effective manage complex information (Hrebiniak, 2010).

1.1.2 Strategic Leadership Practices

Strategic leadership practices are defined as approaches adopted by strategic leaders to influence others in making decisions voluntarily that impact on the long-term success of an organisation (Lorette, 2016). Strategic leadership practices impact on the vision and long-term success of the firm. Strategic plan serves no purpose if there lack better strategic leaders to implement it (Svensson & Wood, 2011).

The way in which strategic leaders adopt and implement strategic practices differ from one organization to another in particular on the specific strategic plan. Strategic leaders play a critical role in aligning employees and organizational resources in the same direction (Pearce & Robinson, 2007). There are several strategic leadership practices adopted by organizations. A strategic leader should define the organization's strategic direction based on long-term vision. He or she must maximize use of the firm's internal resources and capabilities to realize set goals in a competitive environment.

Hsieh and Yik (2011) contend that a strategic leader motivates employees to put efforts and commit themselves in giving their best. Core competencies can be described as resources and capabilities which serve as a firm's source of competitive edge. Strategic leaders must have functional skills which are essential in enabling the firm to deliver unique products having exceptional benefits and value for customers. Strategic leaders, corporate managers make decisions that aim at helping firms to develop, sustain, strengthen and exploit core competencies. Strategic leadership develops human capital through training and developing programmes to boost their knowledge and creativity in executing their duties and responsibilities effectively. This makes the employee relevant and updated with a grasp of operational and environmental issues which might affect their work. An organization should attract and retain a lean and competent group of employees who are have specialized in their line of work. Thus, employees can optimize their skills, talents and competencies in performing their duties and this saves the organization huge costs of hiring new employees and training them (Hsieh et al., 2011).

A strategic leader should cultivate a corporate culture and values shared by employees in the organization and to regulate employee behaviour. They should lay much emphasis on ethical practices in the organizations, and seek to instil these practices in the organizational culture. Ethics that guide employee actions are based on principle that define long-term influences which extent beyond the firm. Holman (2011) argues that by upholding ethical values a firm operates without any interference from the regulatory environment since it complies with ethical rules and standards.

1.1.3 Competitive Advantage

Buttle (2010) indicates that competitiveness can be looked at from various dimensions that include firm level, country and industry. Barney, Wright and Ketchen (2001) define organisational level of competitiveness as the ability of a firm to design products that are superior to its competitors. Competitive advantage can be looked at from lowered costs or discerned products or services that command high prices. Essential elements of competitiveness include flexibility, capability, speed, agility and adaptability.

Competitiveness can be viewed from a competency approach lay more emphasis on the contribution of the internal factors of the firm such as strategy, structures, competencies, capabilities towards innovation including resources for competitive success. Competitiveness can be described as a process that enables the firm to assess performance of its key processes such as technology, operations management and human resource. This study will measure competitive advantage using customer satisfaction, cost minimization and value addition. Barney et al. (2001) maintain that the source of competitive advantage has now shifted towards creation and assimilation of knowledge.

Firms are now engaging in research and development to acquire knowledge and data mining. This is aimed at enabling a firm to make strategic moves that lead to sustainability of competitive advantage by impacting greatly on value, efficiency and customer satisfaction. Green and Burke (2012) did a study on the significance of competitive advantage to firms and showed that as a result of taut competition firms are willing to go an extra mile to meet customer needs beyond their expectations through adding more value to their services and products as well as customer experience programmes.

Otter and Schlesinger (2010) contend that competitive advantage largely depends on a firm or industry capacity to invest in innovation and upgrade. Firms achieve advantage alongside the rivals due to pressure and challenge. This view is also echoed by Green and Burke (2011) who dictates that firms become more innovative when facing strong rivals, demanding customers and aggressive home-based suppliers. Green et al. (2012) argue that investing in technology and cost optimization are key pillars for achieving competitive advantage.

1.1.4 Commercial Banks in Kenya

The banking sector makes a great contribution towards the growth of an economy. Roles of commercial banks include receiving deposits, offering credit to customers and institutions, safe custody of valuables and financial advisory services. Banks are a source of employment and a key pillar towards the realization of Kenya's Vision 2030. All the banking operations are conducted in accordance to the Banking Act; banks are controlled by Central Bank of Kenya (CBK). Reforms that were implemented in the banking sector in 1995 saw the removal of exchange controls and this gave room for free and fair competition resulting in (CBK, 2015).

CBK operates under Finance Ministry that works in harmony with other regulatory bodies among them, the government in setting policies to ensure that banks operate in a conducive environment. Banking industry consists of commercial banks and non-banking financial institutions that include Microfinance banks and Forex Bureaus (CBK, 2016). Today, there are 43 commercial banks, thirteen Microfinance banks, two Credit Reference Bureaus, 13 Money Remittance providers and eighty seven Foreign Exchange Bureaus.

Kenya Bankers Association (KBA) offers a platform to deal with issues that affect the banking industry. In recent years, this industry has been a key driver of the Kenya's economy. The major developments in the sector include rapid adoption of Information and Communication Technology (ICT), rise in the minimum capital requirements, regional growth of local banks and the emergence of Islamic banking products including the consolidation of the anti-money laundering framework. The sector's outlook is positive, led by a global economic recovery and a significant share of unbanked Kenyan population (Kamau, 2015).

1.1.5 National Bank of Kenya

National Bank of Kenya (NBK), also known as National Bank; is a commercial bank that is accredited to work and operates within the Kenyan boundaries by CBK. NBK is a financial service provider that serves individuals, small-to-medium business and other financial institutions. The bank has its headquarters in Nairobi, it owns a subsidiary company: NatBank Trustee and Investment Services Limited and comprise of seventy branches and over 140 automated teller machines across the country.

As of December 2013, NBK assets were worth about US\$1.07 billion (KES: 92.5 billion), with shareholder's equity estimated at US\$137.2 million (KES: 11.85 billion). The bank was set-up in 1968, it was fully owned by the Kenyan Government. In 1994, the Government minimized its shareholding to 68 percent by selling 32 percent shareholding to public (Bankelele, 2014). Apart from banking and financial services, NBK offers bancassurance services. The bank also takes part of corporate banking and Islamic banking with a product portfolio and financial solutions to corporate and retail customers. The bank has a broad spectrum of products ranging from financing, Mortgage, account services and card services among others. Personal banking deals with accounts, borrowing, cards and investing. NBK has experienced leadership problems that saw the bank's CEO Sheikh Munir sacked after accusations of gross incompetence in strategic business leadership which led to a loss of KES 4 billion (Ngugi, 2016).

1.2 Research Problem

Strategic leadership practices have been described as a key contributor towards organisational competitiveness (Pearce & Robinson 2007; Hrebiniak 2005). However, a lack of strategic leadership by an organization has been identified as an impediment towards achieving successful strategy implementation and competitive advantage (Holman, 2011). Strategic leadership practices determine the strategic direction for the organisation and the strategic action that is alleged to enhance the firm's competitiveness. Indeed, a well thought strategy is not assurance to achieve strategic goals, unless there is input from strategic leaders.

Organisational success and competitiveness have received a lot emphasis from many organizations; a narrow focus has been given to the influence of strategic leadership particularly in commercial banks. National Bank of Kenya is one the largest banks offering financial services to all economic sectors. The bank is seeking to continue providing financial needs by tailoring its products and services in a manner that cater for the evolving customer needs. However, this cannot be achievable without the input of strategies leaders who are key pillars in influencing change in the organizations.

Kamau (2015) contend that commercial banks performed poorly because of lack of lack of strategic leadership and failure to have a clear strategic plan. Therefore, NBK should consider implementing strategic leadership practices to achieve success. Globally, studies have been done in this area of knowledge, for instance, Lufthans (2012) studied the role of strategic leaders in influencing operational strategies of service firms in US, and it was found that strategic leadership enhanced organisational success. Taylor (2010) found a positive correlation between strategic leadership and success in strategy implementation and performance. Curtin (2009) found that strategic leadership provided firms with a clear direction on how to achieve set goals and targets.

Studies done in the local setting have laid much effort on the role of strategic leadership and change management as follows: Nthini (2013) found that strategic leadership impacted on competitive advantage in the public sector. Ndunge (2014) found that strategic leadership influenced implementation of change management practices in commercial banks. Kinyanjui (2015) showed that leadership was an essential tool that led to successful change implementation.

Limited focus has been given to the influence of strategic leadership practices on competitive advantage of National Bank of Kenya despite the fact that it is one of the biggest banks which is half owned by government and other local investors. Hence, this bank is exposed to strategic leadership challenges due to political interference that might impact on the bank's competitive advantage. This has drastically affected the performance of the strategic leaders to lead it's on achieving the set goals.

Studies have been executed in a global setting which is different from the local set-up (Davies et al., 2004; Fernandez & Hogan, 2009), a few (Denton et al., 2010; Kinyanjui, 2015) explored the link between strategic leadership and performance in developed countries, others (Curtin, 2009; Taylor, 2010) explored strategic leadership and strategy implementation. Local studies (Nthini 2013; Ndunge, 2014; Kinyanjui, 2015) had not explicitly looked at how strategic leadership practices impact on competitive advantage in local commercial banks. It was against this backdrop that this study found it necessary to investigate the link between strategic leadership practices and competitive advantage of commercial banks particularly National Bank of Kenya by answering the question: what is the influence of strategic leadership practices and competitive advantage of National Bank of Kenya?

1.3 Objective of the Study

The objective of this study was to determine the influences of strategic leadership practices on the competitive advantage of National Bank of Kenya.

1.4 Value of the Study

Scholars will find this study worthwhile to the present theories by either supporting or challenging them through the study findings. The study will learn the relevance and applicability of the theories to the study objectives. It will provide an insight in the understanding of how strategic leadership impacts on the firm's competitive advantage. The study will provide a basis for future research on the challenges that face strategic leadership and how it affects commercial banks.

The outcome of the study will be gainful to policy makers. This include CBK, in setting policies that enable banks top management executives to craft and implement strategies that will boost performance of the bank. This will lead to uniformity in policy adoption by the top management and thus promote fair competition among commercial banks. The study will be timely communication among to commercial banks especially the top management executives resulting into effective strategic leadership. This will help in shaping the bank's strategic directions and working towards set goals and targets.

The management of National Bank and other commercial banks will consider this study value adding. It will be used to identify some of the strategic leadership best practices and their role in enhancing competitiveness. This will enable National Bank of Kenya to successfully adopt strategic leadership practices and remain competitive in the market. Bankers will know some of the challenges that facing banks in the implementation of strategic leadership practices and ways to counter such challenges.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter looks at the literature review. It discusses the theoretical basis, strategic leadership practices, and the role of strategic leadership practices in influencing competitive advantage and organisational performance. This is intended to enhance the reader's understanding on the effectiveness of strategic leadership and its various contributions in enabling an organisation to achieve its corporate goals through aligning organisational resources and employees.

2.2 Theoretical Foundation

This section gives detailed coverage of the theories anchoring this study; they include Trait Theory, Upper Echelons Theory and Contingency Theory. The discussion of these theories is based on several research works by critics and the proponents. The arguments raised in the theories have been done in line with the study objectives to depict relevance and application to the study.

2.2.1 Traits Theory

This theory was put forth by Allport (1937). It is also referred to as dispositions. He indicated that cardinal traits control and shapes the behaviour of an individual. An example is the need for fame. On the other-hand, central traits are attributes that are found in every person to some degree and secondary traits are those traits that are noticed only in specific circumstances in order to give a complete picture of human complexity (Eysenck, 1990; Costa & McCrae, 2000). Over the last 3 decades of the twentieth century, a set of fundamental traits of effective leaders have been unravelled.

These qualities cannot solely ascertain if a person will be a successful in leadership or not, but they are significant prerequisites that provide people with the potential for lead. This theory uses subjective judgement to determine a leader who is considered as good or successful. The theory has not clearly distinguished the most important traits for an effective leader (Takano et al., 2007). Eysenck (1990) argues that the tenet of this theory is the difference between individuals (strategic leaders) and the way in which they can act and behave.

The way individuals behave, react in different situations, their ability to influence people, how they interact and the qualities that they demystify constitute their personality which is distinct to each individual. This theory focuses on identifying and examining the individual traits. This aids in establishing the traits that are best suited for a certain environment and the best way of exploiting them to realize maximum gains. Costa et al. (2000) argue that strategic leadership have several personality traits in common. The relevance of this theory is that it assists an organization to identify a leader from his or her qualities and traits that are essential in leading. Some of these traits include integrity, empathy, assertiveness, decision-making and likability. But none of these traits, nor a specific combination of them can guarantee success by a strategic leader. Traits are behaviour that emanate from the things that go through individual minds. It is regarded as an internal belief and processes that are critical for effective strategic leadership.

2.2.2 Upper Echelons Theory

This theory was put forward by Hambrick and Mason (1984); they maintained that managerial traits can be adopted (partially) to forecast the outcome of the organization. Decisions made by top management executives are driven by values and cognitive basis. This is because such psychological traits are hard to notice, it is argued that the bio-data of the executives can be applied as substitutes for their principles and ideals. Hence the nexus between noticeable executive features and strategic decisions is an integral area of discussion in this theory. The proponents: Hogan & Kaiser (2005) argue that personality traits play a critical role in influencing firm outcome.

Hambrick and Mason (1984) opine that strategic decisions and management traits are affected by the present scenario of a firm, (Carpenter et al. 2004; Nielsen, 2010). It is assumed that management features and performance of a firm will be strengthened when the management faces challenges. In cases, where the management face minor challenge, the decisions made might be more accurate since they don't rely on their individual traits. Hence, the relationship between upper-echelon characters and organisational performance can be weak in such a case. In line with this study, the personality of the top management influences organisational outcomes. Nielsen (2010) argues that a strategic and competent management team can easily succeed in implementation of strategy.

Hambrick et al. (1984) argue that personal traits possessed by senior executives' influences the outcome of an organisation. It is expected that strategic leadership will impact positively on organisational performance. Hollenbeck, DeRue & Mannor (2006) argue that the demographics traits of the management greatly contribute to competitiveness and firm performance. An understanding of the factors that strengthen cognitive morals and perceptions of the executive management in shaping organisational strategic direction and working towards achieving set goals.

2.2.3 Contingency Theory

This theory was postulated by House (1996), it is based on the understanding that there is no specific way to manage, plan, organise, lead and control an organization. A contingent leader adopts a style of leadership based on the situation at hand. Scholars such as Morgan (2007) opine that strategic leadership should be flexible to accommodate the changing needs of the customers. Further, Vroom and Jago (2009) explain that strategic leadership must exploit their leadership skills to ensure successful implementation of strategy. Strategic leadership should develop and provide a clear plan on how the process of strategy implementation will take place in terms of the roles, duties and the reporting relationships between strategic leadership in place and the employees. The designed action plan should correspond to the diverse needs of the customers. Lutans (2011) emphasizes that the environment keeps on changing; a leader must find appropriate ways to cope in order to survive. The underlying assumption of this theory is that there is no ultimate way to lead; it depends on the situation at hand.

Secondly, the theory assumes that decision-making style must be compatible to the situation that the firm operates (Martin, 1979). Strategic leaders ought to understand customer wants and uphold a leadership style that is compatible with customer needs. They should commit themselves to strategy implementation by inspiring and encouraging employees to work towards set targets (Vroom et al., 2009). In line with this study, strategic leaders should engage their employees in key decisions in order to prepare them for change; this aids the management to make informed decisions that is reflective of employee needs. This contributes towards successful strategy implementation and organisational performance.

2.3 Empirical Review

There are various leadership practices adopted by organisations. This study will however discuss the following strategic leadership practices; setting strategic direction, maintain core competencies, developing human capital, sustaining corporate culture and emphasizing ethical practices. Discussed herein is the literature review that cross-examines the aforementioned practices.

2.3.1 Setting Strategic Direction and Competitive Advantage

Phipps and Burbach (2010) surveyed the effectiveness of strategic direction on the firm's competitive advantage of manufacturing firms in Netherlands. A survey of 98 manufacturing firms was conducted and primary data sources were used. Analysis of data was done using descriptive statistics that involved mean and standard deviation. A correlation was employed to detect the link between strategic leadership and firm's competitive gains. It was argued that strategic leadership sets the organisation's strategic direction. It acts as a guide in shaping the strategic direction and inspires the employees to work towards set goals.

Strategic direction was found to impact positively on the firm's competitive advantage. This was conducted in a different industry from the current study. Secondly, this study was conducted in a developed country. Owolabi and Makinde (2012) found a positive correlation between the firm's strategic planning and performance of service firms in Arabia. The objective for this study was determining the level at which Arabic firms implemented strategic planning practices and the contribution of strategic leadership towards improving performance. To achieve this important goal, the study implemented an exploratory design to find out the 'causes and effects' of strategic leadership and performance. A population of 280 service firms were studied. Questionnaires were administered to collect primary data and secondary data sources were obtained from company repository and records. Analysis was done using descriptive statistics and regression analysis. It was discovered that Arabic firms utilized strategic leadership practices to a large extent and the regression results concluded that strategic leadership was positively correlated to performance.

Serfontein (2010) noted that strategic leadership played a key role in shaping the strategic direction and this contributed towards improving the firm's competitive advantage. Through strategic leadership an organization needs to have a clear picture of where the organization ought to be in the next 5-10 years. The firm must have a clear plan on how to turn strategic plans into reality and achieve results. It was unearthed that the strategic leadership lacked a clear vision and direction to align the staff in contributing effectively towards strategy implementation and overall firm performance.

Greenberg (2011) explored Slovenian service firms and concluded that lack of strategic leadership had a significant and negative impact on strategic plans. He argued that strategic leadership provided direction to the organisation by direct the employees in working towards accomplishing set goals. Firms that embraced strategic leadership practices in the implementation of strategic plans recorded better performances.

Akinyele and Olufunke (2007) investigated the contribution of strategic planning on organisational performance and survival. The main goal for this study involved evaluating the planning-performance relationship in the firm and determining the level at which strategic planning impacted on performance. The first bank of Nigeria, Plc (FBN) was applied as a case study. A survey approach was implemented in administering questionnaires to 100 respondents out of which 80 managed to fill and return the questionnaires (the target respondents involved senior and junior staff) in several first bank branches in Lagos Metropolis. Gathered data was analysed using Statistical Packages for Social Sciences (SPSS). T-Test and Chi-Square statistical approaches were utilized in hypothesis testing with the help of SPSS. Three hypothetical relationships were revealed. Split-half technique was utilized to test the reliability of the research instrument. The implication involving this research was that strategic planning improved organisational performance, it also impacted on the long-term survival of an organisation. The intensity for strategic planning is influenced by managerial, organisational and environmental factors.

2.3.2 Core Competencies and Competitive Advantage

Nada and Zahari (2014) did an assessment involving the impact of core competencies on organisational performance of Iraqi Private Banking Sector. The sampled 200 bank managers, data collection was done using self-reported questionnaires. Cronbach's alpha coefficient was utilized to establish the level of internal consistency of the research tool; 0.75 was found as the coefficient. A set of different approaches were utilized to analyse statistical data. A significant correlation was found among core competence and organisational performance. It was concluded that bank needed to develop their core competencies in their employees as a strategic tool to boost organisational performance. Freedman and Tregoe (2009) investigated the role of strategic leadership on competitiveness of European banks; it was found that through strategic leadership the firm was able to lay much of its focus in exploiting available resources and developing capabilities. The correlation results found that strategic leadership and competitive competencies were strongly correlated to banks' competitiveness.

Palladan, Kadzrina and Chong (2016) tested the link between strategic leadership and competitiveness of tertiary firms in Nigeria and it was unearthed that strategic leadership practices such as strategic direction contributed towards enhancing competitive advantage. Lufthans (2012) examined the perceived role of strategic leadership on competitiveness of banks in the United States. It was revealed that through strategic leadership core competencies were organisational individual strengths that enhanced performance. Nimsith, Rifas and Cader (2016) did an investigation on the impact of core competency on competitiveness of banks in Sri Lanka.

The main objective of this study was identifying the impact that core competency had on competitive edge of banks in Sri Lanka. Secondary objective was establishing if the identified core competencies were utilized by banks to accomplish competitive advantage. A qualitative survey was employed and primary data was gathered using questionnaires which were distributed to some banks in Sri Lanka. Data was analysed using a linear regression analysis and correlation. Descriptive statistical tools were graphs, mean and standard deviation. The results showed different banks had different areas that they considered as their core competencies; a significant link was found between core competencies and competitive edge among banks in Sri Lanka.

It was further concluded that banks achieved competitive advantage; this was sustained by effective utilization of core competencies. A study by Taylor (2007) showed that recruitment-based core competencies were aimed at improving the quality of employees and cultivating a culture of creativity and problem-solving skills. Sharma (2007) emphasized that through identifying core competencies, firms were able to focus on their strengths and abilities in offering superior products or services as compared to their competitors.

Sabah Laith and Manar (2012) investigated the link between core competence, competitive advantage and organisational performance (OP). A survey executed electronically in a population of 77 managers of Paint industry in the United Arab Emirates. Core competencies were assessed using three dimensions that included shared vision, cooperation and empowerment. Competitiveness was evaluated using responsiveness and flexibility. The results discovered that, while core competence impacted positively on competitive advantage and OP, competitive advantage was significantly linked to OP. These results are a confirmation of the significance of core competence and their contribution on competitive advantage and OP. Further, it was disclosed that flexibility contributed greatly to OP as opposed to responsiveness.

Daoud, Mustafa and Atilla (2011) explored the contribution of core competencies on firm's competitive advantage and success of Istanbul tourist firms. The aim for this study was establishing the impact of core competencies on firm's competitiveness and success in Istanbul tourist firms and how to maintain success of these firms. Data was gathered from 150 tourist firms in Istanbul with the help of a survey. Descriptive statistics, spearman correlation and multiple regressions were utilized. The research results indicated existence of a significance link among core competencies, competitive advantage and business success. Popular core competencies were strategic focus, employee skill, knowledge management system, organisational facilities, dynamic capability, main work processes, and distinct resources.

2.3.3 Human Capital and Competitive Advantage

Mohammad (2016) tested the impact of human asset on the firm's competitive performance of Jordanian Pharmaceutical firms. The study sampled Jordanian human medicines manufacturing firms listed at Jordanian Association of Pharmaceutical manufacturers' records in 2015. The population was 15 companies. Sampling unit and analysis involved individuals who worked for these firms right from managers to heads of department at different administrative levels. Data was collected using questionnaires and analysis was done using descriptive approach. A significant relationship was found between human capital (learning, knowledge and skills) and competitive advantage.

Abdul, Abdul and Abdulrahman (2016) investigated the impact of competitiveness through intellectual capital investment as a key component of organisational sustainability of Jordanian Telecommunication firms. A descriptive survey approach was utilized in a population of 3 telecommunications firms. Questionnaires were administered in a population of 19000 employees. Sample size of 120 employees was used and 40 employees were selected in all the three telecommunication firms. Simple and multiple regressions were utilized for hypothesis testing. The study found that competitive advantage was based on a distinct capital, as the optimal method utilized in telecommunication firms since it contributed towards optimal investment in human capital. The led to optimal organisational sustainability of firms in several fields and this contributed towards the realization of a corporate mission and vision.

Waseef and Iqbal (2011) explored the link among managing human capital and organisational performance in Pakistan. A survey design was implemented and data was gathered in 16 firms that were knowledge intensive in Pakistan. Human capital was considered as a source of competitive advantage in Pharmaceutical and educational institutions. A sample of 316 employees and 16 executives was used for collection of data on HCM and organisational performance constructs. The reliability of these constructs was validated using Cronbach's Alpha. Pearson correlation and a linear regression were utilized in hypothesis testing. HCM was found to have a positive and significant impact on organisational performance.

Strategic leadership must develop human capital that is people, their skills, capabilities and intellectual property. This view is also echoed by Schmidt and Keil (2013) who did a study on the impact of developing human capital on performance of manufacturing firms in Asia, the quality of their input was found to impact positively on organisational performance and competitiveness. Emmerling (2012) did an investigation on the effectiveness of human capital as a source of competitive advantage to the banking sector. The results showed that lean and competent staffs were efficient in their work and cheaper to maintain. Stephens (2010) found that through developing human capital it was easier for firms to innovate and nurture creativity and this acted as a key driver in achieving competitive advantage.

A study by Priem et al (2011) found that a lean and efficient team of employees' succeeded in strategy implementation and performance improvement. Muhammad and Memon (2009) found that employees' creativity and innovativeness were critical ingredients in achieving and maintaining competitive advantage. Newbert (2012) cross-examined firms in the banking and manufacturing firms which were deemed to exhibit stiff competition and it was found that through continuous training and developing programmes, firms were able to develop employee skills that was needed for innovation, efficiency and cost minimization. This had a significant contribution towards competitiveness.

Muhammad and Naitara (2013) explored the contribution of human capital on company performance using employees' satisfaction as the mediating effect. The researcher utilized a survey design using a sample of 200 employees that worked for three leading telecom (Mobilink, Telenor and Ufone) firms in Pakistan in Pakistan. The results demonstrated that human capital investment correlated strong with firm performance as well as employee satisfaction that played the mediating role between variables.

2.3.4 Corporate Culture and Competitive Advantage

Corporate culture is the composition of a firm's internal environment and personality which is defined by its core values and business principles, deep-rooted behaviours, work related practices and style of operation. Golnaz and Brian (2011) explored the effectiveness of developing corporate culture as a competitive advantage among banks in America. A survey involving 100 executive management and 300 employees was conducted in Europe.

Analysis of data was achieved using descriptive statistics and the results discovered that firms that were successful in fostering positive cultures were profiled. The authors argued that for a culture to be effective, it needed to be aligned with the employees' values and consistent with the environment that organisations conducted their business. While it was considered prudent to establish a positive culture that employees could identify during an organisation's infancy stage, there was a possibility of changing an existing culture. Such form of change was achieved by modeling the desired behavior in all management levels and planning events that fostered frequent interaction among cross-functional employees. It was concluded that a positive culture provided firms with a competitive advantage.

Klein (2011) did an investigation involving adoption of organisational culture as a source of the firm's competitive advantage of 311 organisational sub-units that comprised of 2,600 respondents. The measures comprised of two data collection instruments that included valid and reliable survey instrument. Interviews with the executive managers were conducted using interview guide. The results showed that technically constructive culture was positively linked to desirable outcomes. It was concluded that to perform, top management needed to understand business strategy and develop an adoptive, flexible and useful culture to facilitate implementation of business strategy.

Andrew (2011) assessed the effectiveness of corporate culture and competitive advantage in Scotland, UK and the findings depicted that culture guided employees' behaviour and actions and cultivated a working environment for them to work towards achieving set goals and targets. It was further concluded that corporate culture was a key determinant of a firm's performance and competitive advantage.

Yilmaz and Ergun (2008) found a flexible and accommodative culture provided firms with space to exploit their full potential through research and development and innovation. This resulted into increased sales, profitability and firm competitiveness. Magee (2011) pointed out that firms that upheld cultural diversity principles easily attracted employees from different cultural backgrounds. This provided a suitable ground for employees to exchange their ideas and nurture an innovative culture that was driven by the need to sustain competitiveness. Golnaz and Brian (2011) found that a supportive culture enabled employees to nurture their creativity and innovativeness. Ogbonna and Harris (2012) found that a flexible corporate culture contributed positively in motivating employees to work towards improving performance and maintaining a competitive advantage.

2.3.5 Ethical Practices and Competitive Advantage

Kasasbeh, Harada, Abdullah and Basman (2014) evaluated the impact of business ethics in the competitive advantage of cellular communication firms in Jordan. A survey design was utilized. A simple random sample of 192 respondents was done in all the management levels: upper level, middle level and supervisors. A statistical software (SPSS) was employed for data analysis and it was discovered that there was a significant connection between business ethics (honesty, fairness and transparency) with competitive advantage of all cellular communication firms.

Toor and Ofori (2009) explored the effectiveness of ethical practices on competitiveness and it was revealed that firms that maintained ethical principles and standards were able to save huge costs from fines and penalties and this contributed towards improved performance. Gu, Weng and Xie (2012) found that firms that complied with ethical codes of conduct were able to create ample time and resources towards achieving their set goals and targets. Holloway (2012) observed that many employees who maintained integrity in their work were employees of firms that were compliant with ethical principles.

Shukurat (2015) did an investigation on the effect of ethical leadership on firm's competitiveness of manufacturing firms. A descriptive survey was utilized to test the connection among ethical leadership and firm's competitiveness. The population included a 100 manufacturing firms, a systematic sampling approach was employed in selecting the respondents. Primary data sources of data were collected using questionnaires and the study found that unethical behaviours were rampant in corporate institutions. Lack of commitment by top management and failure to take action against unethical behaviours; it was concluded that ethical leadership contributed positively towards organisational performance.

Zakari, Poku and Owusu-Ansah (2015) examined the impact of ethical leadership on performance; the study utilized the Denison's organisational model which was considered appropriate because of its emphasis on internal and external factors. The study tested the link between corporate culture and performance in Ghana. Variable items for corporate culture and performance were evaluated using five-point Likert scale with the help of Denison's corporate survey instruments.

Data was gotten from 9 banks in Ghana that comprised of 60% of the banking sector's market share with diverse origins for example multinational, Public-domestic, and private-domestic banks. Analysis was based on 296 participants from different departments that had varied opinions. The research found that although there were major differences among banks in their cultural setting, there lack key differences on their performance. No bank was innovative compared to the other. Overall, a positive association was found to existing among corporate culture and performance in the banking sector in Ghana.

Ndabahaliye (2013) assessed the impact of employees' ethical conducts on organisational performance of public institutions. A survey design was implemented in a sample of 120 respondents. Collection of data was done with the help of questionnaires and survey monkey software. Semi-structured interviews were also employed as well as documentary analysis. Analysis was done using SPSS, percentage; mean and standard deviation were utilized to interpret data. The study depicted a significant link between employees' ethical conducts and organisational performance. The link was significant in unethical behaviors that resulted into poor organisational performance.

Ebitu and Beredugo (2015) explored the contribution of code of ethics in guiding the performance of service sector and assessed the extent of compliance on the established code of ethics. The study utilized a descriptive design and data was collected from 176 respondents cutting across selected banks and GSM firms in Calabar, Cross River State. Chi-square was applied to test the hypothesis and all of them were found to be consistent to the findings.

The research disclosed that performance of service sector dependent on the code of ethics [$X = 18.061 > t_{0.05} = 7.841$] the extent of compliance of the code of ethics for service firms was high [$X^2 = 13.751 > t_{0.05} = 7.841$]. The research made suggestions that it was important to have specific procedures to identify and solve issues regarding ethical misconduct.

Bidley and Burbach (2010) did a study on the effect of ethical practices on performance of German financial sector and the results showed that ethical practices provided a supportive environment for employees to work with minimal interference from regulatory authorities. Hoskisson and Johnson (2012) studied the role of ethical codes of conduct and their impact on employees' attitudes and behaviours in Spanish banks and it was concluded that ethical codes of conduct greatly impacted on employees' attitude and perception. This also impacted on performance and competitive advantage. A study by Svensson and Wood (2011) found that firms that complied with ethical codes of conduct recorded better results and this gave them a competitive edge over their rivals who were reluctant to maintain ethical principles.

Milton, Wanderley, Gomez and Farache (2010) did an investigation on strategic corporate social responsibility and competitive advantage using a case study of Carrefour. 30 managers were interviewed and data analysis was achieved using content analysis. A model for competitive advantage was proposed that stemmed from the formulation of social strategies which was explained based on the various aspects of societal expectations. It was discovered that strategic management of social responsibility contributed to corporate social responsibility including strategy and competitive advantage.

2.4 Research Gaps and Summary

Strategic leadership practices have been widely implemented in most parts of Asia; Pakistan, Istanbul, Jordan and Arabia as compared to developed countries like America and Europe. (Owolabi & Makinde, 2012; Sabah Laith & Manar, 2012; Nimsith et al., 2016; Daoud et al., 2011; Nada & Zahari, 2014; Abdul et al., 2016). A few studies were conducted in Europe (Golnaz and Brian, 2011; Phipps & Burbach, 2010).

Although developing nations are still reluctant to adopt strategic leadership practices as a tool to enhance the firm's competitive advantage, few local researches that have been explored in this field have not explicitly looked at the influence that strategic leadership practices have on the firm's competitive advantage. Akinyele and Olufunke (2007) explored the impact of strategic planning and organisational performance in Nigeria and Palladan et al (2016) assessed the connection between strategic leadership and competitive advantage of tertiary firms in Nigeria.

These studies ignored the concept of strategic leadership practices. Further, the two studies were conducted in manufacturing firms while the current study was investigating a case study of NBK. Nthini (2013) did not look at strategic leadership practices and secondly, the study was too broad since it involved the entire public sector. Although these studies did not explicitly look at implementation of strategic leadership practices and their contribution on competitiveness in the banking sector particularly, NBK, still strategic leadership practices are instrumental in aiding firms to accomplish corporate goals and targets and keep up with the pace of an evolving environment. This research finds it necessary to investigate the influence that strategic leadership have on competitive advantage of NBK.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter has covered the research methodology that was applied to answer the research question. Research methodology refers to the procedures that the researcher will follow in collection of data, analysis and presentation of findings. The chapter contained the following sub-headings, the research design, data collection and data analysis.

3.2 Research Design

The study adopted a case study research design. This type of research design allowed the researcher to execute an in-depth examination about the object being studied. Maxwell (2007) maintains that a case study focuses on a single unit of analysis; a single organisation. It is as an event or a problem that comprises of an actual or a hypothetical situation. The researcher applied this design in trying to establish the influence of strategic leadership practices on competitive advantage of NBK.

Under this design, the researcher sought information from interviewees who were grounded on the issues studied. Choice of a case study by the researcher was because it enabled him to get first-hand information which was reliable, relevant and accurate. Stewart (2014) indicates that a case study presents data that is gathered using several approaches that entails but not limited to observations, interviews, video data and audio. This design took advantage of prior developments of hypothetical proposition to guide in the process of collecting and analysing data.

3.3 Data Collection

An interview guide was used to collect data. Data was collected by interviewing five Heads of Departments. They included, Head of Human Resources, Head of Operations, Head of Corporate Banking, Head of Finance and Head of Marketing and Corporate Communication. This category of interviewees was believed to be conversant with matters that related to strategic leadership practices and the bank's competitive advantage. They formulated and implemented strategies for corporate and business units and competitor analysis.

Formulation of interview guide questions and its designing was guided by the objective of this study which was determining the strategic leadership practices and competitive advantage of NBK. The interview guide consisted of three sections: Section A sought general information about the interviewees and NBK. Section B sought information on the strategic leadership practices adopted by NBK and section C sought information on the influence of strategic leadership practices and competitive advantage of NBK. A one- on-one interview was carried out with the selected departmental heads. Prior arrangements were made to ensure that the interview meetings were carried out at a convenient time. This ensured that enough time was created for the interview processes so that the interviewees could respond to all the questions posed by the interviewer.

3.4 Data Analysis

This study applied content analysis. Neundorf (2009) contends that content analysis is an empirical scientific approach that is utilized to draw conclusion concerning the content in several kinds of communication for example interviews and observation protocols. Content analysis is also known as text analysis method applied in qualitative social research. Krippendorff (2004) posits that reading of texts is qualitative even if one decides to convert the content into numbers through counting.

Textual data was presented in form of an essay, a blend of responses from raw data and published sources were discussed in line with the research objective. Presentation of analysed data was accomplished through inferring to the available literature in order to address the research question. This was because the researcher was able to identify patterns and themes as well as describe situations. Pertinent questions were raised to establish whether the outcome was consistent with the theories and empirical findings. Assessment was made in accordance with the frequency of the analysis.

The researcher did validity testing to find out contradictory evidence and deviant cases. For contradictory evidence, the researcher demonstrated that supporting prevailed over the controversial. The researcher laid most of his concentration on key counterarguments and little time was given to controversial issues. Instead the researcher identified those issues and elaborated them giving much attention to the weak points. The researcher did not dip into those matters to prevent undermining supporting examples. The researcher also did constant comparison of findings from all the interviewees after which a conclusion was made on the basis of consistency of responses and convergence of thoughts.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The chapter gives a discussion of findings that have been achieved through use of content analysis. These findings have been described in line with the objective for this research. The sub-topics discussed in this chapter include the background information, strategic leadership practices, the connection between strategic leadership practices and competitive advantage as well as the discussion of findings.

4.2 Demographic Information

The interviewees were requested to indicate their managerial positions, it was discovered that two of the interviewees were assistant managers in corporate banking and marketing and corporate communication. Three of the interviewees were finance manager, human resource manager and operations manager. The decision to choose this category of interviewees was because they were presumed to be involved directly in decision making regarding issues of strategic leadership practices.

Interviewees were asked to indicate the duration that they worked for National Bank of Kenya. One of the heads of department had worked in NBK for 15 years, some two departmental heads were in their 12th year and the rest were clocking their 10^h and 11th years. Hence, we can conclude that most of the employees had worked in NBK for more than 10 years. This was an indication that they had attained a significant experience regarding the implementation of strategic leadership practices and thus had a better understanding of how these practices impacted on the bank's competitive advantage.

The interviewees were requested to indicate the duration that they had served in their present capacity and it was revealed that one of the interviewees had served for 12 years in his present capacity. Other two heads of department were in their 8th and 9th years in the present positions and the other two were in their 6th year. It can be concluded that the interviewees had a better understanding of how strategic leadership decisions were made and how they were aligned to the bank's strategic goals and targets.

4.3 Strategic Leadership Practices of National Bank of Kenya

Regarding the most commonly utilized strategic leadership practices by NBK, all the five interviewees totally agreed that setting targets (strategic direction), maximizing core competencies, training and development, organisational culture and code of ethics were the most commonly applied strategic leadership practices. They indicated that through setting targets, NBK was able to shape its strategic direction and employee actions in work towards achieving set goals and targets. Some interviewees (three of them) insisted that to realize this important goal, the strategic leader needed to engage the employees and the stakeholders in key decisions to successfully implement strategic leadership practices. These findings abide to the observations made by Serfontein (2010) who explains that the strategic direction is a road map that defines the organisational objectives and how the management intends to achieve those objectives, the resources needed as well as defining how the organisation ought to work. He further argues that many organisations fail to incorporate internet and technological advances in their strategic vision which is critical in world of today. He further argues that by setting strategic direction the top management can easily influence employees to make decisions voluntarily in enhancing the prospects of an organisation's long-term success.

The second popular strategic leadership practice as indicated by the employees was core competencies. The interviewees were in agreement that by exploiting its core competencies, NBK was able to deliver value to its customers. It was discovered that the bank's strategic leadership played a critical role in ensuring that the bank maximized its capabilities through making huge investments in advanced technology and product innovations such as mobile banking, agency banking and internet banking to maintain its competitiveness.

These results are consistent to Sabah, Laith and Manar (2012) who explain that core competency defines organisational strength and provides a foundation that allows businesses to grow and seize fresh opportunities in order to deliver customer value. Some of the interviewees' opined that core competencies gave the bank a competitive edge over its competitors. As a result of being stable, NBK invested in new technologies and this enabled the bank to deliver value adding products and services. Nimsith, Rifas and Cader (2016) insist that core competencies were difficult to duplicate by other firms whether they were in existence or new entrants. They indicate firms might have several core competencies; these core competencies are also referred to as core capabilities or distinct competencies that help in creating a sustained competitive edge for firms. Companies across the industries identify and nurtures core competencies to boost their competitive gains and future growth.

Interviewees agreed that NBK sponsored its employees on a quarterly training and development program so as to improve their skills and knowledge on how to plan, meet their targets and improve their efficiency. They argued that the bank was responsible for developing human capital; people their skills, capabilities and intellectual property. Employees were considered as essential human assets in a bank and thus strategic leadership of a bank made efforts in developing human capital to enhance the quality of their input. These results are in consonance with Emmerling (2012) who explains that rationalizing human assets and building their capacity through training helps to nurture a team with a positive attitude for growth.

Fourthly, all the interviewees agreed that organisational culture was a key component in influencing employees' behaviour, actions and how they interacted in the bank. The bank's strategic leadership had a duty to cultivate a supportive culture to inspire and encourage the employees in working towards set goals. The interviewees agreed that strategic leadership was a key proponent in implementation of strategy; they had a duty to instil values and behaviours that greatly impacted on the employees' commitment and contribution towards implementation of the bank's strategic plans. Hill and Jones (2010) found that most organizations failed to successfully implement strategy because of failing to integrate their culture to strategy. Some interviewees emphasized that organisational culture was an essential component in aligning organisational activities and employees in the implementation of strategic leadership practices as supported by Chung and Kim (2013) who indicated that successful implementation of strategic leadership was characterized by a supportive culture that guided employees' behaviours and actions.

In view of this, Von Hippel (2011) highlights the supportive role of organisational culture in cultivating norms and values that motivate and encourage employees to work in a similar direction. Three interviewees argued that organisational culture influenced employees' perception about change and thus minimized resistance to change. In line with this, Spender (2011) insists that a cultural setting influences employees' change perception this provides a solid ground to easily persuade employees to participate in the implementation of strategic leadership.

Lastly, the interviewees averred that the code of ethics was a critical item of strategic leadership practice. Interviewees agreed that through the bank's strategic leadership maintained a code of ethics by ensuring that their employees complied with the codes of conduct. As explained by Toor and Ofori (2009), code of ethics prompts the employees to be heedful of professional ethics to shield themselves from ethical conflicts. Three of the interviewees noted that codes of conduct guided employees' behaviour and the manner in which they conduct themselves when transacting business in the bank. The interviewees argued that a bank that was seeking to build and maintain its reputation and credibility to its customers and investors was concerned about the behaviour of its employees. This finding conformed to the observations of Hoskisson and Johnson (2012) who argued that effective strategic leadership must uphold good morals and ensure that the employees abide to the ethical principles and standards.

About the best strategic leadership practice implemented by NBK, the interviewees agreed that the best strategic leadership practice implemented by National Bank of Kenya was setting a strategic direction since it provided a foundation for the implementation of all the other strategic leadership practices. The interviewees indicated that this practice was the most critical because, NBK had to first set its strategic direct direction that provided a clear road map on the direction that the bank wanted to take.

These results are consisted to Phipps and Burbach (2010) who indicated that setting strategic direction gave guidance to the organisations in working towards their set goals. Three interviewees cited an example of a strategic plan of 2013-2017 under the leadership of the then Chief executive office, Munir Ahmed. The strategic plan was aimed at regaining the bank's performance that deteriorated due to poor strategic leadership and political interference. As part of its strategic move, the bank rebranded with the view of transforming the bank into one of the top tiers in a period of 5 years. In this plan, the bank projected its growth turnover from KES. 8 billion in 2012 to Ksh. 31 billion by the end of 2017. Although this strategy was not realized due to leadership problems it the strategic leadership practice (setting strategic direction) was aligned to the strategic plan.

Interviewees were requested to explain about the least effective strategic leadership practices. All the five interviewees were in agreement that none of the strategic leadership practices was least effective since implementing strategic leadership practices was a process in which each and every practice depended on each other. Findings are supported by Kasasbeh, Harada, Abdullah and Basman (2014) who exclaimed that implementation of strategic leadership practices was a process in which the success of implementation of each practice dependent on the other.

After setting strategic direction, the executive management creates an environment that allows the bank to maximize on its core competences and this requires trained employees who understand the bank processes and procedures to be able to work efficiently towards the set targets. Organisational culture is important in defining employees' beliefs and norms since it impacts on how employees do things and how they behave in the organisation. Moreover, code of ethics is essential in defining the behaviour of employees in the work. With regard to how NBK had utilized advanced technology to enhance strategic leadership practices, all the interviewees agreed that the bank had committed huge investments and resources in investing in modern technology. A good example of how NBK has utilized technology to effectively implement strategic leadership practices is the recent upgrade of the 5th latest version of its core banking platform; Fusionbanking Essense.

The bank expects this project to contribute effectively towards improving performance, achieving flexibility and real-time interfaces. The system will integrate various banking components: core processing, analytics, digital channels, branch application and digitized channels. The leadership management has indicated that this upgrade will boost the bank's operational efficiency, enhance compliance and risk management functionalities as well as providing the bank with a progressive banking platform. Moreover, the newest version of Fusionbanking it incorporates Islamic banking module which is aligned to the core banking system. National bank applies path solutions such as integrated media architecture laboratory (iMAL) which is a critical banking system that complies with Shariah banking business. These results conform to the observations made by Nielsen (2010) who argued that through the use of technological advances banks increased access to their services using innovative mobile, web and agency systems of delivery.

Regarding the contribution of strategic leadership practices in enabling employees to accomplish their set targets, interviewees universally agreed that strategic leadership practices have played a significant role in enabling employees to realize their set targets. These results match the findings by Luthans (2012) who concluded that strategic leadership practices aided employees to realize their set goals and targets. Interviewees contended that implementation of strategic leadership enabled NBK to shape its vision, accomplish targets and improve overall performance of the bank. These findings are consistent to a study by Holman (2011) who found a significant relationship among strategic leadership and organisational performance. Two interviewees pointed out that adoption of strategic leadership practices aided the executive management to express their strategic vision and to persuade employees to work towards acquiring their vision.

Interviewees concurred that strategic leadership helped the management in managing employees towards the right direction; and driving strategic change by aligning the organisational resources and the employees to the organisation's strategic vision in order to influence employees in working towards achieving set goals and targets. This is in agreement with the observations made by Taylor (2010) who emphasized on strategic leadership was essential in providing direction and shaping the strategic vision of an organisation. This enhanced team spirit, shared goals and motivation amongst employees.

4.4 Strategic Leadership Practices and Competitive Advantage of National Bank of Kenya

On whether the implementation of strategic leadership practices improved the relationship among employees working for NBK, all the interviewees agreed that strategic leadership practices enhanced the relationship between employees by uniting them to work towards similar goals. The employees had shared goals and values and this strengthened the relationship between them by building strong bonds and motivating them in working accomplishing set goals and targets. Adoption of strategic leadership practices has improved communication and the level of interaction amongst the employees and between the employees and the top management. This is also supported by Sanchez et al (2011) who contended that strategic leadership practices encouraged a harmonious working relationship among employees.

Four interviewees pointed out that the executive management of NBK involved the employees in key decisions and this gave them an opportunity to express their views. This helps to build a positive relationship between the management and the employees and thus minimize resistance to change. Hence, this provided a solid ground for the executive management to effectively implement strategic leadership practices. This outcome is validated by Song and Montoya-Weiss (2009) who avowed that a participative form of strategic leadership improved the relationship between employees particularly between the top and the lower levels of management.

Whether implementation of strategic leadership practices improved value for products and services, interviewees universally agreed that application of strategic leadership practices improved value for products and services offered by NBK. These results conform to Nimsith et al (2016) who discovered a significant link between strategic leadership practices and value addition. The adoption of product innovation was found to be a great contributor in improving customer value for the bank's products and services. NBK had customized products and services to address specific consumer needs through several channels: corporates, businesses, retail customers and institutions. The bank's payment systems assumed a leading role in issuing and promoting contemporary delivery and payment systems. NBK was actively involved in the stock market by playing several roles as an arranger, placing agent and underwriter. The bank acted as an appointed fiscal agent, market maker and registrar in the secondary market.

Whether the adoption of strategic leadership practises lowered customer complaints, all the interviewees agreed that NBK recorded a significant reduction in customer complaints from the implementation of strategic leadership practices. In line with this, Hsieh and Yik (2011) found that strategic leadership practices were positively linked to a decline in customer complaints. Interviewees noted that the bank's customer care personnel demonstrated empathy and professionalism when handling customer complaints. The bank also dealt with customer queries through telephone calls, short text messages, resolving customer disputes, giving customers' information about the services and products and explaining to them the procedures through providing the required information and responding to questions. It was observed that the bank, through its customer service personnel was able to identify and prioritize matters whenever there was a need.

Four interviewees insisted that it was through the implementation of strategic leadership practices that the bank became stricter in keeping customer records in accordance to the standard operating procedures. NBK became more efficient in handling customer claims, this attracted more customers resulting into increased sales turnover. These results abide with Golnaz and Brian (2011) and Ogbonna and Harris (2012) who unearthed that successful implementation of strategic leadership practices was positively related to a major reduction in customer complaints.

Concerning whether the implementation of strategic leadership practices improved customer satisfaction, all the interviewees were of the pinion that strategic leadership practices improved the satisfaction of customers. Consistent to these findings is the observation made by Green and Burke (2012) who revealed that strategic leadership impacted positively on the satisfaction of customers. Three of the interviewees revealed that progress that NBK had made in strengthening its relationship with the customers such that it was able to establish long-term mutual relationships with its customers. By strengthening its customer relationships NBK has shaped its management efforts in handling business interactions with customers and aligning business processes with the bank shareholders. A close customer interaction has enabled NBK to gain a deeper understanding of the customer by offering them with customized products or services that can specifically address their needs in priority areas. Thus, NBK was able to meet the needs of its customers efficiently and in some cases the bank was able to go beyond the expectations of its customers. However, this was received well by the customers using real-time feedback mechanism through live chats and emails.

4.5 Discussion of Findings

This section gives a discussion of findings that have been achieved after analysing the information received from the interviewees'. These discussions are aligned to studies that either support or contradict with the findings. The sub-topics discussed in this section are; strategic leadership practices on National Bank of Kenya and strategic leadership practices and competitive advantage of National Bank of Kenya.

4.5.1 Strategic Leadership Practices of National Bank of Kenya

Regarding NBK's implementation of strategic leadership practices, all the interviewees reported that the strategic leadership practices utilized by NBK were setting strategic targets, maximizing core competencies, continuous training and development, organisational culture and code of ethics. By setting strategic targets, the executive management of NBK was able align the bank's strategic goals to the vision of the bank. It acted as a guide in influencing organisational activities and employees as well as ensuring that organisational resources are aligned towards achieving corporate goals and objectives. This results Phipps and Burbach (2010) who observed that setting strategic direction and targets gave employees direction to work and accomplish set targets.

Interviewees noted that NBK maximized on its strengths, because of its stability, the bank invested largely on financial innovation to improve the quality of its products and minimize its operational costs. Interviewees indicated that NBK utilized technology as a strategic tool in developing its capabilities to deliver products and services efficiently. This finding is in agreement Nada and Zahari (2014) who contended that technology was utilized as a strategic tool to boost organisational performance.

Interviewees were in harmony that investing in human asset was a key driver towards successful implementation of strategic leadership practices in NBK. They argued that trained employees were self-motivated and competent in their work. Abdul et al (2016) validate these findings; he explains that employee is the human capital of any organisation, engaging employees in regular helped in improving their efficiency in achieving targets.

Three interviewees noted that organisational culture provided a supportive environment that influenced employees to work towards attaining corporate goals. Top management aligned organisational culture to the bank's strategic goals and targets. Spender (2011) posits that the culture of an organisation defines the manner in which employees and top management interacts in the implementation of strategic leadership practices. It also influences employees' perception to change. All the interviewees agreed that NBK had a code of conduct that guided employees' behaviour in the organisation. Top management acted as role models to the employees by abiding with the code of conduct. These results coincide with Denton and Vloeberghs (2010) who ascertained that with a code of ethics employees got guidance on how to behave in the organisation particularly on issues that concerned integrity.

4.5.2 Strategic Leadership Practices and Competitive Advantage of National Bank of Kenya

Interviewees were requested to explain how the implementation of strategic leadership practices improved relationship between employees. All the interviewees agreed that implementation of strategic leadership practices united the employees in sharing similar goals and vision. This way, employees supported the direction by the top management without protest. This improved the employees' level of commitment and unity in working towards achieving corporate goals. These results are consistent to Phipps and Burbach (2010) emphasized the need to ensure that the employees feel comfortable with each other by sharing a good rapport and working in close coordination towards accomplishing a similar goal. Interviewees indicated that strategic leadership implementation promoted a healthy relationship among their employees.

On whether implementation of strategic leadership practices improved value addition to NBK, the interviewees agreed that implementation of strategic leadership practices improved NBK's value for its products and service. Through its huge investment in technology, the bank was able to lower transactional costs for its customers, products and services were differentiated to suite cater for a wider market segment. With financial innovations, NBK was able to offer its products such as internet banking and agency banking conveniently and efficiently. In line with this, are the observations made by Lufthans (2012) who found that commercial banks' investment in technological and financial innovations led to a reduction in costs thus banks were able to offer quality services and products at competitive prices.

Implementation of strategic leadership practices led to a reduction in customer complaints. Interviewees noted that the strategic plan of 2013-2017 under the leadership of Munir Mohammed saw the introduction and operationalization of mobile and internet banking. These financial innovations have significantly minimized customer complaints involving ATM downtime. Today, customers can withdraw and deposit money without necessarily using ATM or visiting banking halls. Under the new leadership, NBK has invested largely on iMAL this had enabled the bank to have an integrated social media system to efficiently respond to customer feedback.

In view of this, Nthini (2013) discovered that strategic leadership implementation led to a reduction in customer complaints. All the interviewees agreed that implementation of strategic leadership practices resulted into increased customer satisfaction. Interviewees cited various ways that led to their satisfaction as a result of NBK efforts to implement strategic leadership practices. Top management executive of NBK adopted a participative form of leadership that allowed all the stakeholders to be involved in key decisions including the customers. Credit and compliance did physical visits to their customer businesses to find out the problems that they experienced, as such these informed the bank on the kind of products or services to design in order to address customer needs. These results are consistent Kinyanjui (2015) who indicated that successful implementation of strategic leadership practices contributed positively towards improved customer satisfaction.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Under this chapter, the study gives summarized findings drawn from the previous chapter that have been done in line with the objective for this study which was determining the contribution of strategic leadership practices on National Bank of Kenya's competitive advantage. The areas discussed in this research are as follows: summary of findings, a conclusion, recommendations, study limitations and suggestions for future research.

5.2 Summary of Findings

This section gives summarised findings on implementation of strategic leadership practices and their contribution towards improving bank performance. The sub-topics discussed herein are; strategic leadership practices on National Bank of Kenya and strategic leadership practices and competitive advantage of National Bank of Kenya.

5.2.1 Strategic Leadership Practices of National Bank of Kenya

One of the strategic leadership practices implemented by NBK was setting direction (targets). The interviewees reported that setting targets allowed the bank to determine its desired achievements in the next 5-10 years. Success in setting effective strategic goals was promoted by the ability of the leaders to develop a vision and communicate it to the employees. This is supported by Owolabi and Makinde (2012) who indicated that strategic leadership of an organisation shaped the organisation's mission and vision.

NBK developed core competencies by investing in technology and innovation in designing superior products and services that add value to the customers. The bank had quarterly training programs as a strategic leadership practice to build employees' skills and knowledge a supportive culture that gave employees an environment to effectively participate in the implementation of strategic plans as recommended by Palladan et al (2016) in their study.

NBK's formulation of code of ethics was a great strategic leadership practice. The interviewees indicated that the determining factor on success of strategic leadership practices was nature of implementation. This is results are consistent to a study by Holloway (2012) who concluded that organisations' whose employees observed integrity in their work attracted investors since they had trust and confidence in such organisations.

5.2.2 Strategic Leadership Practices and Competitive Advantage of National Bank of Kenya

The bank's ability to gain competitive advantage in the industry depended on its efficiency in meeting the set targets. NBK did set targets to its employees to provide direction and cultivate them to work towards achieving corporate goals. Adoption of strategic leadership practices improved communication and interaction among the employees and motivated employees to work harder towards improving the quality of employee services as evidenced from the reduced number of customer complaints. This contributed positively in improving the bank's efficiency in the delivery of services. Improved efficiency attracted more customers leading into increased sales giving the bank a competitive edge against its rivals.

Implementation of strategic leadership practices by NBK enhanced its interaction with the customers and this strengthening their relationship which resulted into customer loyalty. These results conform to the views of Muhammad and Memon (2009) who noted that organisations that maintained competitive advantage over their rivals offered value adding products and services; they were able to satisfy customer needs and deal with customer disputes.

5.3 Conclusion

It can be concluded that the most commonly applied strategic leadership practices at National Bank of Kenya included setting strategic direction (targets), core competencies, training and development programs, organisational culture and code of ethics. All these strategic leadership practices were considered to be important since none of them could be implemented in isolation. The bank considered it a necessity to implement these practices to realize corporate goals and to effectively survive in an environment that was dynamic.

Strategic leadership practices were found to contributed effectively towards building and strengthen the relationship between employees by sharing common goals and shared values in working towards the same goals. These practices helped the bank to enhance its efficiency in decision making processes since these practices were aligned to the bank's strategic goals. Thus, the bank was able to deliver value adding products and services that enhanced the satisfaction of the customers. The bank also recorded significant reduction in customer complaints as a result of implementing strategic leadership practices and this contributed to the bank's competitive advantage.

5.4 Recommendations

National Bank of Kenya should pool more funds and resources to invest in banking technologies and innovation so as to improve employees' efficiency and minimize operational costs. The bank will be able to deliver value adding products and services that cater for evolving customer needs and thus attract more customers. This will result into increased sales and improved bank performance.

National Bank of Kenya should sponsor its staff to a continuing training and development program in order to expose the employees to specialized skills and knowledge. Thus, bolster their understanding of strategic leadership practices and its impact on the bank's competitive advantage. This will boost efficiency in execution of their tasks and motivate employees to work towards their set targets.

Top management should provide adequate support to their staff in form of resources and facilities. With a conducive environment, the employees feel more comfortable to work and relate with their colleagues. This makes working enjoyable and provides the employees with a safe environment to work and accomplish their set targets. Central Bank of Kenya should set uniform policies that encourage commercial banks to embrace strategic leadership practices. This will lead to the adoption and implementation of strategic leadership practices among commercial banks. Thus, promote fair business practices and a health completion in the banking industry in Kenya.

5.5 Limitations for the Study

Due to time and cost constraints the study limited itself to a single organisation: National Bank of Kenya. This implies that the findings obtained under this study cannot be utilized for direct application in another parastatal body or even the public sector to generalize the results got from this study. A wider scope could have provided basis of comparison and generalization of the findings.

A descriptive survey could have enabled the researcher to execute a factor analysis to identify the key strategic leadership practices implemented by National Bank of Kenya. This is useful in enabling NBK to identify priority areas to improve and ensure that strategic leadership practices implemented by the bank contribute towards improving competitive advantage. Moreover, it could have enabled the researcher to apply financial econometrics models such as regression or correlation analysis to find out whether there exists a connection between strategic leadership practices and competitive advantage.

A few of the interviewees perceived the process to be non-paying and hence time wasting. The researcher spent a lot of time trying to convince them to participate in the interviews. This took a long period of time to achieve while all the interviewees were not fully convinced why they needed to give information. Some senior staff opted to be represented by their juniors in the interviews. Open-ended questions only were utilized under this study. A blend of both closed-ended and open-ended questions could have allowed the researcher to collect more detailed information that is sufficient for more detailed and comprehensive findings. This could have improved the quality of the results obtained in this study.

5.6 Areas for Further Research

Researchers in future might consider duplicating this study in the public sector. This will help researchers to compare strategic leadership practices so as to establish the best practices. Further, they will enhance their understanding on the challenges experienced by the public sector in implementing strategic leadership practices and ways to counter these challenges.

A replica of this study should be executed using an explorative research design to find out the cause and effects of strategic leadership practices on competitive advantage. Then, suggestions can be made on the most effective strategic leadership practices that can sustain the firm's competitive advantage in the long-term. Thus, provide a solid basis for a more reliable conclusion.

The needs of the customers keep changing and other external factors such as technological changes, competition and regulations. These changes influence the management's approach to strategic leadership decisions and practices in order to cope with the environment. It is advisable for the future researchers to replicate this study after a period of time say for like 10 years to find out some of the strategic leadership practices utilized then and compare findings.

A study should be done in future with the help of a cross-sectional research design in order to include all commercial banks in Kenya this will give researchers a wider scope to do a survey of strategic leadership practices utilized by commercial banks and their contribution to competitiveness. Thereafter, results can be compared and then a plausible conclusion can be made.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

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P.O. Box 30197
Nairobi, Kenya

DATE th 27/09/2017

TO WHOM IT MAY CONCERN

The bearer of this letter ...*MOMCA WAKIABU KAHIGA*.....

Registration No....*D61/65/12/2013*.....

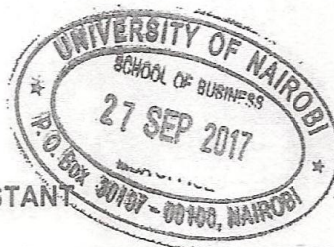
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS



APPENDIX II: INTERVIEW GUIDE

Section A: Background Information

1. Name of the Sector/Department.
2. What managerial position/Designation do you hold?
3. How long have you been working for the NBK?
4. How long have you been working in your present capacity?

Section B: Strategic Leadership Practices

- i. In your view, what are some of the most popular strategic leadership practices adopted by your bank?
- ii. In your view, what is the best strategic leadership practice adopted by your bank?
- iii. In your view which is the least effective strategic leadership practice adopted by your bank? Please explain in details.
- iv. Please explain how modern technology has been utilized to improve strategic leadership practices by your bank?

- v. In your opinion, explain how the adoption of strategic leadership practices has enabled employees to achieve their set targets?

Section C: Strategic Leadership Practices and Competitive Advantage

- i. Please explain to me how the adoption of strategic leadership practices has improved your relationship with your fellow employees?
- ii. Please explain whether the adoption of strategic leadership practices by your bank has improved value addition for products and services offered?
- iii. (a). Kindly tell me whether the adoption of strategic leadership practices has minimized customer complaints? Yes or No

b). If yes, please in details
- iv. In your view, has the adoption of strategic leadership practices by your bank improved customer satisfaction?