COMBINED COMPETITIVE STRATEGIES BY COMMERCIAL BANKS IN KENYA IN THE CHANGING GLOBAL ENVIRONMENT: A CASE OF EQUITY BANK

BY

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DECLARATION

I declare that this is my original work and has not been presented for a degree in any other university.

Sign: r f i t ^ t t - ^ T ^................ Date: .J.TrTT.SS. .T^.TV..

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This project has been submitted for examination with my approval as university supervisor

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DEDICATION

This work is dedicated to my parents Mr. Zachaiy Ayieko and mother Mrs. Naomi Ogamba for the encouragement and support throughout the duration of the project.

ABSTRACT

The general objective of the study was to determine the combined competitive strategies by commercial banks in Kenya in the changing global environment using the case of Equity Bank. The study was guided by the following research objectives: to establish the extent to which commercial banks in Kenya have employed competitive strategies to counter competition and to determine how effective combined strategies have been for commercial banks in Kenya in countering competition. This research study was best studied through the use of a descriptive survey. Target population refers to the entire group of individuals or objects to which the researchers are interested in generalizing the conclusions (Castillo, 2009). The target population consisted of all the 22 Equity banks branches in Nairobi. Budget and time constraint was involved in collecting data from other parts of the country. Both the primary and secondary data were used. Majority of the respondents agreed combined strategies were adopted by many branches of the bank. In addition, many of the respondents mentioned that the combined strategies were effective to a greater extent. Many respondents mentioned that the challenges faced during the implementation of the combined strategy plan. The findings suggested that implementing combined strategy has led to productivity of the teams, followed by improved financial performance and closely followed by increased customer outreach. The bank should innovate on its products and services as well as provide a wider assortment of products and services by monitoring and meeting varying needs of the consumers in the market. The study suggests that future research could replicate the research objectives with a focus on other banks besides Equity to confirm the similarities of the findings. Moreover, future researchers can look at the impact of combined strategies on the bank's profitability.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Johnson and Scholes (2006) define strategy as the direction and scope of an organisation over the long-term which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. In other words, strategy is about answering a number of questions including: Where is the business trying to get to in the long-term? Which markets should a business compete in and what kinds of activities are involved in such markets? How can the business perform better than the competition in those markets? What resources (skills, assets, finance, relationships, technical competence, and facilities) are required in order to be able to compete? What external, environmental factors affect the businesses' ability to compete? What are the values and expectations of those who have power in and around the business? A business strategy is expected to address such questions.

Strategies exist at several levels in any organisation - ranging from the overall business (or group of businesses) through to individuals working in it. Corporate Strategy for instance is concerned with the overall purpose and scope of the business to meet stakeholder expectations. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision-making throughout the business. Corporate strategy is often stated explicitly in a "mission statement". Business Unit Strategy is more specific and is concerned more with how a business competes successfully in a particular market. It concerns strategic decisions about choice of products, meeting needs of customers, gaining advantage over competitors, exploiting or creating new opportunities, etcetera. Operational Strategy is on the ground or operations level as the name suggests and is concerned with how each part of the business is organised to deliver the corporate and business-unit level strategic direction. Operational strategy therefore focuses on issues of resources, processes, people etcetera (Johnson and Scholes, 2006).

The demands and needs of the environment are constantly evolving and management is about adjusting the company according to the needs and demands of the environment. One of the environmental influences to a business normally arises from competition.

1.1.1 Combined Strategy

Combined strategy of an organization involves matching its corporate objectives and its available resources. In this development of strategy, managers are concerned with reconciling the business the organization is in with the allocation of resources. This allocation process is concerned with the general purposes of an organization, whether it is part of the grand plan, the overall objectives or a 'strategy' designed to keep the organization in business (Hannagan. 2005). According to Drucker (1961), strategy is the pattern of major objectives, purposes or goals and essential policies or plans for achieving these goals, stated in such a way as to define what business the company is in or to be in and the kind of company it is or is to be.

Pearce and Robinson (1997) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the economic environment of organizations. Porter (1998), views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. Hence operational issues are mostly concerned with certain broad policies for utilizing the resources of a firm to the best support of its long term competitive strategy.

Bumes (1998) the concern in real time responses is to minimize the sum to total losses and restore profitability to ensure organization's success in a turbulent and surprising environment. He also observed that unstable and unpredictable conditions in which organizations have to operate today means that the ability to think strategically and manage strategic change successfully is key competitive strength for a sustainable competitive advantage. Real time strategic issue responses are necessary to facilitate the firm's preparedness in handling the impending issue, which may have profound impact on the firm

1.1.2 Commercial Banks in Kenya

Commercial banks provide current accounts, savings accounts, and money market accounts and that accepts time deposits. Commercial bank also refers to banks or divisions of banks primarily dealing with deposits and loans from corporations or large businesses. Commercial banking may also be seen as distinct from retail banking, which involves the provision of financial services direct to consumers. Many banks offer both commercial and retail banking services (CBK, 2008).

The Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK), governs the Banking industry in Kenya. The banking sector was liberalised in 1995 and exchange controls lifted. The CBK. which falls under the Minister for Finance's docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The CBK publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publications and guidelines. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and addresses issues affecting its members (KBA annual Report, 2008).

There are forty-six banks and non-bank financial institutions, fifteen micro finance institutions and forty-eight foreign exchange bureaus in Kenya. Thirty-five of the banks, most of which are small to medium sized, are locally owned. The industry is dominated by a few large banks most of which are foreign-owned, though some are partially locally owned. Six of the major banks are listed on the Nairobi Stock Exchange. The commercial banks and non-banking financial institutions offer corporate and retail banking services but a small number, mainly comprising the larger banks, offer other services including investment banking.

Banks represent a significant and influential sector of business worldwide that plays a crucial role in the global economy. Commercial banks are financial intermediaries that serve as financial resource mobilization points in the global economy. They channel funds needed by business and household sectors from surplus spending to deficit spending units in the economy. A well developed efficient banking sector is an important prerequisite for saving and investment decisions needed for rapid economic growth. A well functioning banking sector provides a system by which a country's most profitable and efficient projects are systematically and continuously funded. The role of banks in an economy is paramount because they execute monetary policy and provide means for facilitating payment for goods and services in the domestic and international trade (Shambe, 2003).

The Kenyan Banking sector has demonstrated a solid growth over the past few years. The industry continues to offer significant profit opportunities for the major participants. Banks generally earn their revenues from taking in funds and lending them out at a higher rate. The spread between deposits and loans continues to be around 8.5%, offering much profit potential. Profit after tax of the overall banking system increased by 38.61%, or Kshs 5.08 billion, from Kshs 13.15 billion in December 2005 to Kshs 18.22 billion in December 2006. This growth is a continuation of the strong growth in profit after taxes that the industry has achieved for the past several years. The increase in profit reflected an increase in interest income on loans and advances, which rose by 14.36% or Kshs 5.51 billion to Kshs 43.9 billion in December 2006 from Kshs 38.39 billion in December 2005. The increase in interest income was due to the growth of 16% in loans given out. The rate on loans in the industry has been stable at an average of 11%, The Kenyan Banking Sector Report (2007).

1.2 Statement of the Problem

Banking has traditionally operated in a relatively stable environment for decades. However, today the industry is facing dramatically aggressive competition in a new deregulated environment. Commercial banks in Kenya are realizing that stiff competition the banking industry necessitate the design of competitive strategies to guarantee their performance. Successful strategies lead to superior performance and sustainable competitive advantage. The ability of a firm to command a competitive advantage depends on the sustainability of the competitive advantages that they command. The business environment in the country has drastically changed resulting in some commercial banks opening a number of branches across borders and thus increasing competition in the industry globally. Commercial banks have ended up 'hawking' their services to potential clients and this has led to downward prices due to competition.

Every bank has to consider how to enter a market and then build and protect its competitive position. Banks begin to realize that no bank can offer all products and be the best/leading bank for all customers. Banks should therefore not only come up with strategies to counter the competition but also measure the effects of the combined strategies that they employed. Guided by these facts, there is a need, to formulate a study on banking sector in Kenya, specifically to understand the effects of combined strategies in commercial banks of Kenya.

Studies on strategic responses have centered on strategic management practices. Kangoro (1998) did a research on the strategic management practices in public sector organizations in Kenya, Muthuri (2001) studied on application of strategic management accounting by large manufacturing companies in Nairobi, Mugambi (2003), studied the strategic management practices of shipping companies in Kenya and Kiruthi (2003), did on state of strategic management practices in not-for-profit organizations. The case of public membership clubs in Nairobi. None of these researchers have concentrated on the effects of the combined strategies. Hence this project bridged this gap by carrying out a study on effects of combined strategy in commercial banks in the changing global environment.

1.3 Objectives of the Study

i. To establish the extent to which commercial banks in Kenya have employed competitive strategies to counter competition.

ii. To determine how effective combined strategies have been for commercial banks in Kenya in countering competition.

1.4 Importance of the Study

The study will be invaluable to the various stakeholders in the banking industry:

Scholars: The study will provide reference materials for future researchers on effects of competitive strategies among commercial banks in Kenya to potential and current scholars.

Policy makers: The policy makers will obtain knowledge of the financial sector dynamics and the responses that are appropriate; they will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector participation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter deals with previous studies done on competitive intelligence by different authors. It covers the competitive strategies used by commercial banks, challenges experienced in strategic management, main strategic options and the strategies Equity bank uses in managing competition among the Kenyan commercial banks.

2.2 Competitive strategy

Kahaner (1996) affirms that competitive intelligence is a strategic tool that allows top management to improve its competitive edge. According to Kahaner, this is done by identifying the main driving forces and being in a position to foresee future market directions.

According to Porter (1996, 2004), the fundamental basis of an organisation's performance is called "sustainable competitive advantage". Organisations with sustainable competitive advantage have capabilities and competences that enable them to produce services and products the market is willing to buy. Porter distinguishes three generic strategies for sustainable competitive advantage: lowest costs, differentiation, and focus.

An organisation with a lowest costs strategy concentrates on production at the lowest possible costs. It has a broad scope and serves many market segments. The organisation's wide scope of markets is often important, because it enables the creation of economies of scale.

An organisation with a differentiation strategy aims to produce and sell unique products and services for a premium price or a relatively high price. It opts to be unique in its industry. It selects one or more attributes that many buyers perceive as important, and positions itself to meet those needs. Organisations with a differentiation strategy also have a broad scope and serve a collection of distinctive market segments.

In both a lowest costs as well as a differentiation strategy, an organisation concentrates on serving a large set of market segments. An organisation with a lowest costs or differentiation strategy that also concentrates on one target market segment or just a few defined market segments performs a focus strategy. There are two variants of the focus strategy: lowest costs focus and differentiation focus. The focuser selects a segment in the industry and tailors its strategy to serving this segment. The focuser wants to achieve a competitive advantage in this particular market segment and tries to become a specialist.

Competitive strategy typifies a firm's corporate real estate strategy as incremental, value-based or standardization and classifies an organization's competitive strategy as cost leadership, differentiation, or focus. The combined model symbolizes the incremental, value-based, and standardization real estate strategies with the pictures in the first three figures. In addition, it visualizes the competitive strategies of lowest costs, differentiation, and focus with the basic structure. The matrix enables the categorization of a firm's competitive strategy. The three symbols in each quadrant of the matrix symbolize the three possible real estate strategies an organization can use within these competitive strategies.

Pearce and Robinson (1997) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the economic environment of organizations. Porter (1998), views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. Hence operational issues are mostly concerned with certain broad policies and policies for utilizing the resources of a firm to the best support of its long term competitive strategy.

Burnes (1998) the concern in real time responses is to minimize the sum to total losses and restore profitability to ensure organization's success in a turbulent and surprising environment. He also observed that unstable and unpredictable conditions in which organizations have to operate today means that the ability to think strategically and manage strategic change successfully is key competitive strength for a sustainable competitive advantage. Real time strategic issue responses are necessary to facilitate the firm's preparedness in handling the impending issue, which may have profound impact on the firm

In banking today, as in other service industries, managers must remain alert to constant environmental changes, and be ready to redefine their corporate mission and reformulate their marketing policies, plans and strategies to meet the needs of the evolving, complex marketplace. In a more marketing-oriented type of corporate mission commercial banks try to offer complete financial services to the banking public rather than merely buying and selling money. There are two interrelated aspects of this enlarged customer-oriented mission of commercial banks. The first is whether a bank can provide the required banking services to its diverse and more sophisticated market segments. The second is whether a bank's existing competences and resources can match the current needs and expectations of its target markets (Kaynak, 1986). Commercial banks of all sizes with diverse market segments need to find answers to these two interrelated questions to be able to prosper in today's highly competitive banking industry.

During the 1980s, commercial banks in Europe found it necessary to introduce marketing techniques and concepts as a response to an increasingly competitive marketplace. During this era, many banking industry leaders believed that a business-marketing strategy was evolving in close association with information technology planning. In a banking system like this, customer service, user-friendly technology, and customer-driven products are important components within the marketing mix, but communication is fast emerging as the crucial element in the marketing activity of a bank (Andrew, 1990).

In order to be successful, some large private banks use product innovation as an important element in their marketing strategy. It has been argued that allowing banks to provide multiple financial products would benefit society by making more choices available to consumers while reducing their transaction costs. Hunter and Timme (1989) indicated that, for commercial banks with up to $5 billion in assets, no appreciable cost savings accrue from multiproduct production. For banks with assets of between $5 and $25 billion, multiproduct production actually increases production costs. Product liberalization is more likely to increase bank customer welfare by reducing transaction costs and encouraging diversification.

Niche marketers have a competitive advantage in today's highly segmented financial services market. The consumer marketplace is continuing to fragment into smaller subsets of needs and behaviours, which is affecting the way banks and other financial institutions market products and services (Laurino, 1993). For instance Pictet et Cie, a private Swiss bank, based its strategy on clients' needs and wants rather than using a product-driven marketing strategy (Tan, 1990). This is regarded as a quality service and can be defined as the degree to which a bank meets the expectations of the clients regarding its services. A quality service can also give a bank a competitive edge; studies indicate that customers will pay for personal service if it is good (Ribourdouille *et al.,* 1989).

With regard to the banking industry, Johnson and Johnson (1985) proposed that the width and depth of the product and service line, low operating costs, and a good bank reputation can be considered as the three critical success factors in a competitive market in the banking industry. Canals (1993) recognized that the concepts of value chain and bank configuration could be employed to develop a bank's competitive advantage. He identified four sources of a bank's competitive advantage, namely: manpower; financial management; asset base; and intangible assets.

This line of development is evidenced in some of the early inductive studies of business strategy where Porter's (1980) generic strategy framework has been used as a basis for classification. A number of researchers have considered retailers' strategic options in terms of differentiation, low cost and focus strategies (e.g. McGee, 1987; Wortzel, 1987; Dwyer and Oh, 1988; Helms *el al.,* 1992). Consequent variations on generic strategy have emanated from such work including sales service and merchandise differentiation, and price leadership, together with combined low-cost and differentiation strategies. Others (e.g. Doyle and Cook, 1980; Walters and Knee, 1989) on the other hand have broadly adapted the Ansoff (1957) product market approach to retailing which has given rise to business strategy options relating to productivity improvement, integration, consolidation, repositioning, market development, penetration, and diversification. In a more recent study by Moore (2005), the researcher applied the Miles and Snow (1978) theoretical typology to the retail sector and found some evidence to support the presence of three of the four strategic business level archetypes in the retail industry and a link with retail performance.

Functional level strategy in retailing was investigated in a study by Hawes and Crittenden (1984) who derived competitive strategy types using cluster analysis of retail marketing activities and identified differences in performance between the groups. Furthermore, an alternative stream of research on retail strategy, which predominantly identifies variations in functional level retail strategy and performance, considered strategic groups of retailers in industry structure studies based on their scope of activities and resource allocation (e.g. Lewis and Thomas, 1990; Carroll *et al.,* 1992; Flavian and Polo, 1999).

Wilde and Singer (1993) singled out three critical success factors for banks, that is, lower cost, product differentiation, and financial strength. Leidecker and Bruno (1984) identified competitive resources in four semi-conductor companies, which operated with different business strategies. They found that when the companies utilized different business strategies, it clearly affected their resource utilization and the business goals emphasized.

Dvir and Shenhar (1990) further stated that firms based the selection of their business strategy primarily on technological levels and financial situation. They proposed that one could identify a firm's competitive advantages by its technological level and financial situation. Moreover, a set of business strategies is applicable to competitive firms' quest for a niche: this is described by Porter (1985). Porter (1985) suggested that business strategies could be categorized as; cost leadership; differentiation; specialization; and stuck in the middle.

Miles and Snow (1985) also identified parallel business strategies in firms which will condition organizational development. In their study, they categorized four types of business strategy that is, a prospector usually attempts to enter a new market and products and services in a timely manner. An analyzer is identified as a cost saver and/or efficiency promoter, especially in risk and innovative businesses and is always the second company to enter a new market. A defender is an expert on managing an experienced task in a stable market, with stability and security as key principles. Finally, a reactor is a contingency player and typically lacks a consistent strategy. This study uses Miles and Snow's (1985) four types of strategy as one of the "best known" and most widely accepted models for bank growth and market analysis.

In a study of various types of business strategy, Shorteli and Zajac (1990), illustrate business operations and refer to Miles and Snow's (1985) descriptions of the four types of business strategy for organizational development.

2.3 Strategic marketing planning by Commercial Banks

In recent years, a flurry of research has been devoted to the area of strategic bank marketing, and banks have used market research to examine their competitive situations. Increased inter-and intra-type competition for retail bank business has caused bankers to be increasingly concerned about satisfying their customers. Customers of marketing-oriented banks were found to be significantly more satisfied with their banks than customers of other banks, suggesting that marketing-orientation is related to customer satisfaction. Efficiency and courtesy were the most important attributes in determining overall customer satisfaction. Other important attributes were convenience of location, range of services, reputation and availability of innovations. It was suggested that, knowing this, the manager should train his employees to be more courteous and efficient in servicing customers. The importance of location decisions in satisfying customers is also emphasized (Kaynak and Kucukemiroglu, 1992; McCullough *el al.,* 1986).

A commercial bank's marketing orientation is determined partially by which of three market segments, namely, security-oriented, interaction-oriented and task-oriented, predominates in the country or region in which the bank operates and performs its multitudinous number of functions (Kaynak, 1986).

Generally, customers of banks in local areas are security-oriented. As a result, the bank and banker must look conservative and traditional. At the other end of the spectrum are task-oriented bank customers who place their main emphasis on the bank's professionalism. The mechanics of banking operations become very important for this market segment. These clients patronize mainly national banks, which have nationwide branch networks, and, in most cases, they value the speed, accuracy and efficiency of the financial transactions. Finally, interaction-oriented bank customers value the relationship between the bank and themselves very much. How commercial banks manage their portfolios, the credit facilities they make available to potential clients, and the variety of services they offer are among the factors affecting the attitudes and behavioral patterns of these customers. Depending on their needs, both local and national bank customers can be interaction-oriented.

Banking institutions throughout the world are facing a fast paced dynamic environment where efficiency and competitiveness hold the key to survival. The process of establishing a competitive advantage is at the heart of competitive marketing strategy (Devlin and Ennew, 1997). With intense competition from both domestic and international players, rapid innovation and introduction of new financial instruments, changing consumer demands and explosive growth in information technology, the way in which a commercial banking firm conducts business and reaches out to its customers has significantly changed. Widespread mergers and acquisitions in the banking sector point to this quest for attaining competitive advantage in a crowded marketplace. In order to survive and adapt to the changing environment, banking firms are putting more stress on understanding the drivers of success, like better utilization of its resources (like technology, infrastructure and employees), process of delivering quality service to its customers and performance benchmarking. Leading commercial banks throughout the world are aggressively strengthening their strategic marketing and operational capabilities as a source of competitive advantage. Concepts like service profit chain (Heskett *et al.,* 1994) and operational capability-service quality-performance triad (Roth and Jackson, 1995) have turned out to be buzzwords for any retail banking service firm, which wants to retain its competitive edge over others.

While traditional bank performance parameters like transactions, deposit and income are significant indicators, the criterion of efficiency has become a *sine qua non* to achieving firm competitiveness in the banking sector like never before. It is becoming increasingly relevant from a marketing perspective to not only outperform competitors on deposit or income, but also be cost competitive. A bank is considered to be cost competitive, if it spends equal amount of money 0l1 resources as others but generates higher levels of performance or if it spends less amount of money on resources to generate same level of performance as others in the industry. The need to be cost competitive is at the heart of effective competition in today's financial markets, because cost competitiveness imparts the ingredients to long-term commercial success. Therefore, efficiency of banks is critical as a basis for effective competition from a marketing perspective. Extant literature on marketing efficiency of firms mentions several financial variables as inputs, like marketing expense (Gross, 1984), investment (Drucker, 1986), number of employees (Drucker, 1985), man-hours (Gross, 1984) and administrative overheads (Anderson and Weitz, 1986). Output has been measured in terms of financial parameters like profit (Sevin, 1965), sales (Bucklin, 1978), number of units sold (Hall, 1975) and market share (Donath, 1982).

2.4 Challenges of strategic planning

The performance challenges and the need to be cost competitive are apparent throughout the world. The situation is no different in the banking sector in India, one of the world's largest emerging economies. As the country's banking system, which is still dominated by the public sector banks, is exposed to structural reforms, performance and efficiency issues are gradually emerging as the touchstone of success (Saha and Ravisankar, 2000). There is an emerging need for a comprehensive framework for measuring performance of

Indian banks and understanding their strategies, both from the point of view of the corporate and retail customers as also the regulators.

Market development is dependent upon the firm-specific advantages that a bank possesses. In order to increase the local market commitment/penetration, foreign banks need to be competitive in following firm-specific attributes: product innovation, ability to develop key clients, ability to adapt technology to the local standard, ability to attract and recruit local expertise, ability to meet the latent demand of the banking market and cultural proximity. Meanwhile, foreign banks need to have a persistent long-term strategy. Many of these attributes are central to the adaptation process. For instance, foreign banks with excellent learning culture usually can more efficiently deliver innovative financial products that are compatible with local market regulations and demand. Banks appear to be advantageous because of their cultural and language proximity. They demonstrate a faster pace of local market penetration (Foss and Eriksen, 1995).

2.5 Main strategic options

The strategic options are; client leadership, product leadership and multi-objective strategy. Client- and product-leadership strategies are interrelated. The difference lies in the allocation of core banking resources and strategic objectives that banks pursue. Banks may perceive external environment differently and may possess different bundles of internal resources, hence they may choose to adopt one strategic option over the other (Amitand Schoemaker, 1993).

For both client- and product-leadership strategies, location, distribution network, understanding of the local market and proper technological platform to facilitate efficient internal coordination is critical. Banks, particularly those specializing in retailing business, tend to achieve synergistic leaderships in both client and product by establishing multiple branches and concentrating on product innovation. A good organizational learning culture contributes to more efficient exploitation of external knowledge, client management, product innovation and creative marketing.

2.5.1 Client leadership

In pursuit of client-leadership, foreign banks focus on maintaining their key existing clients by introducing sophisticated client portfolio management. Client base diversifies with the development of the local market. In order to avoid direct competition with domestic banks, foreign banks tend to target niche market or neglected client segments such as rural market and small to medium sized local private enterprises. Although diversification of client base takes place gradually, a trend can be observed that local corporate clients are taking over FIEs in terms of revenue contributions. For specialized retailing banks, they are seeking aggressive local market expansion by establishing locally incorporated subsidiaries and nation-wide retailing outlets.

2.5.2 Product-leadership

In pursuit of product-leadership, product innovation and a restructure in product portfolio appear to be the only sensible solution. Traditional interest-based banking products lack of differentiation. Any new change can be easily copied by domestic banks in a short period of time. Static foreign exchange rate and interest rate also squeeze the profit margin in traditional commercial banking business. Foreign banks need to shift product focus from traditionally interest-based services to high-order fee-based banking products. Product innovation does not merely refer to introduction of new products. It can also mean a modification of existing matured products, innovative solutions in sales and marketing, and improvement in efficiency. In practice, it means that banks may need to market their products in an innovative way. Adjustments involve not only product concept but also technological platform at the back-end office in order to comply with local market regulations (Amit and Schoemaker, 1993).

2.5.3 External knowledge and being innovative

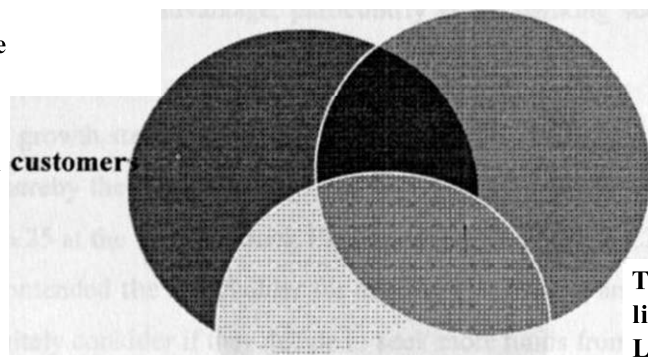
Organizational learning and internal coordination, quality of managerial resources and cultural proximity are vital in dictating and differentiating the development pattern of foreign banks. Each factor turns out to feature different development stages and their roles in affecting the degree and timing of local market expansion vary. How banks cope with external knowledge and being innovative in creating new knowledge for sustainable growth is an essential element in shaping developing strategies. High quality managerial resources facilitate knowledge transfer and the creation of new knowledge. The effectiveness in knowledge absorption and generation is the key to banking innovation and adaptation. Better training and a pool of qualified managerial staff also ensure a good communication internally and with clients or regulators. Ultimately this can enhance performance and speed up the pace of expansion. Cultural closeness is an uncopiable advantage that offers banks quicker access to the local market. An in-depth understanding based on similar cultural background and a common language facilitates business innovation and adaptation in the post-entry development (Anderson and Gatignon, 1986).

2.6 Strategies used by Equity Bank

Equity's Mission is to offer inclusive; customer focused financial services that socially and economically empower our clients and other stakeholders. This is achieved by use of different strategies one of them is the Hedgehog Concept.

Hedgehog Concept

Developing a unique emotional bond and economic bond with customers



Transforming lives and Livelihoods; giving dignity and giving possibilities

(Imanyara, 2004)

Equity Bank has a Service Oriented Architecture (SOA) strategy with the core banking software sitting at the centre. The other systems on the periphery of the core include Customer Relationship Management (CRM) and call centre, ERP, data warehouse and Business Intelligence, credit-scoring, credit card and mortgage lending solutions. The operating system of choice is Unix/Linux for applications, with Oracle/Teradata databases, sitting on HP hardware. All clients run on Windows.

For Equity bank training, implementation and technical knowledge transfer has given the bank the capacity to launch new products and carry out serious integrations 'as there is deep knowledge of the system' internally. The lack of deep understanding of Finacle by Infosys" chosen third-party implementation partner and also lack of extensive end-to-end understanding of the system by the vendor's support team as having led to teething problems during integration work. This has not diminished the appetite for further progress within Equity Bank. New products, such as Visa debit and credit cards, mobile banking, and EFTPOS have been set up. A call centre is mooted, and more work to integrate new systems (such as money transfer, ERP, CRM, data warehouse, credit-scoring, and risk management). Integration of the systems covering new lines of business systems, such as investment banking, securities brokerage and bancassurance, will add to the workload.

The system is worth the money and a good core banking platform to support our rapid expansion strategy. Customer service has improved 'tremendously, while he describes time to market for new products, delivery channels and business lines as short. The system, does offer a competitive advantage, particularly as the banking sector in Kenya goes into a phase of consolidation.

The company's future growth strategy to its involvement with Housing Finance Company of Kenya (HFCK) whereby the bank's management split the company's shares which is currently trading at Sh.25 at the Nairobi Stock Exchange (NSE). Equity's CEO Dr. James Mwangi said that commended the shareholder for making that request and that it will an avenue they will definitely consider if they decide to seek more funds from the bourse.

Equity has developed several strategies: strong credit policies and procedures, effectively communicated throughout the bank; robust risk management procedures; competitive products implemented for all lending areas based on Equity's strategy; a strong organizational structure clearly outlining roles, responsibilities, and reporting lines; tailored training curricula and internal training capacity; and good credit scoring and rating models where appropriate to ensure better credit decision making.

Equity Bank has joined Kenyan banks leveraging on the penetration of mobile phone usage in the country, through the introduction of mobile banking services. The "Benki Yangu Mkononi" service will enable the bank's customers to use their mobile phones to perform transactions without the presence of a fixed line point of sale terminal. It is the first such service in Kenya and targets the bank's 2.7 million account holders (Business Daily, 2008).

The bank's chief executive officer, Dr James Mwangi, said mobile banking was a crucial aspect in the mobile commerce matrix, especially in reaching out to under banked customers. "The mobile phone has laid down a strong base for low cost banking. The growth of mobile phone solutions in rural Kenya and regionally shows that a well designed service can go a long way in encouraging not only the under banked but the underserved customers in remote locations," said Dr Mwangi. Statistics compiled by the Communications Commission of Kenya (CCK) indicate that mobile phone subscribers in the country stood at 28 million in June this year, up from just 20,000 in 1999 (Business Daily, 2008).

This rapid penetration by the mobile phone has spawned innovations that have taken financial services to the masses much faster than a conventional bank would. The service includes bank account balance queries, money transfer, and request for statements. It can also be used to block lost or stolen ATM cards, top up airtime, cheque book request, and pay for utility bills, amongst a host of other transactions. Mobile banking solutions promise to offer convenient and efficient banking service within the reach of all Kenyans who have a mobile phone, 24 hours a day, and seven days a week (Business Daily, 2008).

Banks are rushing to bank the unbanked as sector experts drive home the potential of the mass retail banking market ."Banks have to adapt and shift," says Naval Sood, transactions partner at consultancy advisory firm PricewaterhouseCoopers (Business Daily, 2008).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on research design methods of data collection, the population and sample size, and data collection instruments and procedures.

3.2 Research design

This research study was best studied through the use of a descriptive survey. Descriptive research portrays an accurate profile of persons, events, or situations (Robson, 2002). Surveys allow the collection of large amount of data from a sizable population in a highly economical way. Descriptive survey has also been successfully used in other studies on commercial banks; also it allows one to collect quantitative data, which can be analyzed quantitatively using descriptive and inferential statistics (Saunders et al., 2007). Therefore, the descriptive survey was deemed the best strategy to fulfill the objectives of this study.

3.3 Population

Target population refers to the entire group of individuals or objects to which the researchers are interested in generalizing the conclusions (Castillo, 2009). The target population consisted of all the 22 Equity banks branches in Nairobi. Budget and time constraint was involved in collecting data from other parts of the country.

3.4 Data collection

Both the primary and secondary data were used. Primary' data was collected using a semi-structured questionnaire. The questionnaires were administered using drop and pick method. The respondents were the heads of the marketing function in the Equity bank branches in Nairobi.

3.5 Data Analysis

The data collected was checked for completion, coded and analyzed with the help of the Statistical Package for Social Sciences (SPSS). The data collected was in text format and thus content analysis was used to analyze the data. Other statistics such as the inferential statistics was also used to interpret the data. The results were presented using tables, graphs and charts for ease of understanding. This allowed for the interpretation of the findings generated and a recommendation from the findings.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings of the primary data collected from the field using the questionnaire as a tool. The general objective of the study was to determine the combined competitive strategies by commercial banks in Kenya in the changing global environment using the case of Equity Bank. The study was guided by the following research objectives: to establish the extent to which commercial banks in Kenya have employed competitive strategies to counter competition and to determine how effective combined strategies have been for commercial banks in Kenya in countering competition.

The section presents an analysis of the information designed to respond to the research objectives as outlined in the study. There are two subsections presented on the questionnaire. The first is a general section which addresses the respondents' demographic characteristics. The second section looks at how the combined strategy has been effective for commercial banks in Kenya in countering competition. Twenty two questionnaires were distributed to the respondents, however. 17 responded thereby creating a response effective rate of 77%. This response rate makes the data collected from the field more representative enough to answer the research questions. The results are indicated in the following Table 4.1.

Table 4.1: Response Rate

Category	Target Respondents	Response	Response Rate (%)
Equity Branches	22	17	77
Total	**22**	17	77

4.2 General Information

The general information for the study comprised of the respondents' gender, age, highest academic qualifications and job position in the organization

4.2.1 Gender of Respondents

The researcher sought to find out the gender of the target respondents involved in the study. The findings on Table 4.2 established that 73 % of the respondents were male as compared to 27% who were females. Thus, the findings indicate that majority of the respondents are male.

Table 4.2: Gender of Respondents

Gender	Frequency	Percent (%)
Male	**12**	**73**
Female	**5**	**27**
Total	**17**	**100**

4.2.2 Age of Respondents

The researcher sought to find out the age of the target respondents involved in the study. The findings in Table 4.3 established that most of the respondents were aged between 40 to 50 years, followed by 36% above 51 years, 9% between 29-39 years and 5% between 18 to 28 years. Thus, the findings indicate that most of the respondents are above 35 years.

Table 4.3: Age of Respondents

Age Bracket	Frequency	Percent (%)
Below 25	1	5
25-35 yrs	2	9
36-45 yrs	8	50
Above 45 yrs	6	36
Total	**17**	**100**

4.2.3 **Highest Academic Qualification**

The researcher sought to find out the gender of the target respondents involved in the study. The findings in Table 4.6 established that 47 % of the respondents were at a graduate level. 28% at the university, 12% college level and 6% in doctorate level. Thus, the findings indicate that majority of the respondents are relatively educated.

Table 4.4: Education Level of the Respondents

Education Level	Distribution	
	Frequency	**%**
A' Level	3	14
Graduate	10	60
Masters	4	26
Total	**17**	**100**

4.2.4 Position in the Organization

The researcher sought to find out the work experience in working for the organization from the target respondents involved in the study. The findings in Table **4.4** established that 9% of the respondents had less than 3 years work experience, 37% between 5 to 7 years, 13% between 8 to 10 years and 25% had up to 11 years work experience. Thus, the findings indicate that majority of the respondents had worked for less than 7 years were in a good position to offer information on change management at the organization.

Table 4.5: Position in the Organization

Position in the Organization	**Frequency**	**Percent**
General Finance Manager	2	9
Marketing Manager	6	37
Human Resource Manager	3	13
Operations Manager	5	25
Total	**17**	**100**

4.3 Combined Strategies

4.3.1 Presence of a Strategic Plan

To determine whether the branches had a strategic plan from the respondents involved in the study. Majority of the respondents agreed (100%).

4.3.2 Period of the Strategic Plan

To determine the period covered by the strategic plan among the respondents involved in the study. The study established that majority of the respondents mentioned between 1 to

3 years (63%) while 32% mentioned between 4 to 6 years. This indicates that the strategic plan were for less than 6 years. The findings are presented in Table 4.6.

Tabic 4.6: Period of the Strategic Plan

Period	Frequency	Percentage
1-3 year	12	68
4-6 years	5	32
Total	**17**	**100**

4.3.3 **Approval of the Strategic Policy**

To establish whether the bank branch has a formally approved strategic policy from the respondents who participated in the study. The findings established that majority of the respondents agreed (97%) while 3% did not know. The findings are presented in Table 4.14.

Table 4.7: Period of the Strategic Plan

Response	Target	Percentage
Yes	16	97
Don't know	**1**	3
Total	**17**	**100%**

4.3.4 **Competitive Strategies adopted by Firms**

To determine the widely competitive strategy adopted by the branches from the respondents involved in the study. The findings indicates that majority of the respondents mentioned that they have adopted differentiation strategies (mean=3.41), this was followed by focus or niche strategies (mean=3.51), combination of competitive strategies (mean=3.47) and low cost strategies (mean=3.41).

Table 4.8: Competitive Strategies adopted by Firms

Competitive Strategy	Mean	Ranking
Focus/ niche strategies	3.51	2
Differentiation strategies	3.97	1
Low cost strategies	3.41	4
Combination of competitive strategies	3.47	3

4.4 Effectiveness of the Combined Strategy

To determine the whether the combined adopted by the branches from the respondents involved in the study were effective. The findings revealed that majority of the respondents agreed (68%) and the rest 32% disagreed.

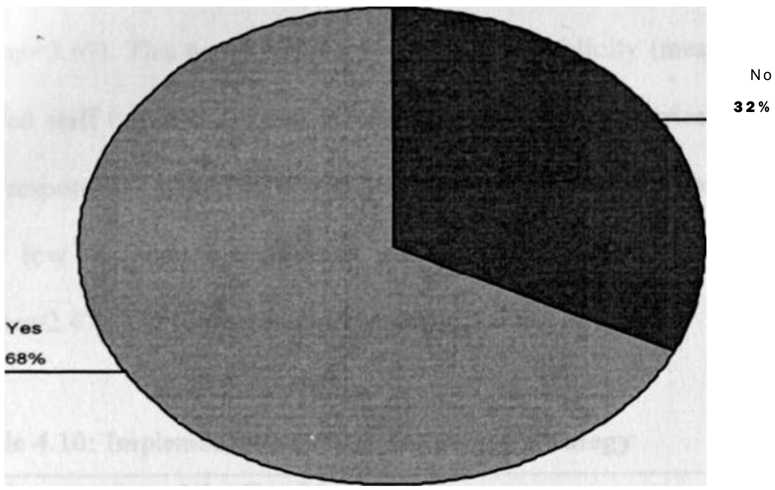


Figure 4.1: Effectiveness of the Combined Strategy

4.4.1 Effectiveness of the Combined Strategy as Compared to Other Strategies

To investigate whether the combined strategy was effective as compared to other strategies used by the branches from the respondents involved in the study. Most of the respondents agreed (64%) to a very high extent, 24% were moderate and 12% of the respondents claimed to a low extent. This means that majority of the respondents agreed that the combined strategy were effective as compared to other strategies.

Table 4.9: Effectiveness of the Combined Strategy as Compared to Other Strategies

	Frequency	Percentage
High extent	11	64
Moderate extent	4	24
Low extent	2	12
Total	17	100

4.4.2 Implementation of the Combined Strategy

To examine the extent to which the organization implemented various combined strategies from the respondents involved in the study. On a rating of 1-5 whereby 5 is greater extent and 1 is the not at all, the findings indicated that majority of the respondents claimed that to a greater extent there was intensive staff training (mean=3.69). This was followed by the use of publicity (mean=3.25), engaging highly skilled staff (mean=3.24) and offering a wide range of services (mean=3.02). However, few respondents agreed that there was automation of business processes (mean=2.63) and very few respondents mentioned that the banks looked for private sources of funds (mean=2.47). The findings are presented in Table 4.10.

Table 4.10: Implementation of the Combined Strategy

Implementation of the Combined Strategy	Mean	Ranking
Offering a wide range of services	3.02	4
Engaging highly skilled staff	3.24	3
Use of publicity	3.25	2
Intensive staff training	3.69	1
Automation of business processes	2.63	6
Liaising with competitors	2.69	5
Looking for private sources of funds	2.47	7

4.4.3 Challenges of the Combined Strategy

To investigate on the challenges of the combined strategy in the implementation of various combined strategies from the respondents involved in the study. On a rating of 1-5 whereby 5 is greater extent and 1 is the not at all, the findings indicated that majority of the respondents claimed that to a greater extent that the leading challenge there was client diversification (mean=3.70). This was followed by the lack of good product innovation (mean=3.63) and competition (mean=3.52). However, among the least challenges mentioned were financial strength (mean=3.42) and leadership management of funds (mean=3.34). The findings are presented in Table 4.11.

Table 4.11: Challenges of the Combined Strategy

Factors	Mean	Ranking
Financial strength	3.42	4
Competition	3.52	3
Leadership management	3.34	5
Client diversification	3.70	1
Lack of good product innovation	3.63	2

4.4.4 Challenges to the Implementation of Combined Strategic Plan

To determine whether respondents faced challenges in implementing the combined strategy plan from the respondents involved in the study. The findings revealed that majority of the respondents agreed that they faced challenges (68%) while 32% of the respondents disagreed. The findings indicated that there were challenges in the implementation on of combined strategy. The findings are presented in Figure 4.2.

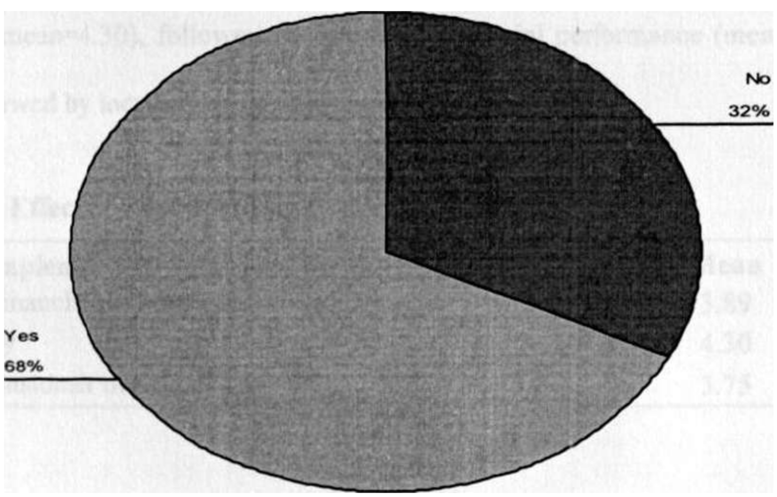


Figure 4.2: Challenges to the Implementation of Combined Strategic Plan

4.4.5 Overcoming the Challenges of Combined Strategic Plan

To investigate on how the branch deal with the challenges faced during the implementation of the combined strategy plan. The findings indicated that most of the respondents conduct training (mean=3.64). This was followed by a high number conducting product innovation (mean=3.57), others reformulate market policies and regulations (mean=3.39) and a few mentioned that their redefine the company's mission.

Table 4.12: Overcoming the Challenges of Combined Strategic Plan

Overcoming the Challenges of Combined Strategic Plan	Mean	Ranking
Good product innovation	3.57	2
Training	3.64	1
Reformulation of market policies and regulations	3.39	3
Redefine the company's mission	3.19	4

4.4.6 Effect of Implementing Combined Strategy

To determine the overall effect of implementing combined strategy among the respondents involved in the study. The findings suggested that it has led to productivity of the teams (mean=4.30), followed by improved financial performance (mean=3.89) and closely followed by increased customer outreach (mean=3.75).

Table 4.13: Effect of Implementing Combined Strategy

Effect of Implementing Combined Strategy	Mean	Ranking
Improved financial performance	3.89	2
Productivity	4.30	1
Increased customer outreach	3.75	3

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this section, the researcher provides a discussion on the findings of the research as compared to the literature review, the summary of the study and recommendations for further improvement on identifying the measures to be taken to attract wide interest in the context of the factors influencing the consumers' choice of edible oils in the academic field. The research is concluded on the basis of the conclusions drawn from the research questions.

5.2 Summary of Research Findings

5.2.1 Competitive Strategies to Counter Competition

In banking today, managers must remain alert to constant environmental changes, and be ready to redefine their corporate mission and reformulate their marketing policies, plans and strategies to meet the needs of the evolving, complex marketplace. The findings revealed that majority of the respondents mentioned that they have adopted differentiation strategies (mean=3.41), this was followed by focus or niche strategies (mean=3.51), combination of competitive strategies (mean=3.47) and low cost strategies (mean=3.41). Dvir and Shenhar (1990) agree that the utilization of different business strategies, it clearly affected their resource utilization as well as accessing diverse and sophisticated markets.

To examine the extent to which the organization implemented various combined strategies, majority of the respondents claimed that to a greater extent there was intensive staff training (mean=3.69). Better training and a pool of qualified managerial staff ensures good communication internally and with clients or regulators. Ultimately this can enhance performance and speed up the pace of expansion. Cultural closeness is an uncopiable advantage that offers banks quicker access to the local market. An in-depth understanding based on similar cultural background and a common language facilitates business innovation and adaptation in the post-entry development (Anderson and Gatignon, 1986).

The use of publicity (mean=3.25) was seen in the implementation of various combined strategies. Kaynak (1986) concurs that in a more marketing-oriented type of corporate mission commercial banks try to offer complete financial services to the banking public rather than merely buying and selling money. There are two interrelated aspects of this enlarged customer-oriented mission of commercial banks. The first is whether a bank can provide the required banking services to its diverse and more sophisticated market segments. The second is whether a bank's existing competences and resources can match the current needs and expectations of its target markets.

Most banks attempt to provide the required banking services to its diverse and more sophisticated market segments. The leading challenge in the implementation of the combine strategy was client diversification (mean=3.70). Diversification is a means whereby a business builds up its revenue by recognizing chances to create or obtain businesses that are not precisely linked to the company's existing businesses. There are three main types of diversification: concentric, horizontal and conglomerate (Weber, 2004). Hunter and Timme (1989) agree that in order to be successful, some large private banks use multiple financial products that would benefit society by making more choices available to consumers while reducing their transaction costs.

In today's dynamic and competitive banking environment, product innovation is becoming more essential as result of three major trends: intense international competition, fragmented and demanding markets, and diverse and rapidly changing technologies.

Another challenges was the lack of good product innovation (mean=3.63). Alegre (2006) suggests that companies that offer products that are adapted to the needs and want of target customers and that market them faster and more efficiently than their competitors are in a better position to create a sustainable competitive advantage. Competitive advantage is increasingly derived from knowledge and technological skills and experience in the creation of new products.

Competition (mean=3.52) was another challenge. Understanding of competition is vital to organizations, competing in an environment characterized by high uncertainty and a high rate of change. Companies that disregard the importance of innovation will not survive or will become marginalized (Kim and Yoon, 2004). Kotler (2005) suggests being a market leader and remaining a leader a business must dominate the industry it's operating in and maintaining substantial market share achieved through development of new business models, new products or services, new technologies and new business processes. However, among the least challenges mentioned were financial strength (mean=3.42). According to Saha and Ravisankar (2000) financial challenges and the need to be cost competitive are apparent throughout the world.

To determine whether there were challenges in implementing the combined strategy plan, the findings revealed that majority of the respondents agreed that they faced challenges. Foss and Eriksen, (1995) admits that in order to increase the local market commitment and penetration, the banks need to be competitive in various attributes: product innovation, ability to develop key clients, ability to adapt technology to the local standard, ability to attract and recruit local expertise, ability to meet the latent demand of the banking market and cultural proximity. The challenge in this is the need to have persistent long-term strategies that are compatible with the market regulations and demand.

5.2.2 Effectiveness of Combined Strategies in Countering Competition

Majority of the respondents agreed combined strategies were adopted by many branches of the bank. In addition, many of the respondents mentioned that the combined strategies were effective to a greater extent. Alegre (2006) agrees that companies implement various strategies have the ability to offer products that are adapted to the needs and want of target customers in which they market them faster and more efficiently than their competitors are in a better position to create a sustainable competitive advantage.

Firms doing businesses in the local market are likely faced with many challenges. Many respondents mentioned that the challenges faced during the implementation of the combined strategy plan were training (mean=3.64), product innovation (mean=3.57), market policies and regulations (mean=3.39). Klonowski and Golebiowska-Tataj (2010) agrees that these challenges can derail market optimistic projections as a result of unforeseen factors. In addition, major threats can surface unexpectedly, especially in hitherto unprecedented markets and regions. Innovations too, in various fields of transport, information technology, communication and manufacturing have brought more challenges in global businesses (McFarlin and Sweeney, 2006).

The implementation of combined strategy aims to attract customers, withstand competitive pressures and strengthen a company's market position. The findings suggested that implementing combined strategy has led to productivity of the teams (mean=4.30), followed by improved financial performance (mean=3.89) and closely followed by increased customer outreach (mean=3.75). Porter (2005) agrees that the objective of any company's competitive strategy is to out-do competitors ethically and honourably, to earn a competitive advantage in the marketplace, and cultivate a clientele of loyal customers. Marketing growth strategies not only concerns the issues of how to compete but also embraces the functional area strategies, how management plans to respond to changing industry conditions of all kinds, and how management intends to address the full range of strategic issues confronting the business. Other market growth strategies deal exclusively with management's action plan for competing successfully and providing superior value to the customers.

5.3 Conclusion

The findings revealed that majority of the respondents mentioned that they have adopted differentiation strategies; this was followed by focus or niche strategies, combination of competitive strategies and low cost strategies. To examine the extent to which the organization implemented various combined strategies, majority of the respondents claimed that to a greater extent there was intensive staff training. The use of publicity was seen in the implementation of various combined strategies. The leading challenge in the implementation of the combine strategy was client diversification, another challenge was the lack of good product innovation, competition and the least challenge was on financial strength.

Majority of the respondents agreed combined strategies were adopted by many branches of the bank. In addition, many of the respondents mentioned that the combined strategies were effective to a greater extent. Many respondents mentioned that the challenges faced during, the implementation of the combined strategy plan were training, product innovation, market policies and regulations. The findings suggested that implementing combined strategy has led to productivity of the teams, followed by improved financial performance and closely followed by increased customer outreach.

5.4 Limitations of the Study

The study was limited to the employees in Nairobi Equity branches while other branches countrywide were not included due to the nature of the research. Also, there were matters related to confidentiality **of the respondent**'s questionnaire; only the researcher and the assistant had access to the survey data. Data was stored in a locked file cabinet to protect the identification of the respondent sampled and therefore destroyed by shredding at the end of the study. The research was carried out for a period of four weeks.

5.5 Suggestions for Further Research

The study suggests that future research could replicate the research objectives with a focus on other banks besides Equity to confirm the similarities of the findings. Moreover, future researchers can look at the impact of combined strategies on the bank's profitability.

5.6 Recommendations for Policy and Practice

The study makes the following recommendations based on the findings and conclusions:

The bank should innovate on its products and services as well as provide a wider assortment of products and services by monitoring and meeting varying needs of the consumers in the market. In addition, for bank to sustain its competitive edge in the market, it should continually innovate to attract new customers as well as strengthen loyalty of the existing customer.

The bank should strive to satisfy its customers by providing varied products and services that exceed and meet the needs of the customers. The bank can achieve a competitive advantage by providing its customers with what they actually want or need (high benefit). The bank should also provide diverse products to prevent the customers from switching to other bank services as this will enhance the buyers' wellbeing and meet their needs and expectations. There should be proper management to ensure that the bank scans the environment and creates value for the customers. Also, the bank can compete successfully in a particular market if it is concerned with which products or services in the bank want to sell so as to achieve its objectives.

Also, the study recommends that the bank should be fast in responding to customer preferences, the bank should develop new users for the product, exploit new markets by eliminating agents and directly dealing with the customers. Therefore, the bank should use existing or new capabilities to introduce new products lines based on the changing needs of customers to maintain a competitive advantage.

The bank should continuously enhance the features of its products and service so as to serve the needs of the existing customers in a better way at the same time build a strong customer relationship with the consumers through the provision of superior quality service. In addition, the bank can reinforce loyalty programme to gain customer loyalty through various combined strategies.

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APPENDICES

Appendix 1: List of Equity branches in Nairobi

1. Gikomba.
2. Harambee Avenue
3. Mama Ngina
4. Kawangware
5. Buruburu.
6. **Westlands**
7. OTC8.
8. Kimathi Fourways
9. Githurai
10. **NHIF**
11. Equity center
12. Ngara
13. Tea Room
14. **Tom Mboyal5**
15. Eastleigh
16. Kayole
17. Donholm
18. Kariobangi
19. KNUT Hall
20. **Tom Mboya**
21. Kenpipe
22. Moi Avenue

Appendix 2: Questionnaire

Section A: General Information

1. What is your gender?

   Male [ ]

   Female [ ]

2. What is your age?

   Below 25 [ ]

   25-35 [ ]

   36-45 [ ]

   Above 45 [ ]

3. What is your highest academic qualification?

   A' Level f]

   Graduate [ ]

   Masters [ ]

   O' Level [ ]

   Primary level [ ]

4. What is your position in the organization?

   Chief Executive [ ]

   Chief Accountant [ ]

   General Finance Manager [ ]

   Marketing Manager [ ]

   Human Resource Manager [ ]

   Information Technology Manager [ ]

Operations Manager [ ]

Others

Section B: Combined Strategies

5. Does your organization have a strategic plan?

   Yes [ ]

   No [ ]

   Don't know [ ]

6. If yes, what period, in years, does the plan cover?

   1-3 year [ ]

   4-6 years [ ]

   7-9 years [ ]

   Above 10 years [ ]

   Don't know [ ]

7. Does your bank branch have a formally approved strategic policy?

   No [ ]

   Don't know [ ]

   Yes [ ]

8. The table below show competitive strategies adopted by firms. Tick the strategy/ strategies that your bank has adopted in its positioning.

Competitive Strategy	Yes	No
Focus/ niche strategies		
Differentiation strategies		
Low cost strategies		
Combination of competitive strategies		

9. If you use combined strategy, is it effective?

Yes [ ]

No [ ]

10. To what extent is the combined strategy efficient as compared to other strategies to encounter with competition?

High extent [ ]

Moderate extent [ ]

Low extent [ ]

No extent at all [ ]

11. To what extent has your organization implemented the following combined strategies?

Rate the options from 1-5 whereby 5 is greater extent and 1 is the not at all

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Offering a wide range of services					
Engaging highly skilled staff					
Use of publicity					
Intensive staff training					
Automation of business processes					
Liaising with competitors					
Looking for private sources of funds					

12. To what extent do the following factors challenge the implementation of the combined strategies? Rate the options from 1-5 whereby 5 is high extent and 1 is the least extent

Factors	**High Extent**	**More Extent**	**Moderate Extent**	**Low Extent**	**Least Extent**
Financial strength					
Competition					
Leadership management					
Client diversification					
Lack of good product innovation					

13. Do you face any challenges if implementing the combined strategy plan?

Yes [ ]

No [ ]

14. How does your branch deal with the challenges faced during the implementation of the combined strategy plan?

Training [ ]

Reformulation of market Policies and Regulations [ ]

Good product innovation [ ]

Redefine the company's mission [ ]

15. What results have you had from implementing the combined strategy for your bank?

Improved financial performance [ ]

Productivity [ ]

Increased customer outreach []

THANK YOU VERY MUCH