

**A SURVEY OF BUSINESS GROWTH STRATEGIES USED BY  
COMMERCIAL BANKS IN KENYA**

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## DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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This research project has been submitted for examination with my approval as the candidate's University Supervisor.

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For all those lecturers at Nairobi University, I take this chance to recognize you all.

To all I say, may God Bless you in a mighty way.

## **DEDICATION**

To my late dad, Francis Machiuka

Thank you for your love, support, foundation and care. May the good lord rest your soul in eternal peace- Amen.

To my loving husband Patrick and daughter Neema. For your patience and love has made me dance on this earth. God bless you.

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## **ABSTRACT**

Businesses in the real world are faced by a challenge to either grow their portfolio or shut down due to the state of competition in many industries. The shareholders also demand value for their investments. Managers in these organizations have to craft and implement strategies that will spur growth. This study focused on the basic growth strategies being used by Commercial Banks in Kenya and especially in the last ten years up to year 2010 to grow and maximize return to their shareholders.

The study adopted a descriptive census survey of all the commercial banks in Kenya. The population of interest was all the commercial banks in Kenya. The type of data to be collected was both primary data and secondary data. The researcher collected primary data by the use of questionnaires, which contained both open-ended and close ended questions. Secondary data was collected from the respective banks financial reports and management reports on performance especially the business growth strategies in use in their banks. Descriptive analysis which aims at finding out what, where and how of a phenomenon was used mainly to summarize the data collected. The data was presented using statistical measures such as bar graphs, frequency tables and graphical presentations.

The study concludes that commercial banks in Kenya have employed business growth strategies. These include product development as the main strategy, market development and diversification strategies. The study further concludes that there were various factors that influence growth strategies adopted by commercial banks in Kenya. These included better performing economy, improved technological factors and management changes in senior management leading to better strategy implementation and hence increased growth

The study recommends that commercial banks in Kenya need to employ various growth strategies in order to stay competitive and increase productivity and growth. Low performing commercial banks need to merge with better performing banks to boost growth of their operations. In addition, commercial banks in Kenya need to invest in technology and market penetration methods such as increasing number of bank branches in various locations to target more customers and hence boost growth.

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background Of The Study**

Business growth is defined as the process by which a business increases or expands over time. There are a number of ways to measure business growth. These include profitability, employment, market share, assets, turnovers/ sales, number of branches among others. One of the defining factors of a sound business is the potential for growth. A company should grow over time if well managed. Speed of growth may vary from firm to firm and from market to market depending on environmental factors affecting a firm (White, 1984).

#### **1.1.1 Concept of Business Growth**

In the context of turbulent business environments today, many firms are focusing on ways to grow their businesses. For a business to perform" it must grow and therefore most business people want to see growth in their firms. Growth is exciting and fast paced and for most businesses, is an indication of success. According to Barringer and Ireland (2008), the seven primary reasons why firms try to grow include the attainment of economies of scale which are generated when increasing production lowers the average cost of each unit of production, also to capture economies of scope whereby the firm deals with a range of products, to attain market leadership whereby the organizations want to be leaders in their markets. A business may decide to grow in order to execute a scalable business model where they ask how high in terms of growth can the business go. Another reason would be for the business to gain influence, power and survivability. It could also be the need to accommodate growth of key customers while at the same time being able to attract and retain talented employees.

Growing the business can also be taken to mean crafting and implementing strategies that will bring profit to the business, attracting and pleasing customers, competing successfully with other competitors in the industry, conducting operations and improving the companies financial and market performance (Thompson and Strickland, 2003).It is about claiming and maintaining a share of the market. Porter

(1980) observes that having a growth strategy enables a firm to achieve a profitable and sustainable position in its market of operation. There are many growth strategies that a firm can undertake to grow and expand its operations though it is important to

note that not every growth strategy is appropriate for every business. The key to finding the right growth strategy is properly matching it to your company and its specific market place considering that a wrong strategy can devastate the business (Ansoff, 1965). Some of these strategies include diversification, market development, product development.

Growth can be measured using various parameters such as capital adequacy, sales turnovers, profitability assets, dividends payments and a business earnings and liquidity. Growth as discussed by Mintzberg (2003) can be influenced by factors such as political change whereby regime change through either a coup or a democratic election which can influence any future business strategy. Political uncertainty can lead to a fall in investments by a business and influence decisions on expansions and business and influence decisions on expansions and business ventures.

Political doctrine can affect the ease with which business is conducted. Economic factors such as the tax systems, monetary and fiscal policies, interest rates, internal regulations and exchange rates need to be considered in business venture in order to excuse growth. Social factors can influence growth is a business such as religious considerations, the impact of the business on local communities, ethnic considerations and cultural factors. Technological compatibility and development in of technologies in business development, and access to bandwidth also affects growth in any business.

Growth presents challenges to the business owners, the employees and the organization. It requires change, and successful change is facilitated by developing attitudes, behaviors, and processes focusing on tasks and organizational processes that lead to a successful and mature organization. It may call for addition of finances into the processes. It is a multi-faceted phenomenon that is commonly associated with firm survival, achievement of business goals and success or the scaling up of activities (Storey, 1994). This therefore means that everybody in the organization should be involved in the growth process entirely to achieve over all positive results.

### **1.1.2 Banking Industry In Kenya**

The banking system in Kenya is regulated by the Central Bank of Kenya (CBK) Act Cap 491 and the banking Act cap 488. The Acts are intended primarily to facilitate the development and maintenance of a sound monetary policy (Government of Kenya, 1989). It comprises of 46 financial institutions with 44 commercial banks and 3 non bank financial institutions. The competition for survival and growth within the industry is extremely intense and this poses a major challenge owing to the recession of economies in the world, a decline in the inflow of investments and unpredictable environments.

The banking industry in Kenya has been exposed to a lot of controversies in the past. The general public has accused the industry of exploitation .Banks have been accused of making immoral profits by charging exorbitant fees and charges in an economy under recession. But amidst all these accusations, the Kenyan banking industry is said to be more stable than it has ever been, with 17 percent core capital/deposit, with solvency of 8 percent as required by the Central Bank of Kenya and liquidity margin far beyond 20 percent which is the total required reserve with most banks having 40 percent or more in the reserve. The future of the industry looks promising with the financial and legal sector restructuring (Central Bank of Kenya, 2005).

While the need for developing growth strategies cannot be over emphasized, strategists agree that grand strategies are critical in the long term success of the firm and especially the banks. A number of developments in the recent past both at policy and industry level will shape the future growth and financial health of the banking sector. First are interest rates. The implementation of financial sector reforms within the structural adjustment program framework in the early 1990' s marked the end of controlled interest rate regime in Kenya. The governments' initial unwillingness to implement the program followed by high domestic debt precipitated unprecedented levels of interest rates reaching 50 percent per annum. Secondly there is the issue of profitability. As a consequence of high interest margins and a better performing economy in the recent past, the banks have consistently recorded comparatively higher profits than other companies in other sectors of the economy. (Daily Nation, 03/06/2010). Thirdly, the issue on non performing loans (NPLs) continues to be of great concern to the industry. Finally, there is a high degree of product and service

differentiation in the industry. The level of differentiation is growing in the industry. For example many banks are specializing in areas that they feel they

have a better chance at growth than their competitors. The NIC bank in Kenya has come to be known as the market leader in asset finance as a way of growing their books while the Diamond Trust bank is differentiating itself by dealing with mainly the Small Medium Sized companies. The co-operative bank is known to deal mainly with Sacco's movement as one of their strengths. The Barclays bank talks of having the best brand in provision of services to its customers.

Banks are of crucial importance in any economy. King and Levine (1993) emphasize the importance of banks in developing economies and observe that firstly, banks have an overwhelmingly dominant position in developing economy financial systems, and are extremely important engines of economic growth. Secondly, as financial markets are usually underdeveloped, banks in developing economies are typically the most important source of finance for the majority of firms. Thirdly, as well as providing a generally accepted means of payments, banks in developing countries are usually the main depository for the economy's savings. Fourthly, many developing economies have recently liberalized their banking systems through privatization/ disinvestments and reducing the role of economic regulation. Consequently, managers of banks in these economies have obtained greater freedom in how they run their banks.

Growth is seen to be taking place in most of the banks in the Kenyan economy with many of the banks reporting high margins of profit. Whereas in the past banks used to offer traditional products like cash handling, loans and savings accounts, now they have revamped their products like mobile banking, mortgage, stock broking etc, all in the effort to grow. The concept of marketing and branding is a growth concept that is working for many of the banks in the industry. On a general point, the banking industry today is rich with growth strategies that even other industries can use to spur their growth and hence be said to grow.

## **1.2 The Research Problem**

Businesses in the real world are faced by a challenge to either grow their portfolio or shut down due to the state of competition in many industries. The shareholders also demand value for their investments. Managers in these organizations have to craft and implement strategies that will spur growth. It is only by adhering to the parameters that determine quality growth will any institution be said to grow.

Banks in Kenya as at the year 2010 are reporting huge profits in their financial reports. Many have been accused of making immoral profits by charging exorbitant fees and charges. Still, the Kenyan banking industry is said to be more stable than it has ever been in the recent past. So what growth strategies are the Kenyan banks using to grow at such a rate? Are the profits they are able to make immoral or is it because most have learnt to apply growth strategies aggressively? At the same time any business has to grow in order to maximize returns to its shareholders, attract investors and sustain its development amidst tremendous challenges brought about by industry globalization, stiff competition from banks offering the same products and an environment of decreasing interest rates. This has pushed me to want to know what the banks are doing differently in order to be said to grow.

Many researchers have touched on the field of growth in their research works. For example, a study was carried out by Nyamai (1989) on structure and growth of the banking industry in Kenya. Mbaya (2008) evaluated the challenges faced by Kenya Commercial Bank in its regional growth strategy. Yator (2008) looked at strategic responses to financial distress by commercial banks in Kenya. Warucu (2001) evaluated competitive strategies employed by commercial banks that participate in the clearing house. Chesang (2002) touched on the implications of merger restructuring and financial performance by commercial banks in Kenya. Kiptugen (2003) identified strategic responses by Kenya Commercial Bank to a changing competitive environment.

This study focused on the basic growth strategies being used by Commercial Banks in Kenya and especially in the last ten years up to year 2010 to grow and maximize return to their shareholders.

### **1.3 Research Objectives**

The objectives of this study were:

- (i) To determine the business growth strategies used by commercial banks in Kenya.
- (ii) To determine the factors influencing the growth strategies adopted by the bank.

### **1.4 Value Of The Study**

The study is important to different authorities;

Any industry study should have a learning point for other industries. Banks today are making billions which is not directly so in many other industries. What strategies are the banks using to do this, strategies that can be adopted by managers and directors in other industries?

The various stakeholders in the banking industry including shareholders, customers and the general management will appreciate the effort applied by the banks in the quest for growth which touches positively on each one of them.

Academicians and researchers may find the results of this research useful in providing secondary information in the study of commercial banks in Kenya.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter summarizes the studies from other researchers who have carried out their research in the field of growth strategies in organizations. The specific areas covered in this study are strategies of business growth.

### **2.2 The Concept Of Growth**

Without growth in an organization, all other aspects of the firm remain without good performance. Growth has been defined in many different ways. One popular way is the ability to increase in size. (Cambridge international dictionary, 1995). When a company has grown in size, it has expanded. It has made profits. It is bigger in terms of its operations than where it began. Business growth has also been defined as the process by which a business expands over time. Expanding over time here means that effort has been put into the business to make it perform better. It is about ensuring that the shareholders of the firm get value for their investment. The creation of value is what calls for critical strategies that will ensure that the business will be said to grow.

To achieve successful growth, a firm has to understand its internal and external environment. Strategic management literature underscores the importance of the environment to the firm. It is important to understand the internal and external business environment which touches on business stability and profitability. To survive in today's business environments a company's management team must be able to react to changes in the internal and external environment (Scherrer, 2003). The ability of a business to grow can be regarded as the competitiveness of business under the marketing economies. Based on the analysis of the five Porter model, Porter (1980) pointed out that the competitive advantage, especially the differentiation advantage determines the competitive ability of business hence growth.

Business growth strategies are about the long term direction of an organization. It is about the major decisions taken about the future. Determining when to expand depends on two main factors: the condition of the business and economic conditions in the market place in which the business operates (Scherrer, 2003). On the condition



of a business, an organization can determine when it is time to grow or expand business through evaluating the following: If the business is recognized by the community and the industry in which it is operating in or if sales are rising as expected. What is the firms' customer base, is there pressure to hire more employees and if at all there is need for more growth of the organization. On the economic condition assessment, if the condition of the business shows that it needs expansion, the business should analyze the economic climate that controls the business. The business organization should ask the following questions: How is the national economy performing? What are the economic conditions in the industry or region? Have the demographics of your market changed? Is demand for the company products or services expected to remain strong? Does your business face new competitors? Growth is an important aspect of an organization that must be embraced by all.

### **2.3 Reasons For Growth**

It is an immutable law in business that words will always be words, explanations will always be explanations, promises will always be promises but only performance is reality. All organizations exist in complex commercial, economic, political, cultural and social settings that are always under constant change and hence the need to come up with strategies that will ensure that the company grows amidst all the environmental challenges (Johnson & Scholes, 2002). Every business should grow in order to create value for all its stakeholders including shareholders, employees and even its customers.

There are many other reasons why firms would want to grow. These include being able to attain economies of scale which are generated when increasing production lowers the average cost of each unit of production. To capture economies of scope is another good reason to grow whereby the company will be dealing with a range of products hence a bigger market. A company should grow in order to attain market leadership whereby the organizations want to be leaders in their markets. A business may decide to grow in order to execute a scalable business model where they ask how high in terms of growth can the business go. Another reason would be for the business to gain influence, power and survivability. It could also be the need to accommodate growth of key customers thereby developing loyal customers. Developing loyal customers is a simple and proven tactic used by top performers to improve business

growth in today's challenging economy. The business can also decide to grow so as to attract and retain talented employees (Barringer and Ireland, 2008).

Good business growth aims at increasing profitability and efficiency of organizations and their enhanced ability to create wealth for shareholders, increased employment opportunities with better terms for workers and increased benefits to stakeholders. Corporations have to grow in order to promote economic development and social progress. It is the engine of growth that is internationally and increasingly responsible for private services, goods and infrastructure. Business growth is necessary so as to attract investors both local and foreign and assure them that their investments will be secure and efficiently managed. Without efficient companies or business enterprises, the country will not create wealth or employment. Without investment, companies will stagnate and collapse. If business enterprises do not prosper, there will be no taxes paid, and invariably, the country will not develop. Businesses can decide to grow in order to attain power and respect status to be able to influence people. To be able to achieve optimal levels of productivity is another good reason for growth (Mintzberg, 1979).

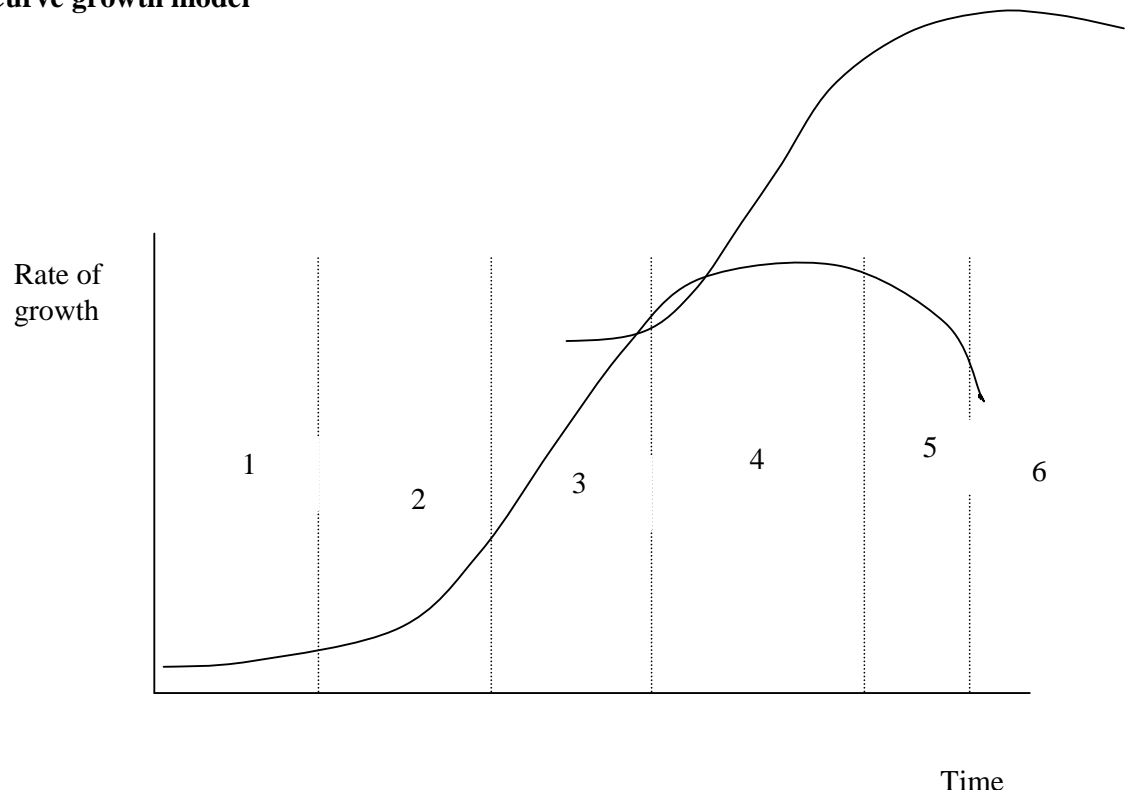
## **2.4 Business Growth Process Models**

Research findings have been assimilated and used as a building block for models of growth as shown in the foregoing discussion. A business growth model describes the rationale of how an organization creates, delivers, and captures value - economic, social, or other forms of value that leads to growth of the firm. The term business model is used for a broad range of informal and formal descriptions to represent core aspects of a business, including purpose, offerings, strategies, infrastructure, organizational structures, trading practices, and operational processes and policies.

### **2.3.1 S-Curve Growth Model**

The S-curve shows the various stages of business growth. This is the most accepted growth model also referred to as the generic growth model by Green (2006). A successful organization jumps to transform their business by either starting a new business or adding on a service as shown on the figure below.

**Figure 1.**  
**S - Curve growth model**



**Source: Green Cynthia. (2006). Entrepreneurship Ideas in Action Third Edition. Thomson-South Western**

The graph above is the S-curve growth model, it shows how a company grows from the conception of an idea to the starting a business all the way to the decline. The graph superimposed above is a new S-curve showing where a business owner should innovate again and start a new cycle.

Stage one depicts the area in which a business is not in existence and the owner and the business are the same. The owner is in the conception mode; conception of an idea, planning and preparing to start the business.

Stage two depicts the survival stage where the owner is starting a business and the major goal is survival. The planning at this stage is limited, staff is limited and the business is a workable entity. At this stage there are few performance indicators and a small team to manage. There are also several informal processes and structures.

Stage three is called the profitability and stabilization level where business has grown to a profitable level. The entrepreneur is engaged in business and developing the systems of business. This stage is also referred to as up scaling. The entrepreneur has to invest cash and not expect for the reward to match the cash invested. This is also the stage of brand recognition, developing a market share and finding some key performance indicators.

Stage four is the profitability and growth stage where growth is the key focus of the organization. The firm recruits more staff to grow and the strategic focus here is clearer for the organization. This is the stage to operate the business and gain momentum. Staffing is to capacity and the key performance indicators include balance and growth cost, return on investment, service and satisfaction. There is also a strong desire to beat competition and gain formal processes for the organization.

Stage five is the stage for take-off; this is where the entrepreneur must delegate to keep the organization in momentum. At this level, innovation level is low and the organization needs to be managed. Key performance indicators here include cost and control, there is little investment necessary and this is the time to reengineer processes. This reengineering leads to a new S-curve that starts the process again. This is the best time for an entrepreneur to sell the business and start a new one or hire management and let the company run. The entrepreneur can sit on the board and not be part of management.

Stage six is the maturity stage where management is decentralized, all necessary resources are in place and there is need for entrepreneurship. This is where the entrepreneur should be able to transform into an entrepreneur who works within the confines of an established organization. This is the stage to identify new opportunities and generate innovative strategic ideas to create a wide organizational perspective. At

this stage there is also a lot of ambiguity and uncertainty that is not healthy for the organization. The key performance indicators here focus on minimization of costs and there are low investments in skills training.

### **2.3.2 Neo Classical Theory of Growth**

The starting point for any study of economic growth is the neoclassical growth model, which emphasizes the role of capital accumulation. This model, first constructed by Solow (1956) and Swan (1956) shows how economic policy can raise an economy's growth rate by inducing people to save more. But the model also predicts that such an increase in growth cannot last indefinitely. In the long run, the country's growth rate will revert to the rate of technological progress, which neoclassical theory takes as being independent of economic forces, or "exogenous". Underlying this pessimistic long-run result is the principle of diminishing marginal productivity, which puts an upper limit to how much output a person can produce simply by working with more and more capital, given the state of technology.

The logic behind the Swan model is that when capital is scarce it is very productive, so national income will be large in relation to the capital stock, and this will induce people to save more than enough to offset the wear and tear on existing capital. Thus the capital stock will rise, and hence national income will also rise. But because of diminishing marginal productivity, national income will not grow as fast as the capital stock, which means that savings will not grow as fast as depreciation. Eventually depreciation will catch up with savings; at that point the capital stock will stop rising, and growth in national income will come to an end (Solow, 1956).

Limitations of the model include its failure to take account of entrepreneurship (which may be catalyst behind economic growth) and strength of institutions (which facilitate economic growth). In addition, it does not explain how or why technological progress occurs. This failing has led to the development of endogenous growth theory, which endogenizes technological progress and/or knowledge accumulation.

### **2.3.3 Endogenous Growth Model**

In economics, endogenous growth theory or new growth theory was developed in the 1980s in response to criticism of the neo-classical growth model. The endogenous growth theory holds that policy measures can have an impact on the long-run growth rate of an economy. For example, subsidies on research and development or education increase the growth rate in some endogenous growth models by increasing the incentive to innovate.

Because growth makes a firm bigger the firm begins to benefit from economies of scale. For example, higher volume increases production efficiency, makes the firm more attractive to suppliers and therefore increases its bargaining power. Size also enhances the legitimacy of the firm because firms that are larger are often perceived by customers, financiers and other stakeholders as being more stable and prestigious therefore the growing of a business can provide the entrepreneur more power to influence firm performance. But as the firm grows, it changes. These changes introduce a number of managerial challenges. These challenges arise from the following pressures:-Pressure on existing financial resources, pressure on human resources, pressure on the management of employees, and pressure on the entrepreneur's time.

### **2.5 Growth Strategies**

Johnson & Scholes (2002) define strategy as the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a challenging environment to meet the needs of markets and to fulfill stakeholder expectations. Strategy is about answering the following questions:- Where is the business trying to get to in the long run? (Direction) Which markets should a business compete in and what kinds of activities are involved in such markets? (Market scope) How can the business perform better than the competitors in those markets? (advantage), What resources (skills, assets, financial relationships, technical competence, and facilities) are required in order to be able to compete.(resources),What external environmental factors affect the business ability to compete.(environment),What are the values and expectations of those who have power in and around the business (stakeholders)?With the unrelenting pace of change and competition today, clear strategic thinking is more important than

ever. To survive and prosper in a globalized market, corporate strategists will have to not only formulate the correct strategy but also implement it effectively so as to ensure growth. The key to finding the right growth strategy is properly matching it to your company and its specific marketplace. It is important to determine whether you are selling new or existing emerging products in a new or existing market.

Strategy ultimately requires achievement of a fit between the external situation and internal capabilities (Mintzberg et al 2003). The external situation which constitutes threats and opportunities include influences from political, social, economic and technological arena. The internal environment on the other hand constitutes internal capabilities including the strengths and weaknesses of the organization systems, policies, resource capacity and the organization culture (Koigi, 2002). Various strategies are available to the firm depending on the circumstances in the environment the firm operates in. Circumstances in this case could be friendly so as to encourage growth into the market segments or entry into new product markets. On the other hand, circumstances may be hostile hence forcing firms to even decline in performance. There is thus increasing realization that the road to improved performance must involve renewed emphasis on growth. (Aaker, 1998). One available growth strategy is to grow within an existing product market by increasing market share or product usage. Product development can be based on adding product features, developing new generation technologies or adding different products that are sold in the same market.

A third growth direction is market development either geographically or by targeting new market segments. Vertical integration represents' another potential growth direction which can be forwards or backwards (Aaker, 1998). Diversification represents yet another growth chance. This is the strategy of entering into products/markets that are different from those in which a firm is currently engaged. A number of studies have sought to classify growth strategies. Hofer (1980) proposed a situation specific model in which what strategy would be adopted and under what circumstances. He classified growth strategies into strategic and operational. He identified two strategic strategies for growth namely product market refocusing and dramatic market share increase through expansions and acquisitions.

Hambrick and schecter (1993) distinguished between entrepreneurial and efficiency strategies. They proposed two entrepreneurial strategies and two efficiency strategies. One entrepreneurial strategy was revenue generation in which the attempt is to increase sales by some combination of product reintroduction, increased sales effort and lower prices. The second is product refocusing strategy involving a shifting of focus into definable or lucrative niches. Efficiency strategies were cost cutting strategies involving typically research and development, marketing, administration and other expenses as well as reduced interest cost through liquidating receivables and inventories. Scherer, (2003) introduces financial growth which involves restructuring financial operations of the business. The objective here is to use the financial strength of the business as an asset and restructure the business to take advantage of its financial strength.

Powerful growth strategies are those that can be termed as strategic because they tend to focus on the functioning of the organization. Resorting to many diverse strategies makes growth more probable. Growth battle should be fought at all fronts. The greater the resources of strategic growth actions, the more actions are likely to be catalyzed and therefore better growth results. Which strategies to use and at what time determines growth success. Using inappropriate strategy to grow could be a terminal error. The unique requirements of the business will determine which strategies to be used (Hofer, 1980).

Other actions to take when growing the business include maintaining a purposeful and organized search for new opportunities, injecting a relentless growth attitude into the company, building a coaching organization whereby all the staff are on the spot concerning all the happenings on growth, developing an innovative value chain management system, developing a licensing strategy thereby protecting the businesses trade secrets, exploring opportunities for a joint venture or a merger with a strategic partner to best exploit your short term technologic advantage and realize the full potential of the companies entrepreneurial vision. Transfer technology and establish strategic alliances to stay technologically competitive because winning is not necessarily achieved without partners and parents.



## **2.6 Factors Influencing Growth Strategies In Businesses**

Businesses can only grow after they have attained a strategic fit according to Ansoff, (1965). This strategic fit allows for the various value chains in the business to allow for growth. The growth of this value chains of growth is influenced by a number of factors including:-

### **2.6.1 Resource Capability.**

How well endowed a business is in terms of the resources at its disposal determines the growth strategy adopted to push the company ahead. Resources can include the financial capability of the business, the human resources available, technological resources, etc. A company that has enough finances and modern technology will adopt a different growth strategy from one that has less of that. How the human factor as a resource in management is handled determines whether a company grows or not. A number of authors, Biseaut (1982), Slatter, (1984) and, Finkin, (1985) suggest that changes of senior management in any organization is an important step towards enacting a successful growth strategy. Change to the senior management team is seen as a means of restoring stake holder's confidence in the future viability of the organization, thereby ensuring their continued support.

New senior managers are able to offer first insights into the best growth steps, skills and motivations necessary to bring about growth. Furthermore, the appointment of top new managers can be an important indication that an organization is committed to proper growth. Replacing the executive director and other top managers especially in a non performing company is always seen as a positive step. It also serves as a simple functional purpose of removing managers who lack the necessary leadership skills and competencies or whose managerial performance is poor and are not suited or able to take on the challenges of growth.

From the journal of strategy and leadership, the IBM research team identified that most successful growers/managers have a clear point of view on their industry, addressing both where it is headed and how they will create value in its new form or environment; they evolve their product market portfolio on an ongoing basis; they sustain the growth quest by developing multiple growth initiatives that are backed by ongoing cost and asset management to create funding. They foster a culture that

responds to the necessity of change and a cadre of leaders with passion and follow through to make the change stick which is characteristic of many banks today that have not been left behind in terms of growth.

### **2.6.2 The Status Of The Economy**

An economy that is not growing will not encourage any growth of its firms. A laid back economy will not encourage any investments. Any government should aim at improving its economy through the various available strategies so as to foster growth even in the existing and upcoming businesses. A poor economy means fewer opportunities for employment and development. Some countries even have the twenty four hour economy, all in an effort to be the best performers in the world. A stable economy encourages more investments and this directly affects the growth strategy adopted by the business. The following factors influence the economic condition of a country and hence the growth strategies adopted: Tax systems, investment considerations and allowances, monetary and fiscal policies in the country such as interest rates, government aid etc. Internal regulations, bureaucracy and exchange rates also influence the growth strategies that will be adopted by the firms.

### **2.6.3 Competition In The Market**

The competition in growth among businesses in many markets has driven many institutions to better understand their clients' needs and take a market led approach to their businesses. Ngeera (2003) while studying the pharmaceutical industry observed that when firms are faced with competition, they develop strategies to help them achieve a competitive edge. He pointed out that only firms capable of developing and implementing competitive strategies will achieve profitability and growth.

Porter, (1980) observes that every firm competing in an industry has a competitive strategy, whether explicit or implicit. He points out that the competitive strategy enables the firm to achieve a profitable and sustainable position against the forces of the industry competition. Depending on the state of competition in an industry, the firm will decide on the best growth strategy to take in order to emerge as winners in their chosen areas of operation.

#### **2.6.4 Political Change**

Regime change through change in government, coup, or violence can influence future business strategy. Political uncertainty in some countries can lead to a fall in investments by businesses and influence decisions or expansion of business ventures. Political doctrine can influence the ease with which business is carried. Politics in a country plays a crucial role in the type of growth strategies chosen and the implementation of the same (Johnson & Scholes, 2005).

#### **2.6.5 Social And Technological Factors**

The impact that business may have on the environment and local communities will determine success of any growth strategy adopted. Religious considerations, ethnic considerations and cultural issues should be in place before a growth strategy to be used is adopted. Availability and development in technology can have a powerful influence on business strategy. The compatibility of technologies in management can lead to success or failure of a business strategy. Technology change creates both opportunity- as firms begin to explore how to use technology to create new products and services and threats- as technology change forces firms to rethink their technological strategies (Johnson & Scholes, 2005).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter outlines the methodology used in the collection of data. The chapter specifies the research design, data collection methods, data collection procedures and data analysis.

### **3.2 Research Design**

The study adopted a cross sectional survey of all the commercial banks in Kenya. The descriptive survey is useful in locating and obtaining secondary data for the study and describes issues as they are. Borden & Abbott (1988) defines a survey as "an attempt to collect data from members of a population in order to determine the current status of the population with respect to one or more variables." He says that a descriptive study determines and reports the way things are and commonly involves assessing attitudes, and opinions towards individuals, organizations and procedures.

### **3.3 Study Population**

The population of interest was all the commercial banks in Kenya. All commercial banks represented in Nairobi were considered including foreign owned, private and public owned banks. According to Central Bank of Kenya (CBK) monthly bulletin, there are 44 commercial banks in Kenya today.

### **3.4 Sampling And Sample Size**

The researcher targeted the entire population of 44 commercial banks but only 30 out of the 44 banks responded.

### **3.5 Data Collection**

The type of data to be collected was both primary data and secondary data. The researcher collected primary data by the use of questionnaires, which contained both open-ended and close ended questions. The questionnaires were administered to the managers who were expected to provide information on growth strategies in their

banks as well as provide any other necessary information for the study. The researcher used the drop- and -pick method of administering the questionnaires. The use of questionnaires was preferred for this study because it is the typical method through which descriptive data is collected.

Secondary data was collected from the respective banks financial reports and management reports on performance especially the business growth strategies in use in their banks. The broad areas of focus to be covered during the study included growth strategies in use in the company, the financial position in the company, the future prospects of the company and the factors influencing the choice of the various growth strategies adopted. This involved the following: An introductory letter from the University of Nairobi to the respective institutions introducing the researcher as a student of the same university and outlining the purpose of the research study, a visit to the commercial banks to organize and drop the questionnaires with the managers, and the actual data collection, by picking the questionnaires from the respondents.

### **3.6 Data Analysis Method**

Before processing the responses, the completed questionnaires were edited for completeness and consistency. Descriptive analysis which aims at finding out what, where and how of a phenomenon was used mainly to summarize the data collected. It aids in thinking systematically about aspects in a given situation and offers ideas for further probing and research. The data was edited for accuracy, uniformity, completeness and arranged for coding. A computer programme SPSS was used to analyze the data further. SPSS is a computer package that can be used to generate frequencies, descriptive statistics, tables and graphs. The data was presented using statistical measures such as bar graphs, frequency tables and graphical presentations.

## **CHAPTER FOUR: DATA ANALYSIS , RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter presents analysis and findings of the study as set out in the research methodology. The data was gathered exclusively from questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, Likert type questions were included whereby respondents indicated the extent to which the variables were practiced in a five point Likert scale.

#### **4.1.1 Response Rate**

The study targeted 35 respondents in collecting data with regard to business growth strategies used by commercial banks in Kenya. Findings from the study revealed that 30 out of 35 target respondents filled in and returned the questionnaire contributing to 80%. This commendable response rate was made a reality after the researcher made personal calls and visits to remind the respondent to fill-in and return the questionnaires.

**Table 4.1: Response Rate**

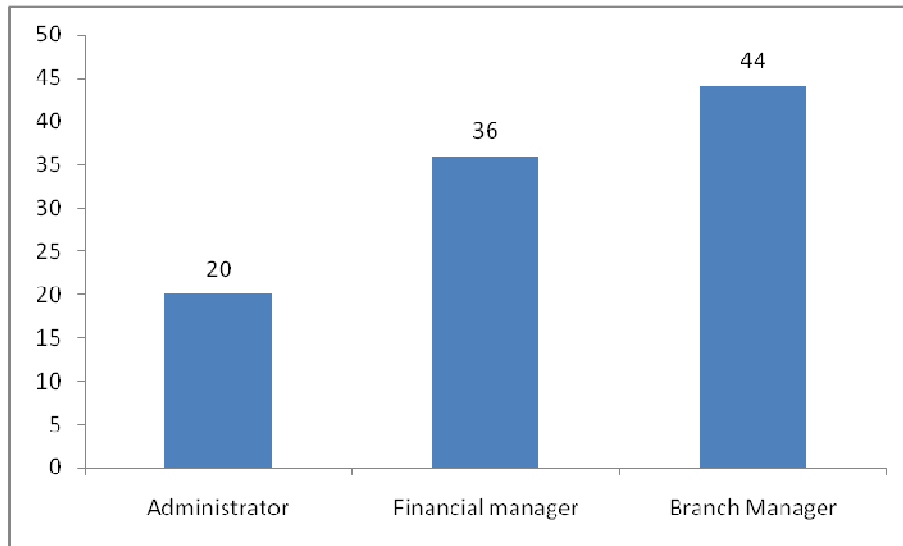
	<b>Frequency</b>	<b>Percentage</b>
Responded	30	70%
Not responded	5	30%
<b>Total</b>	<b>35</b>	<b>100</b>

**Source: Research data**

#### **4.1.2 Financial Position**

In this section, the aim was to establish the financial position of the respondents. Results depicted in the study revealed that a majority of the respondents were branch managers comprising 44 percent while 36 percent were financial managers. 20 percent of the respondents were administrators. This implies that the study inquired information from the right respondents.

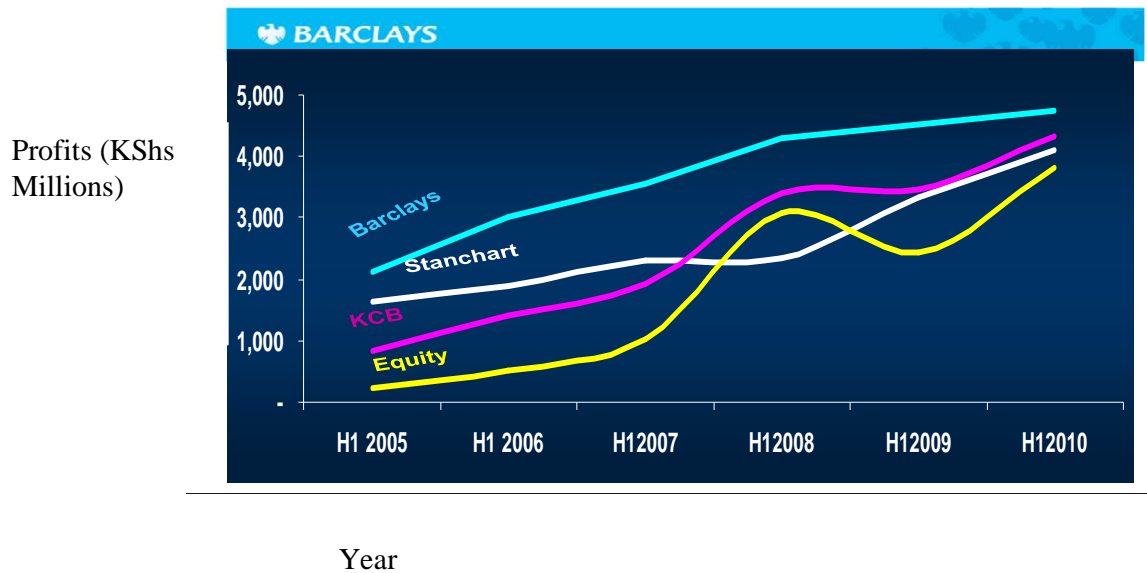
**Figure 4.1 Financial position**



The researcher wanted to have a feel of different perspectives on growth from various representatives of the banks. A closer look at secondary data on financial position of most of the banks over the years especially the large banks depicts a positive growth in figures with Barclays Bank leading in terms of profits.

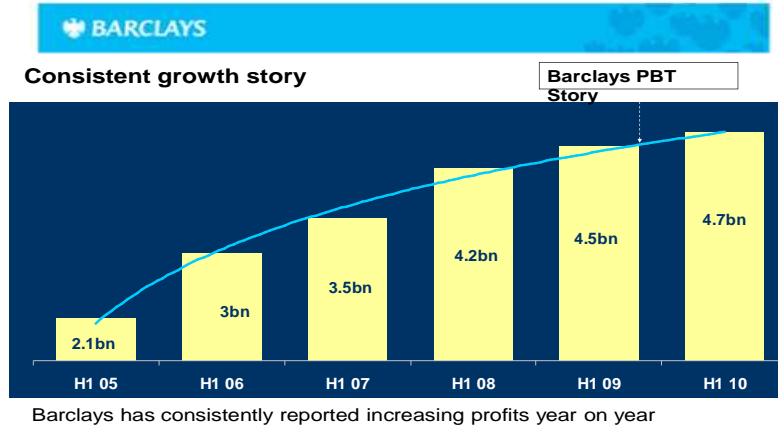
**4.1.3 Profits**

**Figure 4.2 Rate of growth**



The graph above depicts a rising rate of growth financially for most of the large banks

**Figure 4.3 Barclays Rate of Growth**

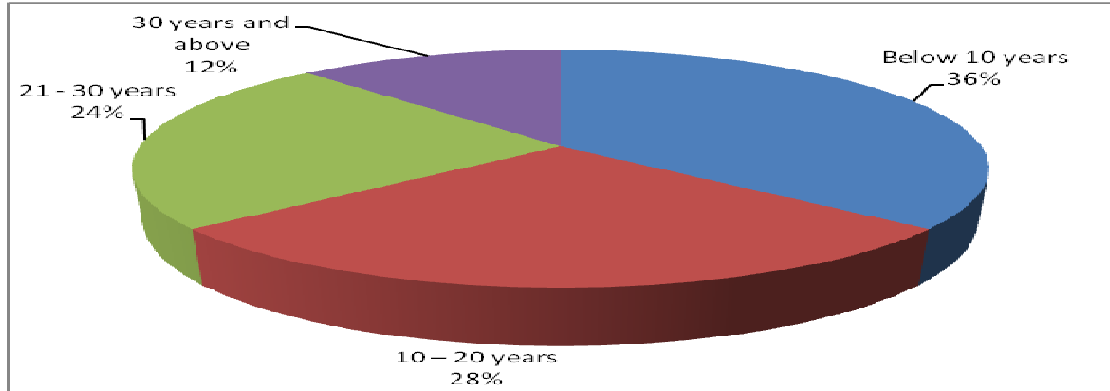


Source: Barclays Kenya internal bulletin

### 4.1.3 Number Of Years The Bank Have Operated In Kenya

The study went further to inquire on the number of years the bank had operated in Kenya.

**Figure 4.4 Banks operation in Kenya (Number of years)**



Source: Research data

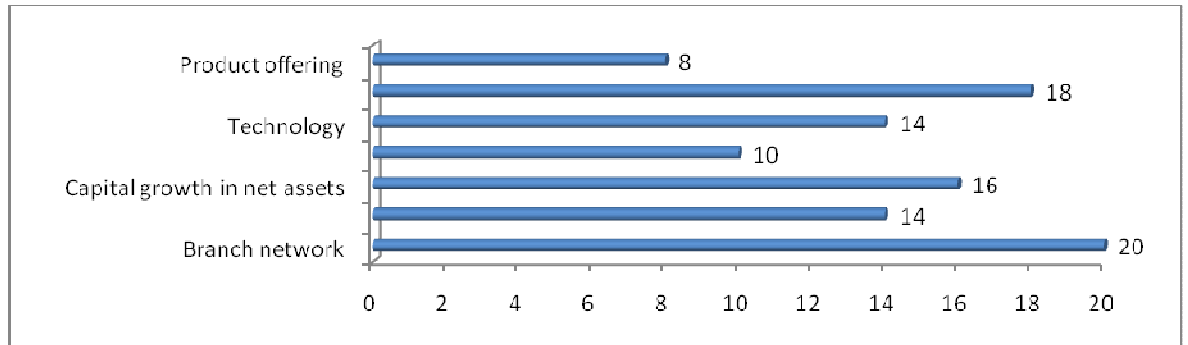
Findings from the study revealed that majority of the banks have operated in Kenya for a period of below 10 years comprising 36 percent while 28 percent have operated in Kenya for a period of 10 to 20 years comprising 28 percent. 24 percent have operated for a period of 21 to 30 years. This implies that the banks interviewed had enough knowledge on banking and finance expertise due to extensive period of operation in Kenya.



## 4.2 Margins Of Growth For The Banks

The study established that all respondents agreed that the banks had grown in the last ten (10) years. The study further inquired on the major areas that had grown more compared to the past.

**Figure 4.5 Major areas that had grown more compared to the past**



**Source: Research data**

Results from the study revealed that majority of the banks had experienced growth in areas such as branch network (20 percent), profitability (18 percent), capital growth in net assets (16 percent), customer numbers and human resources (10 percent). The implication on the study was that the banks had experienced growth in major areas of interest to the study being undertaken.

## 4.3 Strategies That Have Been Used To Bring Growth Into The Banks

In this section, the study aimed at establishing the various strategies that have been used to bring growth into the bank. Results depicted in table 4.3.

**Table 4.2 Strategies that have been used to bring growth into the bank**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Mean</b>	<b>SD</b>
Mergers and agency banking	51%	30%	5%	4%	3%	3.212	0.7738
Market penetration	64%	18%	7%	7%	4%	2.003	0.5508
Diversification	67%	10%	7%	10%	6%	1.943	1.106
Market development	73%	10%	10%	4%	3%	1.109	0.6064
Product development	74%	8%	7%	7%	4%	1.063	0.5508

**Source: Research data**

The above table revealed that majority of the banks had employed product development as the main strategy used to bring growth into the bank as was shown by a mean of 1.06, market development shown by a mean of 1.10 and diversification shown by a mean of 1.94. The least used strategy used to bring growth into the bank was mergers and agency banking shown by a mean of 3.21. The implication to the study was that most banks had employed various growth strategies aimed at achieving advantage for the organizations through its configuration of resources within a challenging environment to meet the needs of markets and to fulfill stakeholder expectations. This was the major area of study.

#### **4.3.1 Product Development**

The table below shows the extent into which various product development strategies have been applied in banks to boost their growth.

Table 4.3: Extent into which various product development strategies have been used to boost bank growth.

	<b>Mean</b>	<b>SD</b>
Product development strategies have been used to improve features of existing products	2.1042	1.2922
New types of products have been designed	2.6583	1.3677
Reducing interest rates on loans to attract more clients	2.3625	1.1091
Creating awareness of existing products	3.1875	1.29904

**Source: Research data**

The study in this section aimed to establish the extent into which various product development strategies have been used to boost bank growth. Results from the study revealed that most respondents agreed that product development strategies have been used to improve features of existing products shown by a mean of 2.1, reducing interest rates on loans to attract more clients shown by a mean of 2.3 and designing

new types of products shown by a mean of 2.6. However, a majority of the respondents disagreed that they were creating awareness of existing products shown by a mean of 3.1. The inferences to the study is that majority of the banks utilized various product development strategies to boost growth.

#### **4.3.2 Market Penetration**

The study in this section aimed at establishing the extent into which various market penetration methods have been used to boost growth in the bank.

**Table 4.4: Extent into which various market penetration methods have been used to boost growth in the bank.**

	<b>Mean</b>	<b>SD</b>
Sending sales people out into the market to look for more business	2.1042	1.2922
Increasing number of bank branches in various locations	2.4125	1.593
Creating segments of the market whereby particular products were designed for particular people only	2.6583	1.3677

**Source: Research data**

Results depicted in table 4.4 revealed that majority of the banks sent sales people out into the market to look for more business shown by a mean of 2.10 and increasing number of bank branches in various locations shown by a mean of 2.41. However most respondents were neutral that they created segments of the market whereby particular products were designed for particular people only shown by a mean of 2.65. The implications to the study is that majority of the commercial banks employed various market penetration methods aimed at boosting growth.

### 4.3.3 Diversification

In this section, the study aimed at establishing the areas into which the banks had diversified into in order to boost growth.

**Table 4.5 Areas into which the banks had diversified into in order to boost growth**

	<b>Mean</b>	<b>SD</b>
Stock brokerage	1.943	1.106
Mortgage sales	1.109	0.6064
Agency banking	1.063	0.5508
Security services	3.212	0.7738

**Source: Research data**

Findings from table 4.4 revealed that majority of the banks had diversified in agency banking , shown by a mean of 1.06, mortgage sales shown by a mean of 1.10 and stock brokerage shown by a mean of 1.94 in order to boost growth. The least cited area into which the banks had diversified into in order to boost growth was security services shown by a mean of 3.21. This implies that most banks had diversified into many areas in an effort to enhance growth.

#### 4.3.4 Market Development

The study went further to establish the various market development strategies used by the banks in order to expand its businesses.

**Table 4.6 Market development strategies used by the banks in order to expand its businesses**

	Mean	SD
Opening up of new branches within the country	1.023	1.106
Opening up of new branches in other countries	3.523	0.606
Creating Segments of the market and products	2.512	0.773
Use of relationship managers to manage market	2.003	0.550

**Source: Research data**

Results depicted in table 4.6 revealed that most respondents agreed that the banks had opened up new branches within the country as was shown by a mean of 1.02, use of relationship managers to manage the market shown by a mean of 2.0 and creating segments of the market and products shown by a mean of 2.5 as the various market development strategies used by the banks in order to expand their businesses. The least cited market development strategy was opening up of new branches in other countries shown by a mean of 3.5. This implies that the commercial banks had employed various market development strategies

#### 4.3.5 Mergers and acquisitions

This section aimed at establishing the various mergers and acquisition strategies used by the bank so as to boost growth of its operations.

**Table 4.7 Mergers and acquisition strategies used by the bank so as to boost growth of its operations**

	<b>Mean</b>	<b>SD</b>
Merging with another bank	3.6042	1.2922
Acquiring other new businesses	2.8125	1.593

**Source: Research data**

Findings from the study revealed that respondents were neutral that most banks had acquired other new business shown by a mean of 2.8 while most respondents disagreed that the banks had merged with other banks shown by a mean of 3.6. The implications is that most banks did not employ mergers and acquisitions as a strategy to boost growth.

#### **4.4 Factors That Influenced The Banks To Choose Particular Growth Strategies.**

In this section, the study aimed at establishing the various factors that have influenced the bank to choose particular growth strategies.

**Table 4.8 Factors that influenced the bank to choose particular growth strategies.**

	<b>Mean</b>	<b>SD</b>
Political situation in the country: The current political situation has contributed to better strategies applied in looking for growth.	3.124	0.7738
Competition in the market: Do you feel that competition is a major threat to growth of your bank?	2.363	0.5508
Better performing economy: The country of Kenya has in the last few years seen a better economy. Did this affect your growth strategies chosen?	1.023	1.106
Technological factors: Improved technology has increased the chances of better and efficient services offered by your bank.	1.123	0.6064
Changes in senior management: Management changes in the bank has ensured better strategy implementation and hence increased growth.	2.003	0.5508
Resource capability: The resources available in the bank including ready capital to ensure growth has influenced growth strategies chosen.	1.943	1.106

**Source: Research data**



Results revealed in table 4.8 revealed that majority of the respondents agreed that better performing economy, improved technological factors and management changes in senior management leading to better strategy implementation and increased growth were the main factors that influenced the bank to choose particular growth strategies as was shown by means of 1.02, 1.12 and 2.00 respectively. The least cited factor that influenced the bank to choose particular growth strategies was political situation in the country shown by a mean of 3.12.

#### **4.5 Discussion Of Findings**

Empirical studies show that good business growth aims at increasing profitability and efficiency of organization and their enhanced ability to create wealth for the shareholders and increased benefit to other stakeholders. An analysis of the above study shows that most banks are doing a good job in application of growth strategies to boost their growth. This includes penetrating into the existing markets and getting new businesses, coming up with new products that suited different groups for example the Standard Chartered Bank created an account for women only called the divas club. The co-operative bank came up with an account for the youth known as the Yea club. This identifying with particular groups as helped this banks to capture a bigger share of the market and thus creating growth.

Agency banking seems to be the current mode of diversification for the banks to add to their profits percentage. Most of the banks including Equity bank, Barclays bank, Co-operative bank are all joining together with communication companies such as Safaricom Limited in order to offer banking services using mobile handsets. This study revealed that the commercial banks have employed various growth strategies. These include product development, market development and diversification shown by a mean of diversification. These findings confers to Ansoff (1965) who found that there are many growth strategies that a firm can undertake to grow and expand its operations though it is important to note that not every growth strategy is appropriate for every business. The study revealed that better performing economy, improved technological factors and management changes in senior management leading to better strategy implementation and increased growth were the main factors that influenced the bank to choose particular growth strategies.

## **CHAPTER FIVE SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter gives a summary of findings from the study, a conclusion of the findings, the recommendations given and suggestion for further studies.

### **5.2 Summary**

The study revealed that majority of the respondents were branch managers, comprising 44 percent while 36 percent were financial managers. Further, the study revealed that a majority of the respondents had worked for a period of less than 10 years comprising 40 percent while 27 percent had worked for a period of 10 to 20 years. The study also established that majority of the banks have operated in Kenya for a period of below 10 years comprising 36 percent while 28 percent have operated in Kenya for a period of 10 to 20 years comprising 28 percent.

On the topic of the major areas that had grown more compared to the past, majority of the banks had experienced growth in areas such as branch network, profitability, capital growth in net assets, customer numbers and human resources. On the area of the various strategies that have been used to bring growth into the banks, the study revealed that majority of the banks had employed product development as the main strategy used to bring growth into the bank, market development and diversification.

On the extent into which various product development strategies have been used to boost bank growth, the study revealed that product development strategies have been used to improve features of existing products, reducing interest rates on loans to attract more and designing new types of products.

On the issue of the various market penetration methods used to boost growth in the bank, the study established that majority of the banks sent sales people out into the market to look for more business and increasing number of bank branches in various locations. On the area into which the banks had diversified into in order to boost growth, the study revealed that majority of the banks had diversified in agency banking, increased mortgage sales and stock brokerage in order to boost growth. The

least cited area into which the banks had diversified into in order to boost growth was security.

On the various market development strategies used by the banks in order to expand its businesses, the study revealed that most banks had opened up new branches within the country, use of relationship managers to manage the market and creating segments of the market and products. On the area of mergers and acquisition strategies used by the banks so as to boost growth of their operations, the study established that most banks had acquired other new business. However, most banks had not merged with other banks as a merger and acquisition strategy.

On the various factors that influenced the bank to choose particular growth strategies, the study revealed that that better performing economy, improved technological factors and management changes in senior management leading to better strategy implementation and increased growth were the main factors that influenced the bank to choose particular growth strategies.

### **5.3 Conclusions**

The study concludes that commercial banks in Kenya have employed business growth strategies. These include product development as the main strategy, market development and diversification strategies.

The study further concludes that there were various factors that influence growth strategies adopted by commercial banks in Kenya. These included better performing economy, improved technological factors and management changes in senior management leading to better strategy implementation and hence increased growth.

### **5.4 Recommendations**

The study recommends that commercial banks in Kenya need to employ various growth strategies in order to stay competitive and increase productivity and growth. Low performing commercial banks need to merge with better performing banks to boost growth of their operations. In addition, commercial banks in Kenya need to

invest in technology and market penetration methods such as increasing number of bank branches in various locations to target more customers and hence boost growth.

### **5.5 Limitations of the study**

The findings of this study, however, should be considered in the light of their limitations. In the collection of data the study encountered gaps in the data as many managers did not have all the data for the ten year period.

There was limitation on resources and time available to carry out the research. The researcher used a lot of money on stationery, transport from one bank to another and several visits were made to the respondent to check if they had finished filling in the questionnaire,

Another limitation was secrecy of the institution documents. Every company has its code of ethics that restricts staff to divulge confidential information to the public. The research was constrained since most respondents were not authorized to give detailed information.

### **5.6 Suggestion for further studies**

This study focused on the various business growth strategies employed by commercial banks in Kenya and the factors that influence growth strategies adopted by commercial banks in Kenya. More research needs to be carried out in other financial institutions such microfinance institutions and SACCO's. Another suggestion for further research can also be impact of growth in banks on the economy of Kenya. A further study can be carried out to establish the impact of senior management changes on growth in the banks

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**A SURVEY OF GROWTH STRATEGIES ADOPTED BY COMMERCIAL BANKS IN KENYA**

The Questionnaire below seeks to establish the type of growth strategies used by Commercial Banks in Kenya in their quest for growth while also establishing the factors influencing the type of growth strategy adopted.

**PART A: GENERAL INFORMATION: BANK PROFILE**

Please respond to the following questions and expound the points where applicable by ticking the appropriate box: [       ]

1. Name of Bank..... Date.....
2. What is your functional position?
  - Administrator        [       ]
  - Financial manager    [       ]
  - Branch Manager      [       ]
  - Other – specify      [       ]
  - .....
3. What is the length of time you have worked with the bank?
  - Below 10 years        [       ]
  - 10 – 20 years         [       ]
  - 21 - 30 years         [       ]
  - 30 years and above    [       ]
4. How long has your bank operated in Kenya?
  - Below 10 years        [       ]
  - 10 – 20 years         [       ]
  - 21 - 30 years         [       ]
  - 30 years and above    [       ]
5. In which category would you classify the ownership of your bank?
  - Public Owned         [       ]
  - Privately owned      [       ]
  - Other Specify         [       ]



.....  
.....  
6. What is the range of services offered by your Bank?

Core banking services [      ]

Offering loans            [      ]

Mortgage sales            [      ]

Stock brokerage            [      ]

Any other specify        [      ]

.....  
.....

7. How would you measure the size of the bank?

Number of employees .....

Capital base .....

Customers' numbers .....

Branch network .....

**PART B: SPECIFIC QUESTIONS TO RESEARCH.**

1. Would you say that in the last ten (10) years there has been growth in your bank?

Yes [      ]

No [      ]

2. If yes, which of the following areas would you say have grown more compared to the past?

Branch network [      ]

Customer numbers [      ]

Capital growth in net assets [      ]

Human resources [      ]

Technology [      ]

Profitability [      ]

Product offering [      ]

4. Various strategies have been used to bring growth into your bank. Using a rating scale of 1- 5 please indicate the strategies that could have been used by your bank to grow its portfolio:-

**Strongly agree      Agree      Neutral      Disagree      Strongly disagree**

**5                      4                      3                      2                      1**

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Product development					
Market penetration					
Diversification					
Market development					
Mergers and agency banking					
Any others (Please specify)					

**3(a) PRODUCT DEVELOPMENT**

To what extent have the following product development strategies been used to boost growth in your bank. Using a rating scale of 1 to 5 tick the appropriate statement.

**Strongly agree      Agree      Neutral      Disagree      strongly disagree**

**5                      4                      3                      2                      1**

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Product development strategies have been used to improve features of existing products					
New types of products have been designed					
Reducing interest rates on loans to attract more clients					
Creating awareness of existing products					

**3(b) MARKET PENETRATION**

To what extent have the following Market penetration methods been used to boost growth in your bank. Using a rating scale of 1 to 5 ticks the appropriate statement.

**Strongly agree      Agree      Neutral      Disagree      strongly disagree**

**5                      4                      3                      2                      1**

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Sending sales people out into the market to look for more business					
Increasing number of bank branches in various locations					
Creating segments of the market whereby particular products were designed for particular people only					

**3 (c) DIVERSIFICATION**

Diversification is about entering into other forms of businesses apart from the core banking functions. Which of the following has your bank diversified into in order to boost growth?

Using a rating scale of 1 to 5 tick the appropriate.

**Strongly agree**      **Agree**      **Neutral**      **Disagree**      **strongly disagree**  
**5**      **4**      **3**      **2**      **1**

	5	4	3	2	1
Stock brokerage					
Mortgage sales					
Agency banking					
Security services					
Any others (please specify)					

**3(d) MARKET DEVELOPMENT**

Market development can be geographical or by targeting of new markets. Which of the following market developing strategies has your bank used in order to expand its businesses?

Using a rating scale of 1 to 5 tick the appropriate.

**Strongly agree**      **Agree**      **Neutral**      **Disagree**      **strongly disagree**  
**5**      **4**      **3**      **2**      **1**

	5	4	3	2	1
Opening up of new branches within the country					
Opening up of new branches in other countries					
Creating Segments of the market and products					
Use of relationship managers to manage the market					

**3(e) MERGERS AND ACQUISITIONS**

Which of the following mergers and acquisition strategies has your bank used so as to boost growth of its operations?

Using a rating scale of 1 to 5 tick the appropriate.

**Strongly agree      Agree      Neutral      Disagree      strongly disagree**

**5                      4                      3                      2                      1**

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Merging with another bank					
Acquiring other new businesses					
Any other strategies? Please specify					

4. The following factors may have influenced the bank to choose particular growth strategies and not others. Using a rating scale of 1 to 5 please choose those that suited your bank.

**Strongly agree      Agree      Neutral      Disagree      strongly disagree**

**5                      4                      3                      2                      1**

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Competition in the market: Do you feel that competition is a major threat to growth of your bank?					
Political situation in the country: The current political situation has contributed to better strategies applied in looking for growth.					
Better performing economy: The country of Kenya has in the last few years seen a better economy. Did this affect your growth strategies chosen?					
Technological factors: Improved technology has increased the chances of better and efficient services offered by your bank.					
Changes in senior management: Management changes in the bank has ensured better strategy implementation and hence increased growth.					
Resource capability: The resources available in the bank including ready capital to ensure growth has influenced growth strategies chosen.					
Any others(Please Specify)					

**Thank you for your cooperation**

## **APPENDIX II LIST OF COMMERCIAL BANKS IN KENYA**

1. African Banking Corporation: Medium- 9 branches
2. Bank of Africa Kenya Ltd: Medium- 8 branches
3. Bank of Baroda (k) Ltd: Medium – 8 branches
4. Bank of India: Medium - 4 branches
5. Barclays Bank of Kenya Ltd: Large – 105 branches
6. CFC Stanbic Bank Ltd: Large – 18 branches
7. Chase Bank (k) Ltd: Medium – 7 branches
8. Citibank N.A Kenya: Large – 3 branches
9. Commercial Bank of Africa Ltd: Large – 17 branches
10. Consolidated Bank of Kenya Ltd: Medium- 12 branches
11. Co-operative Bank of Kenya Ltd: Large – 73 branches
12. Credit Bank Ltd: Small – 4 branches
13. Development Bank of Kenya Ltd: Medium – 1 branch
14. Diamond Trust Bank (k) Ltd: Large – 13 branches
15. Dubai bank Kenya Ltd: Small – 4 branches
16. Ecobank Kenya Ltd: Medium – 13 branches
17. Equatorial Commercial Bank Ltd: Medium – 14 branches.
18. Equity Bank Ltd: Large – 102 branches
19. Family Bank Ltd: Medium – 38 branches
20. Fidelity Commercial Bank Ltd: Small – 6 branches
21. Fina Bank Ltd: Medium – 14 branches
22. First Community Bank Ltd: Small – 11 branches
23. Giro Commercial Bank Ltd: Medium – 6 branches
24. Guardian Bank Ltd: Medium – 7 branches
25. Gulf African Bank Ltd: Small – 7 branches
26. Habib Bank A.G Zurich: Medium – 5 branches
27. Habib Bank Ltd: Small – 4 branches
28. Imperial Bank Ltd: Medium – 11 branches
29. I & M Bank Ltd: Large – 13 branches
30. Jamii Bora Bank Ltd: Small – 1 branch
31. Kenya Commercial Bank Ltd: Large – 144 branches
32. K-Rep Bank Ltd : Medium – 31 branches
33. Middle East Bank (k) Ltd : Small- 3 branches

34. National Bank of Kenya Ltd: Large – 39 branches

35. NIC Bank Ltd: Large – 14 branches