STRATEGIC LEADERSHIP AND COMPETITIVE ADVANTAGE OF COMMERCIAL BANKS IN KENYA

ERICK NYAGARAMA GEKE

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DECLARATION

I declare this research project is my own work and therefore it has not been submitted somewhere else for the purpose of academic degree award, examination or publication.

Signed·   Date 21/10/2021

Erick Nyagarama Geke

D61/79089/2015

The research project has been submitted for examination with my approval as the University Supervisor.

Signed……   ……………Date…December 1, 2021…...................

Prof. Elijah Bitange Ndemo

Department of Business Administration

School of Business

University of Nairobi

DEDICATION

I dedicate this project to the Commercial Bank of Kenya, the Central Bank of Kenya, and the University of Nairobi Business School. Thank you to God's grace and power, my family, teachers, and fellow students who are precious and precious to me during my research.

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ABSTRACT

Organizational competitiveness is an important parameter that determines the long-term sustainability and the entity's ability to meet its obligations to internal and external stakeholders. Consequently, the understanding the factors that will influence the competitiveness of the entity is of importance. The aim of the study was to examine how strategic leadership affects the competitive advantage of commercial banks in Kenya.

The strategic leadership dimensions that were investigated include capacity to anticipate business changes, capacity to question the status quo, ability to interpret information correctly, decision making capacity and ability to align stakeholder interest. The study adopted a cross-sectional descriptive study design on a target population of 40 commercial banks and a census of all commercial banks in Kenya was performed.

To collect the data, a questionnaire was the main instrument whereby in total 34 questionnaires were distributed. The findings reveal that the banks had formed a broad alliance network with customers and competitors to handle cases that are of mutual benefit. In addition, the bank leadership was found to be good on handling crisis as well as encouraging divergent views that will result in better analysis of prevailing problem. The findings also show that the ability of a firm leadership to study patterns of trends and be able to make best decision out of the same was a key component of a firm competitiveness. In terms of the bank leadership to make decisions, it was found that they beforehand decide participants in the decision-making process, and continuously are able to compromise between short-term and long-term interests of the bank. The results also show that there is a positive correlation between strategic leadership and competitive advantage of commercial banks (r=.616) while variations of performances of the commercial banks was explained to the extent of 38% by the level of strategic leadership present in the organization (R^2). The regression model turned out to be a good predictor because its p value of 0.015 is less than 0.05. In addition, the findings reveal that the capacity of the bank leadership to challenge existing status-quo and decision making capacity significantly affected the level competitiveness. On the other hand, the capacity of the bank to anticipate changes, interpret information and to align stakeholders were found to be insignificant. The research recommends that the banks enhance their top leadership decision making process through training and development process.

TABLE OF CONTENTS

LIST OF TABLES

ABBREVIATIONS AND ACRONYMS

CBK	-	Central Bank of Kenya
CEO	-	Chief Executive Officer
CMA	-	Capital Market Authority
ICT	-	Information and Communication Technology
RBV	-	Resource Based View
PWC	-	Pricewaterhouse Coopers
UET	-	Upper Echelon Theory
USAID	-	United States Aid
SPSS	-	Statical Package of Social Scientist

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's global and inter-connected economy, a firm's competitiveness has been argued to no longer originate from the fixed physical capital but rather from the capacity of an organization to fast and efficiently process information. Mahdi and Almsafir (2013) maintain that a firm's ability to channel intellectual capital efficiently within its company activities enables it to have a bird-eye perspective of the company, while having a strong knowledge of the setting in which it is operating, to compete in the market efficiently. The human capital is better represented by the senior management of the company that will facilitate an establishment of an efficient firm's strategic planning and implementation, vital in leading employees in achieving corporate goals. Barney (1991) admits that the potential of sustainable competitiveness is not inherent to all firms' resources but in resources that cannot be readily imitated or replaced. Ireland and Hitt (2005) extend this position by stating that a firm leadership has these attributes and therefore can have great potential to be a source of competitiveness. They also emphasize that strategic leaders can gain access to the main resources from partner companies and can create excellent teams as the most significant company assets in the organization.

The study is based on three theories: the Upper Echelon, Resource-based View and Porters Theory of Competitive Advantage are rooted in the Interaction of Strategic management and viable competitive advantage factors. Hambrick and Mason's (1984) advanced the theory of superiors based on the assumption that organisational result is the outcome of managerial values and cognitive bases maintained by the organization's senior leadership.

Thus, characteristics of top leadership of an organization will determine the firm's strategic choices such as product innovation, plant and equipment newness acquisition, unrelated diversification, capital intensity and response time. Similarly, the resource-based view (RBV) postulated by Barney (1991) and posits that the organizations internal resource is an important source of competitiveness.

Managerial decisions concerning such assets and competences that are highly valued and rare is applied in operating environments that are uncertain with regard to the industry, economic, regulatory, technological and social environments in order to create the necessary firm competitiveness. Challenges of new entrants, risks of substitute products or services, purchasing power of customers, bargaining power of distributors, competition in the market between historic companies are all the key factors that determine the success of a company.

The intense competition among Kenyan commercial banks caused by other financial and non-financial institutions has forced banks to innovate and look for sources of competitive advantage. (Ndungu, 2012). One of the internal resources that might be valuable to a bank in a competitive business environment is its top management and the form of strategic leadership that they introduce to the firm. Ngugi (2016) stresses that Kenyan commercial banks have achieved the value and contribution of strategic leaders in decision making, management, resources and employee alignment towards achieving set goals.

Kenyan banks have changed their activities and management style according to the business model they planned to conform to the expected level of competitiveness as a result of increased regulatory conditions. The explanation for the thesis is that the management of the company dictates the course and the strategic direction that the business follows, thereby adding to the organization's profitability. The understanding of how strategic leadership influences the Kenyan banks level of competitiveness is therefore important in the present day operating environment whereby foreign banks and telecommunication firms have taken the level of competition to unprecedented levels.

1.1.1 Concept of Strategic Leadership

Different scholars have come up with different definitions of what they perceive strategic leadership to represent. Kim, Dansereau and Kim (2013) define strategic planning as the capacity of organizations to predict, anticipate and retain resilience, and motivate others to build a competitive advantage of an enterprise and a sustainable future. Guillot (2003) defines strategic management as a leader capable of developing and executing strategic plans with expertise, insight and vision, and of having unexpected and complicated implications in an infinite setting. Strategic leadership has been recognized as one of the impediment to effective strategy implementation in the management systems of companies. Sirmon, Hitt and Ireland (2007) further propose that strategic leaders manage their resource portfolio through capacity-building, the organization structuring itself to leverage capacity, creating and implementing a strategy to influence these resources. Therefore, the identification, growth and use of organizational governance is crucial for organizational efficiency from a company view (Mabey, 2013).

In order to harmonize personnel and corporate capital, organizational managers have an important role to play by establishing a firm strategic direction based on a long-term plan (Pearce and Robinson, 2007). There are different attributes that define a strategic leader. Holman (2011) argues that a strategic leader upholds ethical values by observing all the regulatory conditions set by the regulatory authorities and therefore saving the organisation from unnecessary penalties for non-compliance. With the intention of achieving the set goals in a competitive environment, a strategic leader should also lead to the optimal use of the company's assets and skills (Hsieh & Yik, 2011). This is realized through establishment of corporate culture with shared values among employees of the organisation. Strategic leadership should regularly communicate the firm values and enforce the same through both motivation and disciplinary measures.

Mahdi and Almsafir (2013) claim for themselves that strategic leaders ought to have functional skills that are necessary to enable a company to provide exceptional products with exceptional advantages and value for clients. This is accomplished by continuous training and knowledge sharing activities coordinated by the leadership to enhance their expertise and imagination in the effective exercise of their responsibilities. This helps the worker to know about organizational and environmental problems that may impact his or her job (Hsieh & Yiek, 2011).

1.1.2 Competitive Advantage

A firm competitiveness results in its competitive advantage. Kim and Mauborgne (2014) define company competitiveness as a means of representing its competitiveness, increasing profitability, and advancing on price and cost strategies.

The organizational degree of competition of Barney, Wright and Ketchen (2001) is characterized as the capacity of a business to produce product superior to the competitor's goods. It allows a company to become profitable by reducing costs, or discerning products or services at high prices. Johnson and Scholes (2002) have further strengthened this feature of company competitiveness by stating that company innovation, the development of technological capacities, the effectiveness of corporation brand control, merchandise qualities and services are now well-known as essential sources of competitiveness for businesses.

Porter (2004) argues that competitive strategies are mainly developed by planning or implicated approaches dictated by an occupational orientation of a company and the incentive of its managers. All internal capability, such as policy, organization, competence and technology capacities, including market performance tools, can result in firm competitiveness. Company efficiency is a system in which it measures the quality of its main processes such as software, market and human resources.

Nonetheless, the competitive edge according to Otter and Schlesinger (2010) depends largely on the business or the market being able to invest in technology and update the existing processes so that innovative and high-quality goods are manufactured at lower costs. Organizations that maintain competitive functions must therefore always be anchored in an ongoing structural renewal, which tells them of their approach and their capacity to respond to external and internal customer requirements in a vibrant fashion (Kor & Mesko, 2013).

1.1.3 The Banking Sector in Kenya

Forty-one commercial banks operate in Kenya according to the 2018 Annual Report of the Central Bank of Kenya (CBK). In recent years, Kenya's banking industry has gradually increased its deposits, capital, productivity, and production. Kenya's financial situation changed dramatically throughout 2006-2015 and wealth, deposits, competitiveness and product offerings of the financial sector have improved. The strategy is mainly driven by a network growth methodology across the industry, as well as automation of many facilities and a shift towards more complicated client requirements than traditional "off - the-shelf" goods in the Kenya and eastern Africa community. These developments include the shifting from traditional decentralized banking to one industry banking facilitated by the inclusion of different functions of company (PWC, 2017). In addition, the CBK report notes the increased linkage of the bank operations with mobile phone applications which has enhanced service delivery as well as income base for the banks.

The annual CBK (2017) monitoring report underline that, while remaining adequately flexible, financial institutions will have to continually address the evolving company climate and continued flood of fresh demands via a solid ICT platform. In Kenya, banking industries discovered that it was necessary to embrace enterprise integration as a means of meeting the evolving requirements of clients.

The banking industry in Kenya must be able to meet its customers' requirements as quickly as ever. Current clients are more educated and need to deliver services efficiently and quicker than ever before.

Nyaoke (2017) states that the banking sector in Kenya faces certain difficulties, such as money laundering, but these kinds of difficulties can be overcome readily as banks are integrated as multiple departments, capable of sharing data in real time. Despite the excellent results of the banking industry in Kenya, some banks report losses.

1.1.4 Commercial Banks in Kenya

There are 41 commercial banks operating in Kenya, with imperial bank having been put in receivership and are regulated by the CBK (CBK Report, 2017) and listed banks by Capital Market Authority (CMA). The Kenyan commercial banks' performance has been mixed in the last five years having reported undesirable earnings per share growth of negative 8.3% in 2018 compared to a positive growth of 15.5% in 2016 and this negative trend is attributed to the decline of the income earned from interest due to capping by CBK.

But in 2017, the banking industry reported an enhanced output with revenue before tax rising by 11.0% to 147.4 billion KShs in December 2017 compared to 134.0 billion KShs in December 2015 amid EPS declines. A composite index of net assets, deposits of customers, stocks of resources, account number deposits and credit accounts, comprises the CBK Annual Market Share Analysis (2017), classifies commercial banking entities in Kenya as three terrestrial classes. The Bank is rated as a big bank with a rating of 5 points above the weighted composites. The larger bank has 1% to 5% of weighted composites and the smaller one has less than 1%. The annual report states that eight large banks with a 65.98 percent market share, 11 medium-sized banks with a 26.10% share, and small banks with a market share of 7.92 percent for the period ending 31 December 2017.

The competition between commercial banks found in Kenya extends beyond the banking industry to competitors such as the cooperative movement, public financial institutions, merry go rounds and micro-financing institutions. Yildirim and Philippatos (2014) observes that healthy competition between banks can be used to encourage quality improvements, pricing, accessibility of products and financial innovation by incorporating more contemporary banking, leadership and technological abilities. Therefore, it is necessary to choose the type of value that is generated by your leadership and then adhere to that, because the capacity needed for each is quite distinct and takes time to build up. In this current competitive business world, the identification of the right management to guide the banks is regarded to be a main inner capacity because the organizational leadership determines the sort of approach to be followed under competitive pressure. As the local Kenyan banks adopt distinct approaches, it can be presumed that they will affect competitiveness out of the management policy choice. It is therefore important to determine how strategic management in the banks affects their competitive edge.

1.2 Research Problem

An organizational strategy is defined by among others by a set of coordinated actions that is to fulfil the goals and objectives of a business with an objective of increasing the present firm offering than its competitors. The organization's ability to carry out an activity better than its competitors, however, is when customers value particular offers and at the same time competitors cannot easily replicate them (Ireland and Hitt, 2005). One of the key intrinsic competencies capable of developing the right strategy of an enterprise is strategic leadership.

Sirmon, Hitt and Ireland (2007) underlined that in a fresh competitive environment for the 21st century, efficient strategic management skills are necessary. strategic leaders manage the portfolio of resources by developing skills, by organizing the company to use their competencies, development and implementation of a strategy for leveraging its resources to reach a competitive edge (Hsieh & Yiek, 2011). Undoubtedly, a well thought out plan rarely assures the accomplishment of strategic objectives until organizational leaders make significant contributions. This suggests that we must analyze how operational planning impacts a company's competitive advantage.

In Kenya, as in other nations, the banking sector undergoes a period marked by fast and radical change owing to the widespread impact of IT and the breathtaking development of telecommunications and electronic information processing technology. The technology changes how banking is done and the new products that the consumer needs and determines the market position of a company. Therefore, with the advent of changes the capacity of an organization to enjoy a durable competitive advantage in dynamic environments, the banks must have a board and top leadership group that is able to create appropriate strategies to guide the competitive position of the bank. Having a good and strong strategy without a leadership team that is focused to attainment of the objective is likely not to take a bank to its desired vision. Similarly, as commercial banks create tailored business products and services to meet the changing needs of their customers, this may not have been possible without the input of strategic leaders, key people in influencing change in the organization.

The influence of strategic leadership on firm outcomes has attracted scholars both in the international level as well as in Kenya. Lufthans 2012) has explored the role of organizational managers in shaping US service provider operating strategies. The study used the science of design and research methodology, and the findings suggest that strategic leadership enhanced organizational efficiency as measured by the unit cost per customers. Schoemaker, Krupp, and Howland (2013) sought to determine the essential skills for a top corporate strategic leader in the US and identified that a strategic leader should be able to question the prevailing status quo, should have capability to anticipate opportunities and pressures, be capable to interpret conflicting and complex information as well as be quick decision makers. The research adopted a case study approach. Mahdi and Almsafir (2014) while using quantitative research approach, investigated the role of strategic leadership in structuring sustainable competitiveness in the academic sector in Malaysia.

The results indicate that a strong strategic leadership's beneficial impact on sustainable competitive advantage in the academic industry is important. Similarly, Strand (2014) researched on the influence of strategic leadership on corporate sustainability on multinational firms in Britain and found that firms that have established bureaucratic structures dedicated to organizational sustainability registered better performance than those whose leaders had not established the position. The study adopted a quantitative approach.

Kamau (2015) studied the effect of political management on Kenya's commercial banks. The descriptive study method was employed, and the outcome were, Commercial banks are failing to achieve a clear strategic plan because of the absence of strategic leadership.

Ndunge (2014) measured the impact on the performance of commercial banks of introducing changes management procedures. The investigator embraced a descriptive research approach and discovered that strategic management affected the implementation of change management procedures among the commercial banks. Ndungu (2013) tried to evaluate the role of strategic leadership in managing Nairobi Bottlers ' strategic transition. The applied a case research design and the results demonstrate that a company's leadership has a beneficial impact on the change management process.

Indeed, the concept of strategic leadership has attracted many studies both locally and internationally. Though at the international level researchers have delved into understanding how strategic leadership impacts on firm's competitiveness, most of this research has been done in developed countries for instance Britain, USA and Belgium as per the above research reviewed whose level of regulatory condition and competitive environment differ as Kenya's. Further, from the local studies reviewed, though attempts have been made to establish the link between strategic leadership and firm's competitive advantage, methodology adopted, and scope differ.

The studies have adopted a case study approach or investigated about the relationship in non-banking institutions whose level of regulation and competitive pressures differ. This existing gap informed my current research that attempted to answer the subsequent research question: what is the effect of strategic leadership and competitive advantage of commercial banks in Kenya?

1.3 Research Objective

The objective was to explore the impact of strategic leadership on the competitive advantage of commercial banks in Kenya.

1.4 Value of the Study

Policymakers profit from the outcomes of the study. It involves CBK in designing policies that allow banks to develop and implement plans for senior management to achieve the goal of banks. The policy implementation by the top management will be universal, thereby fostering fair competition among commercial banks. The study mainly interacts with the top management teams of commercial banks and offers active strategic leadership and helps shape the strategic direction of the company and aims towards established objectives. This research assists investors in knowing Kenya's strategic management and measures made by the government to guarantee progress in results. This research therefore educates investors in making investments in Kenya's commercial banks.

This analysis is considered as value added by the leadership of several commercial banks. It could be used to recognize other strategic leaderships and their position in competitiveness growth. This could allow commercial banks to take strategic leadership effectively, retaining and growing their market share. Bankers are aware of the challenges banks face in project planning and technologies. This research also assists in developing the area of study especially leadership impact on the field of banking in regard to gaining a sustainable competitive advantage.

Strategic leadership in positioning for competitive advantage in emphasizing prerequisite requirement and impact of strategic leadership to in enhancing efficiency and effectiveness that leads to sustainable competitive advantage. Scholars may consider this research useful to propose hypotheses either to endorse or to contradict them by means of the results of the study.

The research helps to understand how the concepts are important and specific to the analysis goals. This gives an overview into how the business's competitive advantage is influenced by organizational management. The work provides the basis for potential strategic management analysis and how it impacts commercial banks.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This section incorporates data on organizational management and competitive advantages from existing literature. The section further addresses the theoretical basis, policy and leadership position in shaping competitiveness. It encourages reader awareness and contributions to the efficacy of strategic leadership to help an enterprise to achieve its corporate goals.

Leadership is a "system by which a person controls a group of people to accomplish a common objective" (Amanchukwu, Stanley & Ololube, 2015). They argue that “business units and product lines have failed all because they had the wrong kind of leaders". Bass & Bass (2008) points out that many regard leadership as the most significant aspect in organizational achievement or insolvency. Defining the company's long-term goals, actions and resources distribution needed to achieve these objectives; shows how business leaders strive to distinguish themselves favorably from their rivals. The key to strategy is to have a distinctive, hard-to-conform stance (Porter, 1996). In their research on the link between leadership and strategy, Mintzberg, Ahlstrand and Lampel (1998) said leadership is the starting point for strategy and top managers play a major role in determining organisational results (Hambrick 2007).

Strategic management extends beyond management to stress the accomplishment of company-wide goals in a changing climate. Thus, the main role of a strategic leader is to spur the organization under the prevailing operating environment to improved performance and guarantee its sustainability.

2.2 Theoretical Foundation

The following section includes detailed descriptions of these concepts, including Upper Echelons, resource-based perspective and Porter's theory of competitive advantage. The discussion is based on number of the research conducted by supporters and opponents. The arguments presented in the hypotheses lead to the research goals of demonstrating significance and analysis implementation.

2.2.1 Upper Echelons Theory

The Upper Echelon theory as one of the theories of organization claims that, due to its own individual and collective backgrounds, an organization's performance standard reflects its leading managers' values and cognitive capacities. Based on the Company's existing behavioral theory (Cyert & March 1963), management typically makes an irrational decision, which the upper echelon's theory reinforces by proposing that executives face enormous overloads of data in their everyday activities, often leading them to decide based on their experiences. To filter this information that appear in a random manner in the business operating environment, the top management characteristics determine the effectiveness of filtering and assessing the abundant information that confronts executives.

Proponents of the top echelon theory recognize that while an executive can generate an individual managerial perception that impacts the assessment of options and ultimately, decision-making results at a private and corporate level, each one has cognitive bases and values, as well as extra, more concrete private features.

Thus, the literature on the upper echelon theory has consistently advanced that the view that the top management characteristics and characteristics of an organization will determine the firm’s strategic choices such as product innovation, plant and equipment newness acquisition, unrelated diversification, capital intensity and response time.

Hambrick (2007) suggests that upon selecting an employee with certain demographic characteristics to be at the helm of the organization, then the chances of the organization achieving its goals is enhanced. However, in the present day globalized labour market, by selecting an employee through such attributes as age or tenure might be considered discriminatory and unfair to the other individuals without such characteristics. If the employee discrimination narrative is successful in the market, this might lead to boycott of the company products and services, as well as attract huge financial penalty.

2.2.2 Resource Based View

The resource-based view (RBV) of a firm gets its origin from the works of Wernerfelt (1984) and was refined further by Barney (1991) has become a dominant framework for trying to understand how a firm achieves its competitive advantage and how that advantage can be maintained by the company concerned for a long period. RBV focuses on the capacity of the organization's internal resources as a competitive resource, and thus complements the traditional view as a business strategy.

This is an important determinant of its strategic position as well as the position it occupies in the industry structure (Henderson & Cockburn, 1994). Amit and Schoemaker (1993) believe that RBV recognizes that the organization consists of a variety of heterogeneously allocated resources across the organization, whose differences continue to exist over time.

This difference on the firm-specific assets and capabilities that bring about the different among firms is what, if harnessed corrects, will act as a necessary firm performance determinant. The importance of an organizations core skills and capabilities to gaining appropriate state of competitiveness is further supported by research works by authors such as Prahalad and Hamel (1990).

Barney (1991) however cautions that it is not merely a firm having crucial internal resources that brings about competitiveness but rather that these resources should be valuable to exploit emerging occasional and opportunities among the firm's existing and prospective competitors. In addition, the internal resources should be defectively imitable and deprived of strategic corresponding alternatives.

Conner and Prahalad, (1996) argues that when companies have rare, irreplaceable and irreplaceable assets (VRINs), they can design new strategies that create value and cannot be easily copied by competitors compete. Consistent with Amit and Schoemaker (1993) the decisions of managers regarding such capabilities and resources that are valuable and rare is applied in operating environments that are uncertain with regard to the industry, economic, regulatory, technological and social environments that it is operating in as well as uncertainty with respect to competitor behaviour. In addition, existence of appropriate internal resources helps in understanding competitor's behavior and customers' preferences. The interconnected foundations that form the business atmosphere and competitive relations resulting from different perceptions of this environment, and intra-agency disputes between managers and those involved in the decision-making process.

2.2.3 Porters Theory of Competitive advantage

Porters (1980) point of view reinforces the fact that the company's competition and industry success in general are defined by the physical properties of the area the company competes (Porter, 1981). Porter postulates, five determinations are responsible in structure reshaping and aligning all sectors of the economy, the determinations informs the formation of policies that will be set up to address competition, also forms the foundation in regard to addressing productivity in the sector. (Porter, 2008). The porter’s five key strengths needed to shape a company's competitive environment include powerful suppliers, dominant buyers, substitute products, competitive rivalry among existing firms. The inter-related porter’s five forces competitive aspects determine the potential profits that attained within the sector.

The level of competitiveness which a firm operates is influenced by capability to realize supernormal returns. As competitiveness intensifies, the consideration of key stakeholders of a firm makes deliberate decision for existence goal (Grant, 2005). Consequently, Porter’s five forces model supports one to look outside his immediate competitors and define the market land scape through defining the industry of operation.

In addition, Porter argues that identifying factors that describe the competitive situation, the basis and techniques enable a firm to attain superior performance for the organizational. These approaches include cost containment, centralization, and differentiation. Cost leadership refers to a strategy that aims to outperform competitors through effective substitutes for service or product quality (Porter, 1990). This strategy stresses a firm providing competitive services and products at a reduced cost without necessarily compromising on quality.

This system is revealed through managers embracing various applications of cost reduction and reduction of overheads in the aspects of a firm’s mode of operation. (Hudson, 2002). Notable firm’s strategy is power to form a real or perceived merchandise, or service differentiation targeting creation of a business-wide consumer data that comprehends and distinguishes the supplier's merchandise as quality and converges on customer terms (Porter, 1990). The prospects of focus approach expects a company to tighten its promotion practices through engaging the earthly area, subdivision of the buyer group and product line in regard to preferences of customer. Hence, strategy helps a company to focus on a specific group of customers and product lines. (Lumpkin and Dess, 1996).

2.3 Empirical Studies and Knowledge Gap

In this section, previous studies relating to the influence of strategic leadership on a company’s outcome are discussed. Various studies in the main areas of study are summarized in the perspective of the findings and recommendations made. As much possible, the reviews cover both the international and national levels studies in for wider understanding and establishing relations. Nimsith, Rifas, and Cader, (2016) aimed at defining the function of strategic leadership in creating a competitive, viable edge between Iraq-based private universities. The study focused on the 23 Iraq private universities, while the methodology for the research was a survey strategic approach to information collection which implemented a self-administered questionnaire. The statistical results show that the strategic leadership skills are important and have beneficial outcome on the competitive advantage of university institutions.

The study concluded the private universities had visionary leaders that had entered into collaborations with varied research institutions and employers.

The research on commercial advantages of exporting Yemeni products to the US has been performed by Sabah, Laith and Manar, (2012). The analysis studies from 2000 to 2011 in eleven years preceding the war in Arab Spring and uses two digits of SITCs to identify the various products for the study period selected. In order to assess the competitive advantage disclosed, Balassa's coefficient was used. Balassa's Index has a characteristic of either the country or group of countries' gross sector competitiveness. Empirical analysis using the Balassa Index showed that Yemen's economic benefits at worldwide levels were observed during the chosen study period during international trade.

During the era covered by 2005–2009, Jay (2013) examined the position of executive' market-oriented knowledge capacity among US production companies in an organisational innovation-based approach. Research results show that a company's ability to take advantage of its industry advantage is the cause of growth as well as competition. Prior study into development has favored technological innovation.

The crucial function of management in the capacity building system has also been ignored in past studies. The competitive advantage has mainly been evaluated by economic efficiency indices. The literature reveals the requirement of widespread organizational innovation processes and competitive advantages in general.

Matsumo, Mentzer and Ozsomer, (2012) in their study attempted to assess how collective leadership has become a requirement of the employees of the Center for Creative Leaders. Their research examined the present and prospective state of management in more than 350 mid to higher levels executives around the globe. The concept of efficient management altered in five years before the research, according to 84% of respondents polled. As a tool to collect information, the study used an interview guide. Research showed that more than 60% of CEOs believed that leaders are facing difficulties beyond their own capacity. The study recommended that continuous development programs be facilitated for the top-level managers on the evolving market demands.

Phipps and Burbach (2010) tried to build a connection between strategic leadership and employee participation among Ugandan leading breweries. There was a cross-sectional and comparative layout of studies. A sample from one of the major Uganda branches was made using a simple random sampling model. The results show that strategic leadership is obvious in this organization, with a considerable and progressive relationship concerning strategic leadership and employee engagement. It is therefore found that organizations must invest in the preparation of their executives to enhance their ties with subordinates in strategic leadership.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

Each paragraph mentions the research method used to answer the research problem. Research techniques refer to the methods employed by investigators in collecting data, analyzing data, and drawing conclusions. This chapter deals with data collection, analysis, interpretation, and presentation. Target group, sample size, sampling system and sampling method have been covered in this section. The following subheadings cover study layout, data collection and analysis.

In order to assess the leadership position in commercial banks within a banking sector, the study has used primary and secondary data. Primary data was that which taken from qualitative bank report. The aim of the analysis was to find out the relationship of strategic leadership and competitive advantage of Kenyan banks. A variety of information and records including Central Bank of Kenya, Microfinance and Financial Reports, other appropriate reports for the study, the International Monetary Fund, World Bank Reports, the USAID records, the World Bank records, the Ministry of Finance and other literature have been used to collect secondary information.

The research was scheduled to place from the middle of November to mid-December 2019. There were 15 open-ended questions covered in a structured questionnaire (see appendix 1). At the time of the study, the survey tool was sent to the headquarters of all the banks operating in the country. Each bank's responses were arranged and categorized according to number of branches.

3.2 Research Design

A research plan is a strategic plan for collecting, measuring, and analyzing selected data based on the stage of knowledge development on the research topic. A detailed cross-section survey was adopted in the research. The design was suitable as it enabled the examiner to gather information from chosen participants to receive views, attitudes, behaviours, opinions or responses. A descriptive study method was relevant in this investigation because the main importance was to identify possible linkages and determine how the characteristics support the subjects being studied.

Descriptive research method is a systematic approach that involves observing and determining the nature of an object without affecting it in any way. The design allows for a better understanding of the obstacle being studied by identifying the desired variables.

The creation phase was very flexible when making decisions about questionnaire administration, as the questionnaire used requires respondents to use structured and unstructured questions. The standardized questions made the measurement more distinctive by assigning uniform definitions to the participants and ensuring that similar data were collected from the groups and then inferred consistently. relative.

3.3 Population of the Study

The collection of companies the investigator wants to examine is a survey population (Sekaran & Bougie, 2010). It is described in aspects of accessibility, timeframe, geographic limitations and subject matter of concern.

The study subjects included 41 commercial banks duly registered with CBK, fully operational by December 31, 2018. There are 8 large banks that control the 65% market share. The remaining 35% is controlled by medium and small Banks, study done on large banks gave a true presentation of the Kenyan commercial banks. This formed the study population.

3.4 Data Collection

Data collection is a systemic technique in which the study factors are collected and measured, allowing the investigator to find a solution for research question, check hypothesis, and to assess results (Babbie, 2010). For this research, there was utilization of primary and secondary data. Primary data is specific data acquired from present research and secondary data relates to information gathered for a different intent. Other sources such as business reports, internet accounts sources and public records were used to obtain secondary data. Primary data is normally regarded to be dependable and current (Saunders, Lewis & Thornhill, 2007); Mugenda & Mugenda, 2018).

In attempt to obtain insight into a scenario and address questions promptly undertaken by studies, the compilation of data gathers empirical proof (Kothari, 2004). The study questionnaire was deemed to be more suitable in this study. Questionnaires provided elevated levels of data standardization and general public data acceptance.

They are appropriate for any population in describing widespread data. Similarly, questionnaires were also helpful in a descriptive study in which data from individuals must be obtained without any threats fast and effortlessly (Davies, 2007).

Secondly, it reduces biasness, increases the total number of people examined by the study and it is pocket friendly (Mugenda & Mugenda, 2003).

The questionnaire was administered by the researcher to the respondents through a research questionnaire, the researcher describes the conduct of the research. The respondents include Strategy Development Manager or a person holding an equivalent position in the banking fraternity.

3.5 Data Analysis

Data analysis is a systematic application of statistical or logical techniques to the analysis of data. It involves interpreting, classifying, manipulating and synthesizing data to derive meaning from the collected data (Mugo, 2014). Data includes observations, detailed descriptions of the subjects and items included in the research objective.

In order to facilitate statistical analysis, a questionnaire containing information from respondents was modified. In attempt to achieve a significant study, the data was coded, cleaned and correctly analyzed (Mugenda, 1999). Data analysis was achieved by carrying out descriptive statistics of the data collected. The research instrument for describing and determining the scope of information is the comparative statistical instrument (1997).

Applying the Likert scale, the standard deviation and mean scores was analyzed using the SPSS software. The software provides multiple statistics to evaluate quantitative data in percentage rates and frequency distribution. For further study and for easier contrast, tables and graphs was employed to encapsulate the responses.

To estimate the degree of relationship and direction between the variables, the researcher carried out correlation analysis was employed.

The regression equation took the subsequent formula:

$Y=\alpha +B_1X_1+B_2X_2+B_3X_3+B_4X_4+B_5X_5+\acute{\varepsilon}$

Y = Competitive Advantage

α = Constant (Co-efficient of intercept)

X_1 = Anticipate Business changes; X_2 = Challenge the status quo

X_3= Interpret information correctly; X_4 = Decision Making

X5= Aligning Stakeholder interest; $\acute{\varepsilon}$. = Error Term

$B_1 \ldots B_4$= Regression co-efficient of three variables

With the purpose of determining the significant level of regression. F-test is used to find out the amount of Y variance defined by X whereby the R^2 which is the determination coefficient was obtained. The results were achieved with 95% confidence level, the analysis of strategic management's relations with commercial banks was conducted to identify the direction of their relations. Data analysis was performed with SPSS.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The report’s main objective was to explore the impact of strategic leadership on Kenya's commercial banks' competitive advantage. Descriptive statistics are analysed according to percentage, mean, and standard variations. In particular, an evaluation of the variability was done to determine the significance of the equation and to decide how the dependent and the independent variables relate to each other.

4.2 Response Rate

In this study, the target audience consisted of 41 Kenyan commercial banks as of December 2018, were duly licensed and working with the Central Bank of Kenya.

The author circulated a questionnaire in each commercial bank. A maximum of 34 questionnaires were correctly collected, comprising 82.9 per cent of the 41 questionnaires issued. The response rate was thus assumed to be sufficient for drawing conclusions and assumptions on the topic. According to the reference of Mugenda & Mugenda (2003), 50% of the feedback rate is satisfied, 60% is good and 70% is very good. Although 50% response rate is considered adequate, Bailey (2000) notes that it is very important that a response rate of more than 70% is considered sufficient. The response rate of 82.9 percent is very strong in relation to the above recommendations.

4.3 General information and Bio Data

Different slag variables were considered during the present study that provided general information and bio information on the age and educational qualifications of the respondent, length of one's employment in the banks, and management level.

The respondents were also polled to recommend the size of the organization and the number of employees in the business. Educational attainment provides the nature and quality of the respondents' responses to the study. The study aimed to collect data from highly qualified respondents, as they were better informed about the research topic and moreover, they were expected to give independent answers.

The responses are encapsulated in Table 4.1.

Table 4. 1 General information and bio data

Ranking	**Frequency**	**Percent**	**Cumulative Percent**
Tier 1	8	23.5	23.5
Tier 2	17	50.0	73.5
Tier 3	9	26.5	100.0
Total	34	100.0	
Employees	**Frequency**	**Percent**	**Cumulative Percent**
Less than 500	6	17.6	17.6
501-999	19	55.9	73.5
Above 1000	9	26.5	100.0
Total	34	100.0	
Age bracket	**Frequency**	**Percent**	**Cumulative Percent**
18-28 years	5	14.7	14.7
29-39 Years	12	35.3	50.0
40-50 Years	13	38.2	88.2
51-60 Years	4	11.8	100.0
Total	34	100.0	
Management	**Frequency**	**Percent**	**Cumulative Percent**
Top level	5	14.7	14.7
Middle level	19	55.9	70.6
Supervisory level	10	29.4	100.0
Total	34	100.0	
Duration	**Frequency**	**Percent**	**Cumulative Percent**
0-3 Years	1	2.9	2.9
4-7 Years	9	26.5	29.4
8-11Years	11	32.4	61.8
12 Years and above	13	38.2	100.0
Total	34	100.0	

Education	Frequency	Percent	Cumulative Percent
University undergraduate	15	44.1	44.1
University postgraduate and above	19	55.9	100.0
Total	34	100.0	

Source: Research Data (2019)

From the study findings, as earlier discovered from the previous literature review, the study confirmed that according to the tier ranking, the study covered 100% of tier one banks which according to CBK, they are just eight banks representing 23.5% of the total population interested. Further, the study found that half of the commercial banks studied fall under tier two while 26.5% are banks in tier three.

Further, the study discovered that 55.9% of commercial banks in Kenya have between 501-999 employees while 26.5% have more than 1000 employees. Only 17.6% of commercial banks have five hundred or less than five hundred employees. The study found that tier one banks and a few of tier two banks are categorized as large organizations due to high number of employees which were found to be more than one thousand. Similarly, it was found that 38.2% of respondents were between the following age brackets of 40-50 years old, 35.3% 29-39 years, 14.7% 18-28% and 11.8% 51-60 years. These therefore imply that more than three quarter of employees were over thirty years and therefore they have the necessary experience and knowledge on strategic leadership dimensions adopted by commercial banks.

The study found that more than half (55.9 percent) of participants handled mid-level, 29.4 percent at supervise levels and 14.7 percent at senior management levels, depending on management level.

Since the respondents had oversight, management at middle and top levels, the implication on this study is that they must have taken part in decision making process with regard to strategic leadership. In addition, the respondents' duration of working in respective commercial banks indicate that 38.2% have worked for 12 years and above; 32.4% have worked for 8-11 years; 26.5% served for 4-7 years, while 2.9% worked for 0-3 years. The results show that most participants have served in commercial banks for more than 4 years and thus learn about the organization and use of strategic management in improving the company's efficiency.

Respondents were also questioned to report their educational level where 55.9% had graduated from the school and above, and 44.1% had graduated from a college. The results show that everyone has attained university education, and so they are expected to be sufficiently skilled to respond to questions regarding strategic leadership effects competitive advantage for Kenya's commercial banks. In addition, the university graduates had further pursued other professional courses in information technology and communication, human resources both locally and outside the country.

4.4 Strategic Leadership

This part of the questionnaire aims to determine the extent to which different aspects of strategic leadership apply among different commercial banks. The study focused on five strategic leadership constructs; capacity to anticipate business changes, capacity to challenge the status quo, interpret information correctly, decision making capacity and capacity to align stakeholder interest. The range is from 1 to 5, with 1 being a very small range while 5 being a very large range.

A score greater than 3 indicates respondents' agreement with the use of the actual work overview while an answer less than 3 indicates weak agreement with its use within the organization. A standard deviation greater than 1 represents a high variance of respondents with the statements.

4.4.1 Capacity to Anticipate Business Changes

Respondents were asked to answer the following questions about the extent to which the organization's management can anticipate changes in business. This leadership attribute expects leaders to spot threats and opportunities that are not apparent outside of their current business configuration.

The findings are encapsulated in Table 4.2.

Table 4. 2: Capacity to Anticipate Business Changes

Statement	**N**	**Mean**	**Std. Deviation**
The bank leadership has formed a broad network with customers and competitors	34	3.88	.769
The bank leadership are good in reacting to crises	34	3.82	.758
The bank leadership can with success anticipate future signals for a change in current operations	34	3.74	.864
The bank managers are able to foresee opportunities that might arise in future	34	3.71	.799
The bank managers have capacity detect threats to their business in the horizon	34	3.71	.676
Anticipated sales drop in future can be anticipated with higher accuracy by the bank leadership	34	3.53	.788
Overall mean	**34**	**3.73**	

Source: Research Data (2019)

The findings in Table 4.2 shows that commercial banks' leadership have formed a broad network with customers and competitors (M=3.88) and that they are good in reacting to crises (M=3.82). In addition, it was also found that bank leadership can with success anticipate future signals for a change in current operations (M=3.74) in which the management team is able to foresee opportunities that might arise in future (M=3.71) and have the capacity to detect threats to their business in the horizon (M=3.71). This therefore shows that commercial banks have implemented measures that help in anticipating business changes. The difference in responses to the study was small, as indicated by the small standard deviation.

4.4.2 Capacity to Change the Status Quo

In terms of the potential to change the status quo for commercial banks, the respondents were asked to show how valid the following statements are. This characteristic encourages divergent points of view in the bank. The finding are shown in Table 4.3.

Table 4. 3: Capacity to change the Status Quo

Statements	N	Mean	Std. Deviation
The bank leadership encourage divergent views	34	3.97	.797
Before the bank management take a decisive action, they carefully evaluate from different angles the situation	34	3.97	.717
The bank leadership captures the input from people who are not affected by the decisions	34	3.91	.866
The bank leadership continuously challenge their own assumptions about the market condition	34	3.79	.641
The management create rotating positions in order to question the status quo	34	3.74	.751
The management encourage debates through informal meetings about an existing challenge facing the organization.	34	3.65	.884

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Before the bank management take a decisive action, they carefully evaluate from different angles the situation	34	3.97	.717
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The management create rotating positions in order to question the status quo	34	3.74	.751
The management encourage debates through informal meetings about an existing challenge facing the organization.	34	3.65	.884
Overall mean	**34**	**3.84**	

Source: Research Data (2019)

From discoveries, the findings were that to a great extent, bank leadership encourage divergent views (M=3.97) and that before the bank management take a decisive action, they carefully evaluate from different angles the situation (M=3.97) and in some circumstances, the management continuously challenge their own assumptions about the market condition (M=3.79). In addition, the study also found that to a greater extent, the management create rotating positions in order to question the status quo (M=3.74) and also encourage debates through informal meetings about an existing challenge facing the organization (M=3.65).

4.4.3 Interpret Information Correctly

Correct interpretation of information is an important strategic leadership dimension. The study aimed to determine the extent to which commercial banks have taken measures to facilitate the interpretation of information.

An organization leader should be able to synthesize patterns and also seek new insights. The results on the banks' leadership capacity to interpret information correctly are shown in Table 4.4.

Table 4.4: Interpret Information Correctly

Statement	N	Mean	Std. Deviation
The leadership is able to study patterns of business trends and make best decision out of the same	34	3.97	.834
The leadership of the bank have the capacity to synthesize the input available to make the best decision out of the same	34	3.91	.793
The bank leadership frequently seek new perspectives on how to overcome a prevailing challenge	34	3.91	.621
The management look at the details of the information available with an aim to gain an insight on the missing information	34	3.76	.699
The leadership frequently supplement the information with quantitative data	34	3.68	.843
Overall mean	**34**	**3.85**	

Source: Research Data (2019)

The study finding for capacity to interpret information correctly, it is evident that the commercial bank leadership has ability to study patterns of business trends (M=3.97) as well as have the capacity to synthesize the input available to make the best decision out of the same. Similarly, it was also found that bank leadership frequently seek new perspectives on how to overcome a prevailing challenge (M=3.91) and that the management look at the details of the information available with an aim to gain an insight on the missing information (M=3.76).

The leadership, with the aim of interpreting information correctly, frequently supplement the available information with quantitative data (M=3.68). The standard deviations are low indicating that variation in the responses were small or insignificant.

4.4.4 Decision Making Capacity

Leaders should be able to make tough calls, especially when there is incomplete information and do so quickly to capture opportunities that have arisen. They must consider the trade-offs involved in the decision-making process. The findings with regard to the decision making capacity of the bank leadership is shown in Table 4.5.

Table 4. 5: Decision Making Capacity

Statement	N	Mean	Std. Deviation
The leadership decide before hand who are to be involved in the decision process	34	3.91	.866
The management take trade-off between both the short and long term	34	3.88	.640
The bank leadership make quick decisions	34	3.82	.797
The management divide big decisions to components parts	34	3.76	.890
The leadership at times make tough calls with incomplete information	34	3.74	.710
The leadership insist on multiple options to make decisions from	34	3.71	.799
Overall mean	**34**	**3.80**	

Source: Researcher Data (2019)

Based on study findings on decision making capacity, the study found that to a greater extent the bank leadership decide before hand who are to be involved in the decision process (M=3.91) and also take trade-off between both the short and long term (M=3.88) while making quick decisions (M=3.82).

With the aim of having effective decision making process, the study found that management of commercial banks divide big decisions to components parts (M=3.76); at times make tough calls with incomplete information (M=3.74); and insist on multiple options to make decisions from (M=3.71). Standard deviations is low, indicating that the responses regarding to decision making capacity varied to small extent in all the commercial banks.

4.4.5 Capacity to Align Stakeholder Interest

Strategic leaders are expected are expected to find a middle ground among stakeholders who have different views and interest. To achieve the same will require active outreach, communication, engagement and trust building. The results on the leadership of the banks capacity to align stakeholder interest are encapsulated in Table 4.6.

Table 4. 6: Capacity to Align Stakeholder Interest

Statements	N	Mean	Std. Deviation
The bank leadership rewards colleagues who align to its strategic moves	34	3.94	.851
The leadership strives to find a common ground with stakeholders and does not push through its self-interest agenda	34	3.91	.900
The leadership use structured conversation to expose areas of disagreement	34	3.85	.892
The bank leadership reach out to resisters to understand their concerns	34	3.79	.687
The leadership frequently seeks the views of stakeholders before making critical decisions	34	3.76	.855
The bank management has built trust with different groups of stakeholders	34	3.62	.697
Overall mean	**34**	**3.81**	

Source: Research Data (2019)

On capacity to align stakeholder interest, it was found that the majority of employees agree that to a greater extent, the bank's management rewards colleagues in line with their strategic moves (M=3.94) since they strive to find a common ground with stakeholders and does not push through its self-interest agenda (M=3.91). Additionally, the study found that the leadership use structured conversation to expose areas of disagreement (M=3.85) in order to reach out to resisters to understand their concerns (M=3.79). The leadership also, with the perspective of aligning stakeholder interest, frequently seeks the views of stakeholders before making critical decisions (M=376) and also build trust with different groups of stakeholders (M=3.62).

4.5 Influence of Strategic Leadership on Bank Competitiveness

The dependent variable in this study is the competitive advantage of banks. As a result, the study is expected to determine the extent to which strategic leadership influences the competitiveness of banks. The findings on how strategic leadership affect the competitiveness of the banks is encapsulated in Table 4.7.

Table 4.7: Influence of Strategic Leadership on Bank Competitiveness

Statements	N	Mean	Std. Deviation
The bank has come up with improved packaging and promotion of the products to the market than competitors	34	4.24	.819
The bank has been able to introduce new product offerings than competitors	34	4.15	.784
The bank has come up with a better marketing strategy of its products	34	4.12	.640
The bank has been able to diversify its product range	34	4.09	.712
The bank risk management has been improved	34	4.06	.547
The bank has been able to come up with innovative products	34	4.06	.649
The bank service pricing is more competitive	34	4.03	.674
The bank level of customer service has improved	34	3.97	.674

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The bank has come up with improved packaging and promotion of the products to the market than competitors	34	4.24	.819
The bank has been able to introduce new product offerings than competitors	34	4.15	.784
The bank has come up with a better marketing strategy of its products	34	4.12	.640
The bank has been able to diversify its product range	34	4.09	.712
The bank risk management has been improved	34	4.06	.547
The bank has been able to come up with innovative products	34	4.06	.649
The bank service pricing is more competitive	34	4.03	.674
The bank level of customer service has improved	34	3.97	.674
Overall mean	**34**	**4.09**	

Source: Research Data (2019)

The outcomes indicates that due to adoption of strategic leadership, commercial banks in Kenya have come up with improved packaging and promotion of the products to the market (M=4.24) and introduce new product offerings than competitors (M=4.15). Additionally, the study established that as a result of strategic leadership, banks have come up with a better marketing strategy of products (M=4.12); able to diversify its product range (M=4.09); risk management has been improved (M=4.06); able to come up with innovative products (M=4.06). The impact of strategic leadership on banks' competitive advantage is widespread in majority of commercial banks in Kenya as seen with the low standard deviations.

4.6 Regression Analysis

Multiple regression model was used to establish the relationship between strategic leadership and the competitive gain of Kenya's Commercial banks. SPSS software was the tool employed for data entry and analysis.

The degree to which differences in the independent variables justify variations of the outcomes factor or the variance proportion of the outcome variable that is explained by all explanatory variables is evaluated.

4.6.1 Model Summary

The model summary of regression outcomes is shown in table 4.8 where R square, R square adjusted and standard approximation errors are shown.

Table 4. 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.616[a]	.380	.269	.577

a. Predictors: (Constant), Align stakeholder interest, Interpret information, Decision making, Anticipate business changes, Challenge status quo

Summary of the regression search variable model is presented in Table 4.8 above. The correlation function (R) reflects the degree and magnitude of the relationship between the predictor and the outcome variable. Therefore, the correlation coefficient in this model is 0.616, indicating that strategic leadership has a positive relationship with competitive advantage. R-Squared is the degree to which the overall change of the dependent variable is indicated.

The R squared statistic above indicates the reliability of the fit of the system and shows the estimation of the real data points of the regression model. This model's R-square is 0.380, which implies that the model fits well with the actual data.

The 0.380 determination coefficient indicates that the shifts in organizational strategic leadership represent 38.0 percent of a result variation on bank competitive advantage

This means that the bank competitiveness that is not explained by the strategic leadership position is 62%.

4.6.2 ANOVA

ANOVA has been used to evaluate the model's significance. Low F value implies low variation in the values of results. A significance value that is less than 0.05 implies that the model is reliable in predicting the outcome parameter. Table 4.9 shows the ANOVA findings.

Table 4.9: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.723	5	1.145	3.433	.015[a]
	Residual	9.336	28	.333		
	Total	15.059	33			

a. Predictors: (Constant), Align stakeholder interest, Interpret information, Decision making, Anticipate business changes, Challenge status quo

b. Dependent Variable: Competitiveness

There is a significance value of 0.015 for the model less than 0.05. However, this indicates that the model has statistical significance, and the strategic management objectively predicts the competitive advantage of the bank. The results also show that the strategic leadership of the organization and the competitive advantage of commercial banks have a positive relationship.

4.6.3 Regression Coefficients

The degree of influence of any independent variable on the outcome variable is determined using the regression coefficient. Table 4.10 displays the parameters of the regression model variables, the t-values of all predictor variables and the degree of importance.

Table 4. 10 Regression Coefficients

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	.540	.970		.556	.582
Anticipate business changes	.069	.131	.081	.525	.604
Challenge status quo	.350	.133	.408	2.624	.014
Interpret information	.169	.118	.217	1.435	.163
Decision making	.419	.136	.470	3.079	.005
Align stakeholder interest	-.145	.136	-.165	-1.062	.297

a. Dependent Variable: Competitiveness

The regression model is presented as,

$Y=.540 + .069X_1 + .350X_2 +.169X_3 + .419X_4+.-145X_4$

The regression equation above shows that keeping strategic leadership dimensions constant affects a bank's 0.540 competitive advantage. One unit increases the predictability of business changes affecting competitive advantage by a factor of 0.069 and one increases the ability to challenge the status quo affect bank's competitive advantage by a factor of 0.350. In addition, a unit advancement in capacity to interpret information correctly brings a positive change to bank competitive advantage by a factor of 0.169. Further, the study established that a unit change in decision making process and alignment of stakeholder interests affect bank competitiveness by a factor of .419 and -

.145 respectively. Therefore, this suggests that there is a positive relationship between aspects of strategic leadership and competitive advantage of commercial banks, except for the congruence of stakeholder interests.

4.7 Discussion of the Research Findings

All organizations have a goal to be attained. The aim of this study was to explore how strategic leadership affects the competitive advantage of commercial banks in Kenya. The study used primary data collected using a structured questionnaire. The study examined five dimensions of strategic leadership; ability to predict changes in business, capacity to challenge the status quo, capacity to interpret information correctly, decision making capacity and capacity to align stakeholder interests. From the demographic statistics, Research shows that half 50% of the commercial banks in Kenya are tier 2, 24% are tier 1 while 26% are tier 3 banks.

The results showed that strategic leadership is important in the enhancement of Kenya's commercial banks ' competitive advantage. In particular, with regard to capacity of anticipating business changes, the study found a positive relationship with bank competitive advantage.

According to the Upper Echelon theory (Cyert and March, (1963) strategic leadership in an organization capable of integrating proactive thinking can anticipate opportunities and thereby propose appropriate strategies to seize opportunities upstream.

The willingness of all organisations to predict and handle transition before a crisis is a crucial competency. Many companies, by research and development, maintain a competitive edge.

Certain goods can be used for efficiencies of manufacturing and the supply chain or sales and customer service. The research findings is in agreement with Ndunge (2014) analysis in the Kenya Wildlife Service on organizational governance and change management activities, concluded that respondents noted that change has been made since top management provides strategic leadership as well as process support leading to the organization's competitiveness.

In addition, the study findings found that capacity to challenge the status quo helps commercial banks to gain competitive advantage. The study found a positive connection between capacity to change organization status quo and competitive advantage. The aspiration of an organization, a leader or a movement that wanted to achieve success and win prosperity has had to challenge the status quo, but some leaders were afraid because it would entail changes, improvements and intensify growth. The ability of the leadership to challenge the status quo emanate from their competence that harnesses internal resources that cannot be easily replicated to gain appropriate competitive advantage in a business environment that is dynamic. This position is in line with the position held by Resource based View (Barney, 1991). Theory that a company's competitive advantage will be lastly emanates from internal resources that are rare and imitable, that is able to result in a resources led competencies and competitive advantage.

Further, with regard to capacity to interpret information correctly, the study found a positive impact on bank competitive advantage. correct interpretation of information through adoption of modern technology, employ competent staff and improve on governance.

Decision making process is a critical aspect of organization management. With this regard, the study findings established a positive relationship with organization competitive advantage. Strategic leadership consists of the individuals in the apex of the organization, as the Chief Executive Officer, and the entire team that plays and advisory role in decision making, all these together consists of a top management team. The findings support Bonelli (2014) that suggested that Managers are important or necessary to make strategic choices and to take action that impact organizations ' safety, productivity and competitive advantages, thus behaving as human people because they can also make decisions that may negatively affect organizations or trigger losses. Furthermore, the study found a negative association between capacity to align stakeholder interests and bank competitive advantage. Porter (1985) while advocating for the sources of firm competitiveness argues that the capacity of the organization management to come up with beneficial cooperation of internal and external stakeholders determine the extent of success in achieving sustainable competitive advantage.

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section provides an overview of outcomes, lessons learnt from the findings and policy proposals. Findings and suggestions were taken to fulfill the research goals.

5.2 Summary

The main objective of the study was to assess the impact of strategic leadership on the competitive advantage of Kenyan commercial banks. The research took into account demographic data which included the identification of trade banks, number of staff, age group, management grades, service duration and the highest level of education was to efficiently realize the goal of study. In addition, five dimensions of strategic leadership were also studied. From the demographic information, it was found that half of the study population comprised of tier 2 banks while tier 1 banks were 23.5% and 26.5% tier 3 banks. Based on number of employees more than 75% of commercial banks have more than five hundred employees and that this high population comprise of individuals with more than 30 years. Further, according to vital statistics, nearly 75% of those surveyed were mid-career and senior management or middle level and supervisory level. With respect to duration of service, the findings shows that more than 90% of the respondents have been working for not less than three years and that 100% of the respondents have attained at least university undergraduate academic qualifications.

The findings on strategic leadership dimensions, the study established those strategic leaders in commercial banks are able to foresee opportunities that might arise in future therefore putting them in an appropriate angle of reacting to crisis. Additionally, the study found that with regard to the capacity to challenge the status quo, the study findings show that before the bank management take a decisive action, they carefully evaluate from different angles the situation at hand and create rotating positions in order to question the status quo (M=3.84).

The study also established that correct interpretation of information is a critical strategic leadership dimension that enhances competitive advantage (M=3.85). As a result, effective decision making, strategic leadership of the bank have the capacity to synthesize the information available to make the best decision out of the same and also supplement the information with quantitative data (M=3.80). Decision making plays a significant role in an organization. Consequently, the study established that the leadership decide before hand who are to be engaged in the process of making organizational decisions and insist on multiple options to make decisions from. With regard to capacity to align stakeholder interest, the study found that the leadership frequently seeks the views of stakeholders before making critical decisions (M=3.81). The results suggests that strategic leadership affect bank competitive advantage to a greater extent since the overall variable means were greater than 2.5.

Regression analysis identified the correlation between strategic leadership and bank competitive advantages. Generally, the regression model was found to be a good predictor of the variables since it was found to be significant (p=0.015).

The study established that a substantial direct correlation was manifest amid competitive advantage and strategic leadership (R = .616, p < .05). A correlation coefficient of 0.616 and determination coefficient of 0.380 was found between strategic leadership and bank competitive advantage. Therefore, strategic leadership accounts for 38.0% of the variations in bank competitive advantage. The study established that among the predictor variables, decision making capacity was found to have the greatest impact on competitive advantage of commercial banks (0.419).

5.3 Conclusion

The study significantly determines that strategic leaders should reorganize their organizations by aligning their systems, through the strategy operationalization by ensuring that all departments of the organizations are changed to reflect the strategy commonly agreed and implemented. Having considered capacity to anticipate business changes, challenge status quo, interpret information correctly and decision making to as the predictor variables.

The study concludes that strategic leadership among commercial banks have adopted these strategic dimensions in different extent. As a result, the study concludes that decision making capacity is the most effective characteristic of a strategic leader. The study established that strategic leadership contributes 38.0% of the total bank competitive advantage. With this regard, it is evident that there are other factors that contributes towards sustainable competitive advantage. There is need to investigate other factors that optimizes competitive advantage of Kenyan commercial banks.

5.4 Recommendations

The study most importantly indicates that employing active and strong strategic management in an enterprise is essential for an improvement in efficiency. It is shown by the significant impact that this research has established. For a better competitive edge in organisations, both facets of organizational management should be stressed. A major element of tactical management is the focus on decision-making because it has proved to have the biggest organisational competitive. This study advises the management, board of banks recognize the good qualities of a well-known manager, because of the very important contribution of strategic leadership to bank competitive benefits.

Additionally, the study established that strategic leadership accounts for 38.0% of the total organization competitive advantage. In this regard, the study recommends that banks should investigate other factors not considered in the present study in order to maximize competitive advantage.

5.5 Limitations of the Study

The research was restricted to Kenyan commercial banks. Studies from non-financial firms may lead to different assumptions and thus recent trends in other industries may not be generalized. The thesis followed a descriptive research design and the results cannot therefore be universal in other industries in the world. In fact, a case study project may be conducted to provide a more detailed analysis of how strategic leadership has an effect on Kenya's commercial banks’ competitive advantage.

The participants became sceptical and anxious when asked to engage in the study and shared their concerns of unawares of any possible repercussions.
Some asked for more time before they agreed on the subject. Nevertheless, once they agreed to take part, the investigator's involvement clarified the essence of the experiment and the intent of the findings.

Once privacy was assured, the rest of them wanted to comply. The accuracy and quality of the information obtained could have influenced these problems or even rendered the execution of this research difficult. Through getting an official letter from the school, the author made sure that the material was used for academic purposes only and ensured the leadership of that organization.

5.6 Suggestions for Further Research

From the literature overview and limitations of the current study and concludes by suggesting that further studies should be conducted in other countries in the region and other regions regarding the impact of strategic leadership on the competitive advantage of banks. The research further indicates that strategic leadership in non-financial companies needs to be established to gain a comprehensive understanding of strategic management impact on organizational efficiency.

Further, future research should consider using a case study other than descriptive study that was used in the present study. Also, a different sample size should be considered in order to get a greater scope.

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APPENDICES

Appendix I: Questionnaire

The questionnaire bellow is structured with the purpose of collecting relevant information regarding the study subject which is to investigate the impact of strategic leadership and on competitive advantage among the Kenyan Commercial banks and is primarily for scholarly purposes. You are therefore requested to kindly give the necessary information by responding to all items in the questionnaire by ticking (√) on one of the choices indicated. Fill in the blanks for questions that need your own thoughts. (………………………….)

SECTION A: GENERAL INFORMATION AND BIO DATA

1. What is the Tier ranking of your bank?

a) Tier 1 [ ]

b) Tier 2 [ ]

c) Tier 3 [ ]

2. How many employees are there in your bank?

a) Less than 500 [ ]

b) 501 – 999 [ ]

c) Above 1000 [ ]

3. What is your age bracket?

a) 18-28 years [ ] b) 29-39 years [ ]

c) 40-50 years [ ] d) 51-60 years [ ]

4. What level of management are you?

a) Top Level [ ] b) Middle level [ ]

c) Supervisory Level [ ] d) Others (Specify) [ ]

5. For how long have you been working in the bank?

a) 0-3 years [ ] b) 4-7 years [ ]

c) 8-11 years [ ] d) 12 years and above [ ]

6. Highest level of Education?

College [ ]

University- Undergraduate [ ]

University-Post graduate and above [ ]

SECTION B: STRATEGIC LEADERSHIP

7. Please indicate the degree to which you agree with the following statements concerning various strategic leadership practices in your commercial bank.

Use the following rating; **5** = to a very large extent, **4** = Large extent, 3 = Moderate extent, **2** = Small extent, **1** = Very small extent

a. Capacity to Anticipate Business changes

Statement	5	4	3	2	1
The bank managers have capacity detect threats to their business in the horizon					
The bank managers are able to foresee opportunities that might arise in future					
Anticipated sales drop in future can be anticipated with higher accuracy by the bank leadership					
The bank leadership can with success anticipate future signals for a change in current operations					
The bank leadership are good in reacting to crises					
The bank leadership has formed a broad network with customers and competitors					

How else does the bank leadership exhibit their ability to anticipate future business threats and opportunities ………………………………………………

………………………………………………………………………………………

b. Capacity to Challenge the Status Quo

Statement	5	4	3	2	1
The bank leadership continuously challenge their own assumptions about the market condition					
The bank leadership encourage divergent views					
Before the bank management take a decisive action, they carefully evaluate from different angles the situation					

The management encourage debates through informal meetings about an existing challenge facing the organization.					
The management create rotating positions in order to question the status quo					
The bank leadership captures the input from people who are not affected by the decisions					

What other approach do the bank leadership manifest their capacity to challenge the current status quo ....

....

c. Interpret information correctly

Statement	**5**	**4**	**3**	**2**	**1**
The leadership of the bank have the capacity to synthesize the input available to make the best decision out of the same					
The leadership is able to study patterns of business trends and make best decision out of the same					
The bank leadership frequently seek new perspectives on how to overcome a prevailing challenge					
The leadership frequently supplement the information with quantitative data					
The management look at the details of the information available with an aim to gain an insight on the missing information					

What other approach of interpretation of information does your bank leadership pursue?

....

....

d. Decision Making Capacity

Statement	5	4	3	2	1
The leadership at times make tough calls with incomplete information					
The bank leadership make quick decisions					
The leadership insist on multiple options to make decisions from					
The management take trade-off between both the short and long term					
The management divide big decisions to components parts					
The leadership decide before hand who are to be involved in the decision process					

How else can the bank top leadership decision making process be described?

……

e) Capacity to align Stakeholder Interest

Statement	5	4	3	2	1
The leadership strives to find a common ground with stakeholders and does not push through its self interest agenda					
The leadership frequently seeks the views of stakeholders before making critical decisions					
The bank management has built trust with different groups of stakeholders					
The leadership use structured conversation to expose areas of disagreement					
The bank leadership reach out to resisters to understand their concerns					
The bank leadership rewards colleagues who align to its strategic moves					

SECTION C: Influence of Strategic Leadership on the Bank Competitiveness

8. How would you rate the contributions of strategic leadership on competitiveness of your bank?

Using the following rating; 5 = to a very large extent, 4 = Large extent, 3 = Moderate extent, 2 = Small extent, 1 = Very small extent

Statement	1	2	3	4	5
The bank has been able to introduce new product offerings than competitors					
The bank has come up with improved packaging and promotion of the products to the market than competitors					
The bank has come up with a better marketing strategy of its products					
The bank level of customer service has improved					
The bank has been able to come up with innovative products					
The bank service pricing is more competitive					
The bank risk management has been improved					
The bank has been able to diversify its product range					

THANK YOU SO MUCH FOR YOUR TIME

Appendix II: List of Commercial Banks in Kenya

Classification	Description	Commercial Banks
Tier I	Consists of commercial banks having more than Kenya Shillings 40 billion recorded in the statement of financial position	1. Standard Chartered Bank 2. Stanbic Holdings 3. National Industrial Bank 4. Kenya Commercial Bank 5. Equity Holdings Ltd 6. Cooperative Bank of Kenya 7. Citibank 8. Barclays bank of Kenya
Tier II	Commercial banks with below 40,000 billion Kenya Shillings, however over 10 billion Kenya Shillings recorded in the statement of financial position	9. Prime Bank 10. National Bank of Kenya 11. Housing Finance 12. Fina Bank 13. Family Bank 14. EcoBank 15. Diamond Trust Bank 16. Consolidated Bank 17. Commercial Bank of Africa 18. Chase Bank 19. Bank of India 20. Bank of Baroda 21. Bank of Africa

Tier III	Banks with a total of less than Kenya Shillings of 10 billion in their statement of financial position	22. Victoria Commercial Bank 23. Trans-National Bank 24. Southern Credit Bank 25. Paramount Universal Bank 26. Oriental Commercial Bank 27. Middle East Bank 28. K-Rep Bank 29. Habib Bank (K) Ltd 30. Habib A.G. Zurich 31. Gulf African Bank 32. Guardian Bank 33. Giro Commercial Bank 34. First Community Bank 35. Fidelity Commercial Bank 36. Equatorial Commercial Bank 37. Dubai Bank 38. Development Bank of Kenya 39. Credit Bank 40. City Finance Bank 41. ABC Bank

Source: The Banking Survey by CBK 2017, pp. 191.

Appendix III: Proposal Correction Form

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

PROPOSAL CORRECTION FORM

Student Name ERICK NYAGARAMA

Registration Number D61/79089/2015

Department DEPARTMENT OF BUSINESS ADMINISTRATION

Specialization STRATEGIC MANAGEMENT

Title of Project Proposal STRATEGIC LEADERSHIP AND COMPETITIVE ADVANTAGE OF COMMERCIAL BANKS IN KENYA

The student has done all the corrections as suggested during the Proposal Presentation and can now proceed to collect data.

Name of Supervisor Prof. Z.B Awino Signature [signature] Date 17/10/2019

Appendix IV: UON Permission Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-8095398
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsities

Tel: 020 8095398
Nairobi, Kenya

DATE: 17/10/2019

TO WHOM IT MAY CONCERN

The bearer of this letter ERICK N. [illegible] of Registration Number D61/79089/2015 is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report

We would, therefore, appreciate if you assist him/her by allowing him/her to collect data within your organization for the research.

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

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
17 OCT 2019

fo- PROF. JAMES NJIHIA
DEAN, SCHOOL OF BUSINESS

Appendix V: Supervisor Allocation Form

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS MASTERS PROGRAMME

MBA PROPOSAL/PROJECT SUPERVISION ALLOCATION FORM

SECTION A: (To be completed by the student)

Name of student: ERICK NYAGARAMA Reg. No.: D61/79089/2015

Department: BUSINESS ADMINISTRATION

Specialization (Tick as appropriate)

i) Marketing [ ]
ii) Human Resource Management [ ]
iii) Strategic Management [✓]
iv) International Business [ ]
v) Insurance/Risk Management [ ]
vi) Entrepreneurship [ ]
vii) Finance [ ]
viii) Accounting [ ]
ix) Operations Management [ ]
x) Management Information Systems [ ]
xi) Procurement & Supply Chain Management [ ]

Mobile phone: 0723848458 Email: erickgeke@gmail.com

Proposed Title of Study: "THE IMPACT OF AGENCY BANKING IN KENYA

Name of Preferred Supervisor(s): (i) Prof. Zack Awino (ii) DR. OGUTU (iii) DR. KAGWE

Signature of student: .... Date: 14/6/2017

SECTION B: (For Official Use only. To be completed by the Department)

i) **Name of Supervisor Allocated:** Prof. B. Ndono 27/11/17

Supervisor: ~~PROF. ZB AWINO~~ Mobile No. ~~0...~~ 0722389301

Co-Supervisor (If any): PROF. M. OGUTU Mobile No. ....

Moderator: PROF. ZB AWINO Mobile No.: ....

Proposal Presentation/Submission Dates:

Proposal Presentation: 6-9-17 Oral Defence: 11-9-17 Project Report Submission Date: 15-9-17.

ii) **Approved by Thematic Coordinator**

Name: PROF. ZB AWINO - MBA Signature: .... Date: 19/06/2017.

Approved by Chairman of Department:

Name: .... Signature: .... Date: 21-6-2017.

NOTE:

1. A student shall not commence proposal writing before allocation of University supervisor.
2. Original Transcript, Fees Statement and Synopsis should be attached to this form. This form is available in the Department, SOB website or Ambank House. Students get their copy later from the Department after allocation is done.
3. The approved copy of this form must be attached to the proposal when submitting for moderation and presentation and when submitting the final project.
4. Original to be filed in the Department.
5. Turnitin report **MUST** be attached to the proposal when submitting for moderation, presentation and when submitting the final project.
6. Each student **MUST** fill in the attached declaration form on plagiarism and collusion.

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS MASTERS PROGRAMME

MBA PROPOSAL/PROJECT SUPERVISION ALLOCATION FORM

SECTION A: (To be completed by the student)

Name of student: ERICK NYAGARAMA Reg. No.: D61/79059/2015

Department: BUSINESS ADMINISTRATION

Specialization (Tick as appropriate)

i) Marketing [ ]
ii) Human Resource Management [ ]
iii) Strategic Management [✓]
iv) International Business [ ]
v) Insurance/Risk Management [ ]
vi) Entrepreneurship [ ]
vii) Finance [ ]
viii) Accounting [ ]
ix) Operations Management [ ]
x) Management Information Systems [ ]
xi) Procurement & Supply Chain Management [ ]

Mobile phone: 0723548458 Email: erickgeke@gmail.com

Proposed Title of Study: "THE IMPACT OF AGENCY BANKING IN KENYA

Name of Preferred Supervisor(s): (i) Prof. Zack Awino (ii) DR. OGUTU (iii) DR. KAGWE

Signature of student: Date: 14/6/2017

SECTION B: (For Official Use only. To be completed by the Department)

i) **Name of Supervisor Allocated:** Prof. B Ndono

Supervisor: ~~PROF. ZB AWINO~~ 27/11/17 Mobile No. 0 ~~7200...~~ 0722389301

Co-Supervisor (If any): PROF. M. OGUTU Mobile No.

Moderator: PROF. ZB AWINO Mobile No.:

Proposal Presentation/Submission Dates:

Proposal Presentation: 6-8-17 Oral Defence: 11-9-17 Project Report Submission Date: 15-9-17.

ii) **Approved by Thematic Coordinator**

Name: PROF. ZB AWINO Signature: Date: 19/06/2017.

Approved by Chairman of Department:

Name: Signature: Date: 21-6-2017.

NOTE:

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UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS MASTERS PROGRAMME

MBA PROPOSAL/PROJECT SUPERVISION ALLOCATION FORM

SECTION A: (To be completed by the student)

Name of student: ERICK NYAGARAMA Reg. No.: D61/79059/2015

Department: BUSINESS ADMINISTRATION

Specialization (Tick as appropriate)

- i) Marketing [ ]
- ii) Human Resource Management [ ]
- iii) Strategic Management [✓]
- iv) International Business [ ]
- v) Insurance/Risk Management [ ]
- vi) Entrepreneurship [ ]
- vii) Finance [ ]
- viii) Accounting [ ]
- ix) Operations Management [ ]
- x) Management Information Systems [ ]
- xi) Procurement & Supply Chain Management [ ]

Mobile phone: 0723848458 Email: erickgeke@gmail.com

Proposed Title of Study: THE IMPACT OF AGENCY BANKING IN KENYA

Name of Preferred Supervisor(s): (i) Prof. Zack Awino (ii) DR. OGUTU (iii) DR. KAGWE

Signature of student: ______ Date: 14/6/2017

SECTION B: (For Official Use only. To be completed by the Department)

i) Name of Supervisor Allocated: Prof. B Ndoge

Supervisor: ~~PROF. ZB AWINO~~ 27/11/17 Mobile No. ~~0[illegible]~~ 0722389301

Co-supervisor (if any): PROF. M. OGUTU Mobile No.: ______

Moderator: PROF. ZB AWINO Mobile No.: ______

Proposal Presentation/Submission Dates:

Proposal Presentation: 6-9-17 Oral Defence: 11-9-17 Project Report Submission Date: 15-9-17

ii) Approved by Thematic Coordinator:

Name: PROF. ZB AWINO Signature: ______ Date: 19/06/2017

Approved by Chairman of Department:

Name: ______ Signature: ______ Date: 21-6-2017

NOTE:

1. A student shall not commence proposal writing before allocation of University supervisor.
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