COMPETITIVE STRATEGY DRIVERS AND PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION FACULTY OF BUSINESS AND MANAGEMENT SCIENCE UNIVERSITY OF NAIROBI

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DECLARATION

I, June Moraa Okemwa, hereby declare that this MBA research project titled "Competitive Strategy Drivers and Performance of Commercial Banks in Nairobi City County" is my novel conceptualization and has not been presented to any university, college or institution for conferment of any degree, diploma or certificate

Signature Date **8TH DECEMBER 2021**

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SUPERVISORS' APPROVAL

This research project prepared by June Moraa Okemwa titled "Competitive Strategy Drivers and Performance of Commercial Banks in Nairobi City County" has been handed in for assessment with my endorsement as the appointed University Supervisor

Signature Date **8TH DECEMBER 2021.**

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DEDICATION

This study research project is dedicated to my loving family whose love, friendship, generosity and wise counsel has always inspired me each day in my personal and professional life. I am always grateful; this milestone which is a result of their wise counsel and great encouragement

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I thank the Almighty God for his Goodness and guidance in studies and indeed throughout my life. **My sincerest gratitude** to those who has played a significant role in ensuring that I achieve my academic endeavours. I highly appreciated their enormous contributions, and is very special way, I extend my heartfelt thanks to my supervisors, Prof. James Gathungu for his unreserved, priceless criticisms, suggestions, patience and keen professional supervision throughout the whole journey of undertaking this study.

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LIST OF ABBREVIATIONS

KMO: Kaiser–Meyer–Olkin

MFIs: Micro Finance Institutions

RBV: Resourced Based View

SPSS: Statistical Package for Social Science

OPERATIONAL DEFINITION OF TERMS

Competitive strategy: These are strategies adopted by firms to enhance their competitiveness among their competitor's.

Environmental drivers: These are drivers which are normally influenced by the environmental factors such as the laid regulations by an organisation

Innovative drivers: These are strategies put up by organisations to enhance their way of doing things. In most cases, innovations come in terms in information and technology innovations.

Organisation performance: This is the expected output from a specific input from an organisation point of view. In most of the organisation, this is measured through financial and non-financial measures

Resource based drivers: These are drivers, either human or financial. These are the key drivers to any organisation strategy.

ABSTRACT

In a competitive banking industry, organizational performance is achieved through the pursuit of competitive strategy drivers such as cost reduction, product differentiation, or a focal approach to banking industry rivalry. In Kenya it has come to the realization of commercial banks that drivers in competitive markets contribute to bank developing better and competitive strategies. Despite commercial banks dominance in the financial industry market and implementing competitive strategies, there is no empirical evidence on influence of competitive strategies drivers on organization performance in commercial banks. The study therefore sought to analyse the influence of the competitive strategy drivers on organizational performance in commercial banks in Kenya. Resource Base View theory and Porter's Theory of Competitive Advantage were the anchor theories to this study. A cross sectional survey was adopted as the research design in this study. A population 40 Commercial Banks in Kenya was used in this study. Primary data was then collected using a questionnaire which was analysed descriptively by use of statistical package for social science. Further regression test was carried in determining the variable relationship. The study established most of the banks in Kenya had espoused competitive strategy drivers. Such included market-niche or focus strategy, low cost strategies, cost leadership strategy or low-cost strategy, differentiation strategy. Adoption of competitive strategy helped banks to soar past their competitors. The study concluded that commercial banks in Kenya in had adopted Resource Based Drivers. For instance, most of the banks had competent human resources banks in Kenya and used modern technology in their operations which has increasing bank performance. Risk management adopted by most of the banks has also reduced bank. The study recommended that commercial banks in Kenya should continually adopt competitive strategies drivers as these were found to enhance banks performance measured through return on assets, operational efficiencies and customers' base. Commercial Banks should also continually embrace resource based drivers such as quality hiring procedures, continuous employee trainings, quality products development, risk management practices, continuous monitoring and evaluation of banks activities as these practices were found to play a positive transformative role which enhances banks performance. The future on banking industry relies on innovation, thus banking institution that seeks to remain competitive must always embrace innovation, however survey must be carried out to establish economic viability of particular innovation before its conception. This will be instrumental in thwarting possible loses. Commercial banks must too continually find the best match between their operation and environments in which they operate. Strategies' must always be laid to ensure that the banks continually embrace aspects such banking technologies and regulations all which influence competitiveness.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In a competitive banking industry, organizational performance is achieved through the pursuit of competitive strategy drivers such as cost reduction, product differentiation, or a focal approach to banking industry rivalry. In absence of competitive strategies, organizations fail to achieve set performance target (Porter, 1980). Banks deployed and executed competitive strategies tend to achieve higher performance. Drivers of competitive strategies can foster achievement of high organizational performance, customer satisfaction and increased achievement of competitive advantage in a competitive market (Grant, 2005).

As per the resource-based view, origins and key drivers of competitive advantage and performance excellence emanates from valuable resource and quality leadership traits (Barney, 2011). Furthermore, by assessing the importance of internal organisation resources and capabilities for the purposes of attaining competitive advantage, the resource-based view gives firms a leeway to plan, and implement their developed organizational strategy. With increased client demands as a result of globalization, banking companies are seeking sources of competitive strategies by creating products with more valued attributes, such as product quality, product flexibility, or reliable delivery, in order to achieve organizational performance (Baines & Langfield-Smith, 2003).

The study is anchored on resource-based theory and supported by Porter's theory of competitive advantage. In the resource-based view theory the institution identifies and assesses its resources, capacity and capabilities that could be utilized to drive adoption of competitive strategies in the future. Utilization of firm resources to develop competitive strategies and attain better performance is supported by Resourced Based View (RBV). According to Bharadwaj (2008) RBV provides that firm sources achieve competitive advantage through management of internal resources, effective management decision, responding effectively to change in environment and foster innovativeness. Banks are not autonomous agents trying to maximize economic opportunities; rather, they are embedded in a social network of norms and expectations that constrain and define managerial strategy selection and deployment. These social norms or logics serve as broad frameworks for analyzing social events and prescribing suitable group goals and behaviors. The view of Ogolla, Bolo and Muchemi (2011) acknowledge that performance of the firm is achieved through successful deployment of appropriate competitive strategies. Porters Generic model informs that organizational performance is linked to utilization of key strategic drivers as cost considerations, differentiation, market focus and combination of strategies to foster competitive advantage. Porter (2004) view that need for unique, quality, inimitable and not easy to substitute drives organizations to deploying competitive strategies to achieve greater performance heights.

Commercial banks in Kenya confront fierce competition, which is influenced by product development to meet market demand. The Kenyan financial institution industries are faced by cut throat competition which has forced some of the commercial banks to forge alliances in terms of mergers and acquisitions. In order to gain a competitive edge and improve performance, commercial banks have also beam looking for competitive strategy drivers. Kenyan Commercial banks have realized that for the purposes of achievement of organizational performance goals, they must execute competitive strategies fast and precisely in order to offer innovative, high-quality, well-designed, and developed financial products.

1.1.1 Competitive Strategy Drivers

Product differentiation, organisation location strategy, customer service improvement, organisation communication strategies and finally cost leadership are all factors of competitive strategy drivers identified by (Porter1980). In a domestic industry, organization faces environmental challenge and sort to implement competitive strategies (Barney, 2011). This is done by basically utilizing adequate and superior resources and capabilities. This view is supported by Thompson, Strickland and Gamble (2007) that competitive strategies such as leadership on costs, differentiation, and institution focus give the banking institutions high levels of competitive advantage in any business environment. Banks dependent of competitive strategies drivers such as cost reduction, emphasizing on lowering cost of operation, offering specific products and differentiation of bank products through offering distinct and unique banks product and processes (Pula, Kume, & Cipi, 2015). Human, physical, and organizational resources entails, physical, organizational assets which can be employed to implement strategies that add value to the company. The capabilities of an organization create an institutional capacity to implement and monitor the progress of any competitive initiative. According to Ekundayo and Ajayi, (2009) Human resource capability is usually measured in terms of skills and knowledge that is incorporated in the organizational daily processes using their assets. According to Clegg, Carter and Schweitzer (2011) intangible resources improve the competitiveness of an organization since they are not easily imitated as compared to tangible resources.

Interest in innovation drivers, methods, and management has grown as financial markets have become more dynamic. Commercial banks operating in an increasingly disruptive environment, leading the banks to establish new methodologies and strategies to improve their performance, capacity and competitiveness. Environmental uncertainty creates inform adoption of competitive strategies in banks as managers have make strategic choices. The competitive strategies must always be implemented for the purposes of gaining a competitive advantage and increase organizational performance are driven by the environment (Grant, 2002).

1.1.2 Organizational Performance

O'Regan (2004) defines performance as the outcomes achieved after measuring it against set goals or objectives and application of resources. Organizational performance is also defined as a set of output indicators that provide data on the extent to which set objectives and expected outcomes have been met (Lebans & Euske, 2006). The concept of organizational performance forms a foundation in which learning institutions is voluntary correlated to asset applied that could include human resources and financial resource focusing on attaining shared results (Robinson, 2007). Organizational success is measured using performance measures indicators (Kennerley & Neely, 2003). Depending on a study that is being conducted, different measures are adopted. In financial institution such as banks, performance may be measured on monetary terms, employee growth change in net income margin and total assets growth (Otache, 2019).

The non-financial performance of banking institutions focusses on improvement in customers' perceptions towards the performance of banking firms. The non-financial performance is defined from the overall satisfaction of the customers in the organization. Some of the non-financial performance measures in banking institutions include, service quality, employee satisfaction, customer satisfaction, shareholder satisfaction and the perceived performance of the firm.

1.1.3 Commercial Banks in Kenya

Kenya has 43 commercial banks. Out of 40 banks, 22 banks are categorized as local private banks, 3 banks are public commercial banks while 15 banks are foreign owned banks. 3 banks experience management problem and put under receivership including Charterhouse Bank Ltd, Imperial banks and chase bank. Kenyan commercial banks focus on improvement in financial position. The commercial banks also strive to improve growth in profitability informing deployment of strategies drivers. Capital and reserves in the banking sector increased by 5.3 percent, owing to new capital infusions and retained earnings.

This paper emphasizes the structure of the Kenyan banking sector and supervisory advancements, macroeconomic conditions and banking sector performance, and regional and international development initiatives, all based on statistical market analysis. In 2019 and 2020, the banking sector is expected to be resilient. Disruptive technologies are expected to force banks to rethink their business strategies and delivery channels. Similarly, the reorganizations that occurred in 2018 are projected to continue in 2019, resulting in institutions that are stronger and more robust. Commercial banks bring to the market comprehensive excellent financial services to Kenyan. Commercial banks deploy strategies to achieve expected banking performance**.** Commercial banks are expanding into Kenya in response to strategic drivers aimed at assisting businesses and individuals in their various locations. Banks in Kenya are aiming to alter the way people bank in Kenya by strategically positioning themselves as ideal partners in local and regional enterprises, in addition to offering innovative products and services to the market.

1.2 Research Problem

The primary source of organizational performance is the internal resources, competencies and drivers of competitive strategies (Hitt, Bierman, & Shimizu, 2001). Wang and Changa (2005) acknowledge that competitive strategy drivers are important in determining the organizations current and future competitiveness as well as the firm's performance. In Kenya, commercial banks executed competitive strategies drivers in an effort to achieve performance level (Kilavuka 2007). Superior performance and competitive advantage result from successful product differentiation (Porter, 2004). The drivers of competitive tactics implemented determine a financial institution's ability to improve organizational performance. The business environment drives commercial banks towards achieving expected performance (Porter, 2004). Commercial banks have recognized that a diverse set of competitive strategies is critical to achieving performance. These includes working on their internal capabilities which entails their resources in terms of human and finance, innovations and going in line with the business environmental changes (Snyman and Kruger, 2004).

Hin, Kadir and Bohari (2014) observed that banking institutions in Malaysia, gain competitive advantage and improve on performance due to deployment of focus and differentiation strategies. This empirical research carried out in a high level developed economy as compared to Kenya and only analysed the first tier commercial banks in the country leaving a conceptual and a methodological gap. Further, Hua (2011) asserted in his empirical review in Singapore that differentiation strategies embraced by manufacturing firms contributed to achieving high output from set performance target. This study was delimited to manufacturing firms which modes of operations are different from commercial banks.

Locally Kinyua (2010), analysed the competitive organisation strategies implemented by MFIs operating in Nairobi, and established that the MFIs achievement of sustainable competitive advantage was achieved through product differentiation. This study was carried in the MFIs sector and only concentrated on those operating in Nairobi County. Mutua, (2007) studied factors affecting competitive strategies, a case of Safaricom. The

Chebet study was carried in the education sector while the Mutua in the telecommunication sector.

Chege (2008) studied Competitive strategies adopted by Equity Bank Limited. Kitoto (2004) studied Competitive strategies employed by public Universities in Kenya and Omondi (2006) Studied competitive strategies by Airlines in Kenya. In the three studies a number of gaps are established. Chege study only concentrated on one commercial bank and therefore this cannot be a reflection of the entire banking sector. Kitoto study was carried in the higher learning sector while Omondi was in the airline business therefore exhibiting both methodological and conceptual gaps.

Despite commercial banks dominance in the financial industry market and implementing competitive strategies, there is no empirical evidence on this area of research interest. This study answered the following question; to what extent does competitive strategy drivers influence organizational performance?

1.3 Research Objective

To fill the research gap, the current study investigated competitive strategy drivers on organizational performance in commercial banks in9Kenya.

1.4 Value of the Study

Scholars interested in this field of research have recognized that firm performance remain a critical source of competitive advantage and a foremost driver of in strategic management in organizations. More knowledge on competitive advantage drivers and how it influences organizational performance will be added to this area of interest. The study will input more knowledge into the existing theory and practices and the research will gain as they will find the study useful as a foundation to further carry out more research on competitive strategies drivers and performance in banking sector.

This study is intended to be of value to management in commercial banks who would gain understanding on how competitive strategies drivers influence organizational performance. Top and middle management from banks will gain insight on extent competitive strategies drivers' impact on bank performance and seek measures to develop and deploy competitive strategies drivers to achieve high performance. The study may be of significant to management in making decisions to develop competitive strategies drivers to enhance and sustain performance.

The government may find the information useful by identifying the influence of competitive strategies within the private sector and come up measure to foster drivers of competitive strategies to improve of banks performance. The study will provide an insight to policy makers and government institutions such as Central Bank in coming up with effective measures that will foster drivers of competitive strategies in improve organizational performance in commercial banking sector, enhance provision of quality financial products, and contribute to economic growth.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This significant part of this study presents previous theories that plays the role of guiding this study. Further, literature related to this study is also added to give an overview of the area under study in terms of what has been done in other localities

2.2 Theoretical Foundation

2.2.1 Resource-based Theory

This anchor theory has its foundations in Edith Penrose's work in the late 1950s, the RBV demonstrate to a great extent acquainted with the field of key strategic approach in the 1980s (Worthington & Edwards, 2000). In the RBV of the firm, close associations of organisation performance is highly influenced by an organisation -particular assets and capabilities (Barney, 2001). This suggests, in the RBV, assets are distributed heterogeneously inside an industry (Phillips & Peterson, 2011). The significance of assets shifts as per industry, time, space, and may likewise rely upon outside industry conditions. In numerous ventures, customary markets and progressive associations are incompletely being supplanted by systems of between authoritative connections (Kim & Mauborgne, 2004).

Organization interdependence arrangements such as strategic partnership and mergers and acquisitions and enhance networks such as subsidiaries, suppliers' network in a dynamic environment. This view is supported by Collis (2001) who acknowledge that resource-based model for formulation that involves assessment of strategies, selection and upgrading by appraisal of firm capabilities. Relationships with resources, capabilities, competitive advantage, and firm performance are the primary focus of the resource-based framework for the deployment of competitive strategy drivers.

2.2.2 Porter's Theory of Competitive Advantage

Through the application of essential strategic practices, generic strategy Model can be successfully intertwined to performance of a firm. Banking Institutions deploy cost leadership strategy in an effort to provide quality banking institutions and achieve growth more cheaply relative to competitors in the markets through focusing on efficient scale of operations. Banks concentrate on building a long-term cost advantage over competitors, using lower costs as the foundation for their low pricing and huge market share gains. Ilovi (2011) observes that deployment of low-cost strategies led to increase customer based, increase market shares and increase level of profitability. As a result, constant improvement on the status quo is likely to drive development in service delivery effectiveness.

The cost leadership approach aims to obtain above-average returns over competitors by driving all aspects of operations toward cost reduction. Since their inception, the relationship between these two general techniques has been a source of contention. Ellickson (2004) proposed that they are fundamentally incompatible with one another, and that enterprises must choose between them. However, he did point out that cost leaders can only achieve greater performance if they supply purchasers with an appropriate amount of value, or if they match their expectations. According to Worthington (2000), quality costs lead to a competitive advantage through cost reduction.

Differentiation drivers emphasize strategy aspects such product quality, information technology, innovativeness, reliability, a better image, brand image, values and reputation, and customer service, as well as brand loyalty and marketing techniques. It is the capacity to offer its differentiation at a value that surpasses what was spent to make value to beat its opponents and gain better gains and returns. Njiru (2015) observe that deployment of standard pricing within specifics timing and off and on peak differentiation, utilization of unique colour and creation of similar branches to build on bodies of the buses as well as segmentation of market on the basis on routes and zones created competitive advantage and increase in market share in the market.

A focus approach can be market invasion or market progress. Average size and extensive learning foundations utilize focus-based strategy. Focus based drivers pursue unique banking market not focus in the market (Tam, 2005). Drive to usage of market advertising and marketing efforts on specialized market and specialized on the markets to provide needs in the target market lead to deployment of focus competitive strategy in banks. Firm gain competitive advantage through being focus in segmented market to gains performance goals.

Focus strategies drivers enable unique banking products and services, use different banking channels focusing on specific need in the market and focusing on a certain market segment based on geographical location, system of banking, labor market needs and gaps in the markets. This view is acknowledged by Ndugo, Kyongo and Njoroge (2018) that focus strategies through advertisement and marketing focus on service a unique need in the market and thereby offer banking products to a niche market resulting into growth of the financial firms.

2.3 Competitive Strategies Drivers and Organizational Performance

In the discipline of strategic management, the pursuit of organizational performance as a source of competitive advantage has become a primary motivation (Porter, 2008). With increased client demands as a result of globalization, manufacturing companies are increasingly seeking competitive advantage by providing products that are consumer friendly, affordable, easy to use and of high quality (Baines and Langfield-Smith, 2003). Any activity that provides greater value over competitors can be considered a strategy driver in the banking business.

As a result, a bank also wants to provide products and services that brings out the really good feeling to a customer **(**Danneels, 2010). Banking organizations may also improve their performance as a result of their beginning position, managerial decisions, resources, and activities (Teece, 2007). The drivers of competitive advantage are those strategies that affect the achievement of a superior position and it's not easy to duplicate them (Kamukama, Ahiauzu & Ntayi, 2011). Only financial institutions that embrace diverse drivers of strategy within the tumultuous environment will achieve greater heights of organisation performance.

Environment-dependent strategies are adopted by all companies, and changes in the external environment impact the opportunities and difficulties that the organization faces (Porter, 2004). The environment is critical in giving initial insight that supports competitive advantage, as well as the inputs required to act on it, as well as collected knowledge and abilities over time, as well as the forces required to keep moving forward. Because the environment is dynamic, multi-faceted, and complicated, companies must prepare how to adapt to the difficulties it poses. Dobson, Starkey, and Richards (2004), noted that the emergence of strategic drivers is necessitated by change in the environment and organizations develop strategies to survive the changing environments and achieve performance expectation. To achieve organizational performance, every organization must adopt strategies that allow it to fit into the environment in which it functions (Crook, Bratton, Street and Ketchen, 2006).

According to Mwangi (2016), a study was conducted in Kenya analysing the organisation inputs in enhancing competitive advantage by commercial banks operating in Kenya. The research focuses on competitive advantage drivers where an exploratory design of all the 43 commercial banks was adopted as the research design and sample size. For purposes of data collection, a questionnaire was used which had both open and closed ended questions. From the findings, it was clear that most of the banks were working towards enhancing their competitiveness based on the cut throat competition in the industry.

According to Kathuni and Mugenda (2012), businesses in this sector have seen greater rivalry in recent years this is a result of high levels of technology adoption and strategic leadership by the firms. Seem (2011) focused on credit card issuers to see how far banks can attain long-term competitive advantage through product differentiation. The findings demonstrated that commercial banks' innovation drivers led to the use of visa and master credit cards, as well as the identification of its proper market for payment processing, resulting in a competitive advantage.

2.4 Summary of Empirical Studies and Research Gaps

Study	Methodology	Key Finding	Knowledge Gaps	Current Study Focus
To what extent do banks obtain long-term competitive advantage by differentiating their products (Seem, 2011)	Descriptive survey	Commercial banks' innovation drivers led to utilization of visa and master credit cards	This study concentrated on product differentiation only disregarding other competitive strategy aspects in commercial banks.	This study also analyses other competitive strategy aspects such as resource based drivers, innovative drivers and environmental drivers.
Role of strategic drivers on strategic positioning (Dobson & Richards, 2004)	Descriptive survey	Emergence of strategic drivers is necessitated by change in the environment and organizations develop strategies to survive	This research was limited to manufacturing companies in India.	This study will concentrate on competitive strategy drivers
Competitive strategy adopted by SMEs and their effects on performance (Ogutu, 2011)	Descriptive Survey	When it comes to acquiring customers and protecting against competitive forces, a company's competitive strategy gives it an edge over its competitors.	This study analysed SMEs which in nature operates in a different arena as compared to commercial banks.	This research will be conducted on commercial banks in Nairobi County.
The relationship between competitive advantage drivers and commercial bank performance in Kenya (Mwangi, 2016)	Exploratory design	Performance and bank events were positive and statistically significant.	The study had different objectives guiding the study.	This study variable includes resource based drivers, innovative drivers and environmental drivers
Market focus strategies adopted by commercial banks in Kenya (Ndugo, & Njoroge, 2018)	Descriptive survey	Focus strategies through advertisement and marketing offer banking products to a niche market resulting into growth of the financial firms	The scope of this research was limited to examining the focus strategy.	This study also analyses other competitive strategy aspects such as resource based drivers, innovative drivers and environmental drivers.

Source: Author (2021)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Chapter three presents the research methodology. This entails the research design used, the population of the study, the instrument for data collection and finally data analysis.

3.2 Research Design

A cross section survey research design was used. A cross sectional survey research design, according to Cooper and Schindler (2011), aids in the collection of data in order to answer research questions on the current status of the subjects in the study. The design is a set of procedures and strategies for describing variables. This research strategy was suited for the study since it entails acquiring quantitative data about occurrences, organizing, tabulating, depicting, and describing the data. This design also aids in the collection of qualitative data, allowing for a greater depth of responses and a more complete knowledge of the topic under investigation.

3.3 Target population

The target population was all the 40 commercial banks as licensed by central bank of Kenya. And since the population was small, a census survey was used where all the entire population was used as the sample size.

3.4 Data collection

A primary data was the main tool used to collect primary data. Questionnaires are appropriate since they are inexpensive and simple to create. Depending on whether manner is most convenient for the respondents, the questionnaire was distributed by drop and pick or by personal administration. According to Mugenda (2008), this allowed respondents' responses to be more intense and rich in terms of individual perceptions. Banks managers were the primary respondents to this study and were picked from random commercial banks.

3.5 Reliability and Validity Tests

Furthermore, the questionnaire was subjected to face validity to the eight (4) respondents representing 10% of the sample size to pilot test its sequence, wording, ease of questions and instructions as well as contents, their remarks were noted. All of the eight (4) respondents agreed that the questionnaires issued to them were easy to understand and respond as measured in terms of the instructions, contents and questions being asked.

3.5.1 Reliability of the Research Instrument

The research instrument was subjected to the reliability test. Cronbach score ranges between 0 and 1 where values between 0.8 and 1.00 indicate a considerably high reliability, values 0.70-0.80 indicate a highly acceptable reliability whereas values below 0.6 are considered low reliability and not acceptable for an instrument (Malhotra, 2014). In this study, higher the Cronbach alpha values (above 0.7) were considered more reliable and adopted.

Table 3.1: Summary of Cronbach's Alpha Reliability Coefficients

Variables	**Components of the variable**	**Cronbach Alpha**	**Number of Items**	**Decisions**
Resource based drivers	-Adequate allocation of resources -Competent human resource -Technology use -Branding	0.941	8	Highly reliable
Innovation drivers	-ATM& RTGS -Agency banking -Products development -Knowledge management	0.838	7	Highly reliable
Environmental drivers	-Saving culture -Bank regulations -Alliances -Integration initiatives	0.874	11	Highly reliable
Organisation performance	-Return on assets -Return on equity -Returns on investment	0.922	10	Highly reliable

	-Enhance management efficiency -Growth in bank's assets			

Source: Author (2021)

The findings indicated that resource based drivers had a8coefficient of 0.941, innovation drivers had a coefficient score of 0.838, environmental drivers had 0.874, and organisation performance had 0.922. All variables had scores above 0.7 and therefore deemed reliable for the study.

3.5.2 Validity of the Research Instrument

From the responses obtained from pilot study participants, it was established that indeed the data collected met the actual areas of study. This was attained through content validity by obtaining views from my supervisor who asserted that the questions asked were suitable and represented well the area of study.

Table 3.2: Adequacy of Sampling Using Kaiser-Meyer-Olkin and Bartlett's test

Test		**Value**
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.746
Bartlett's Test of Sphericity	Approx. Chi-Square	237.416
	Df.	3
	Sign.	0..000

Source: Author (2021)

As shown in Table 3.2, the data was assessed in the second stage using Bartlett's test for Sphericity and Kaiser–Meyer–Olkin (KMO) measures for sample adequacy. These results revealed that there were enough correlations between the variables to justify factor analysis. The KMO value of 0.746, which was much higher than the 0.50 threshold, indicated a strong fit and acceptable levels of sampling adequacy for the variables. The Bartlett's test of Sphericity has a Chi-Square value of 237.416 with a significant value of 0.000, according to the results.

3.6 Operationalization of Research Variables

Variable	Operations Indicators	Measurement	Measurement Scale	Data collection tool	Data analysis
Competitive strategy driver	Resource based drivers Innovation drivers Environmental drivers	Likert Scale	Interval	Questionnaire	Descriptive
Organisation performance	**Financial measures** Return on assets Return on equity **Non-financial measures** Growth in employment Business longevity	Likert Scale	Interval	Questionnaire	Descriptive

Source: Author (2021)

3.7 Data Analysis

Primary data collected using a questionnaire was analysed descriptively by use of statistical package for social science. Measures of central tendencies we used to present the data descriptively. Further, correlation and regression analysis were carried out for the purposes of developing a predictor model for the study.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.0 Introduction

This chapter covers the analysis, reporting, and interpretation of data obtained in the field in order to meet the study's objectives.

4.1 Response Rate

The target audience was made up of 40 managers drawn from the all the Commercial Banks in Kenya. Table 4.3 displays the study response rate.

Table 4.3: Response Rate

Category	Frequency	Percentage (%)
Responded	39	97.5
Did not respond	1	2.5
Total	**84**	**100**

Source: Author (2021)

According to Table 4.3, 39 of the 40 questionnaires distributed were returned in a timely manner, resulting in a 97.5 % response rate. As alluded by Mugenda and Mugenda (2012) a response rate above 70% is deemed adequate and reliable for any academic research. As a result, the 97.5percent response rate was excellent.

4.2 Demographic Information

Respondents demographics was analysed in this research. This includes the period in which the banks had been in operational.

4.2.1 Period Which the Bank Had Been in Operation

Table 4.4. presents period in which commercial banks had been in operation.

Table 4.4 Period Which the Bank Had Been in Operation

Period	Frequency	Percentage
5 year - 10 years	1	2.6
11 to 15 years	5	12.8
15- to 20 years	10	25.6
Over 20 Years	23	59
Total	**39**	**100**

Source: Author (2021)

As revealed in the findings, 59.0% of the study respondents indicated that their banks had operated on more than 20 years, 25.6% indicated 15- to 20 years, 12.8% indicated that the bank had been in operation for a period of 11 to 15 years while 2.6% a period of 59years-10 years. This implies that nearly all the banks have operated in Kenyan market for a considerable duration and had survived various turbulent which has shaped banks competitive strategies.

4.3 Competitive Strategies Drivers and Organizational Performance

Rating on drivers of competitive strategies influencing in banks Product cost differentiation in achieving competitive advantage was investigated and presented in Table 4.5.

Table 4.5: Competitive Strategies Drivers and Organizational Performance

Statement	N	Min	Max	Mean	Std Dev	CV
The bank focus on cost reduction	39	4	5	4.36	0.49	11.2%
The band differentiate products and services	39	4	5	4.31	0.47	10.9%
The bank segment the market to serve a niche market	39	2	5	4.18	0.82	19.6%
The bank offers financial mix	39	2	5	3.59	0.99	27.5%
Bank combine resources to offer quality bank products increasing bank customer base	39	2	5	4.03	0.84	20.8%
Fostering bank brand image attract more customers	39	2	5	3.95	0.86	21.7%
Low cost led to increase profitability	39	2	5	3.82	1	26.1%
Bank product	39	2	5	3.82	0.97	25.3%

Source: Author (2021)

Results as presented revealed that majority of the study participants agreed that most of the banks focused on cost reduction (M = 4.36 SD=0.49) most of the bank differentiate their products and services from the competitors (M =4.31 SD=0.47) and that the bank segment the market to serve a niche market (M =4.18 SD=0.82). Similar observation by Kamukama, Ahiauzu & Ntayi, (2011) also shows that adoption of competitive strategies helped the firms to survive and minimize the risk.

Also, the study established that most of the Banks combined resources to offer quality bank products increasing bank customer base (M =4.03 SD=0.84) and that fostering bank brand image attract more customers (M =3.95 SD=0.86). The findings corroborate Kathuni and Mugenda's (2012) research conclusion that competitive strategy will assist enterprises soar over competitors and improve market sales, which would, in turn, increase market survival. At the same time, competitive strategy helps to keep the organization focused on its aims. Further the study revealed that adoption of low cost strategies has led to increase profitability (M = 3.82 SD=1.00). These findings are also in line with Mwangi's (2016) findings, which found a strong link between competitive advantage drivers and commercial bank performance.

4.4 Resource Based Drivers and Organizational Performance

Table 4.6: Influence of resource-based drivers on organizational performance

Statement on Resource based Drivers	N	Min	Max	Mean	Std Dev	CV
Risk management reduce bank losses	39	2	5	3.9	0.97	24.8%
There is adequate allocation of asset in bank product development.	39	2	5	3.92	0.93	23.7%
The bank has competent human resources	39	3	5	4.36	0.67	15.3%
Bank segmentation influence bank competitiveness	39	3	5	4.23	0.67	15.8%
Banks apply modern technology- for the purposes of marketing positioning portfolio	39	3	5	4.38	0.63	14.3%
Marketing lead to development of products that meets customers' expectations	39	3	5	4.05	0.76	18.7%
Branding has heled banks acquire more market share	39	3	5	4.1	0.68	16.5%

Source: Author (2021)

Majority of study participants agreed to a larger extent that banks apply the modern technology in enhancing market positioning for the purposes of improving their portfolio (M =4.38 SD=0.63), most of the banks have competent human resources (M =4.36 SD=0.67) and that banks' in Kenya have employed competent human resources (M = 4.36 SD=0.67). Similar observation by Ndugo, Kyongo and Njoroge (2018) show that firms staff unique knowledge, skills and capabilities appear is one of the most variable input for enhancing organisation performance. Further banks in Kenya have gained more market share due to brand marketing (M =4.10 SD=0.68) segmentation of customers influenced banks' competitiveness (M =4.23 SD=0.67). These findings also concur with research findings by Teece, (2007) Banking organizations may also improve their performance as a result of their beginning position, managerial decisions, resources, and activities.

Further the study revealed that there is adequate allocation of asset in bank product development, (M =3.92 SD=0.93) and that risk management adopted by most of the banks reduced bank losses (M =3.90 SD=0.97). The findings are congruent with the view of RBV theory, (2008) that resource management ensures that firms allocate resources efficiently for maximum benefits.

4.5 Innovation Drivers and Organizational Performance

Table 4.7: Innovation Drivers and Organizational Performance

Statement of innovations drivers	N	Min	Max	Mean	Std Dev	CV
The bank use technology in offering financial services such as ATMs and RTGs to enhance bank returns	39	3	5	4.21	0.57	13.5%
The bank develops new financial products and services	39	3	5	4.28	0.6	14%
Establishment of the agency network offering banks service at a low cost	39	3	5	4.13	0.66	15.9%
The bank use data to design and develop customer demand products	39	3	5	4.33	0.62	14.3%
The bank invents new bank products to satisfy and meet customer demand	39	3	5	4.1	0.72	17.5%
There is increase in knowledge sharing in offering banks service to the market	39	3	5	4.15	0.74	17.8%
The bank delivery channels enhance the bank performance	39	3	5	4.08	0.7	17.1%

Source: Author (2021)

Results show that8majority of the respondents8agreed that their8banks uses data to design and develop customer demand products (M =4.33 SD=0.62), that most of the commercial banks uses technology in offering financial services such as ATMs and RTGs to enhance bank returns (M = 4.21 SD=0.57) and that commercial banks in Kenya develops new financial products and services (M = 4.28 SD=0.60). Tam (2015) makes a similar conclusion, stating that innovative firms are twice as profitable (on average) than other firms.

Also, the participants made it known that agency network enabled banks to offer service at a low cost, (M = 4.13 SD=0.66) and that the bank invents new bank products to satisfy and meet customer demand (M = 4.10 SD=0.72) and that bank delivery channels enhances the bank performance (M =4.08 SD=0.70). These findings also concur with research findings by Ogutu and Samuel (2011) commercial banks' innovation drivers led to the use of visa and master credit cards, as well as the identification of its proper market for payment processing, resulting in a competitive advantage. Financial innovation strategies were also important in replacing manual, time-consuming, repetitive human tasks with automated systems that provide higher accuracy and speed, allowing the bank to achieve operational agility, lower costs, improve customer service, and accelerate digital transformation.

4.6 Environmental Drivers and Organizational Performance

Further, participants in this research were asked to indicate the extent environmental drivers' influence achieving of organizational performance in the bank.

Table 4.8: Environmental Drivers and Organizational Performance

Statement	N	Min	Max	Mean	Std Dev	CV
The bank adapts to the regulations	39	3	5	4.13	0.73	17.6%
The bank adopt technology in delivery financial products	39	3	5	4.13	0.77	18.6%
Encourage saving culture among customers	39	3	5	4.05	0.65	16.0%
Promote product diversification	39	3	5	4.21	0.7	16.6%
The bank management decision making processes is efficient	39	3	5	3.87	0.73	18.8%
Effective application of banking regulations	39	2	5	4.1	0.91	22.1%
Compliance with central banks regulations foster performance	39	3	5	4.26	0.72	16.9%
Formation of strategic alliances to lower cost of operations	39	3	5	4.03	0.74	18.3%

Source: Author (2021)

Results show that most of the banks promoted product diversification (M = 4.21 SD=0.70) most of the bank adopted technology in delivery financial products, (M = 4.13 SD=0.73) and that banks constantly adapted to the financial regulations issued by CBK (M = 4.13

SD=0.77). Similar observation by Crook, Bratton, Street and Ketchen, (2006) also show that formation of strategic alliances expected to improve organizational performance through improvement in environmental performance

Also, the study established that there is enhanced cooperation from bank departments (M = 4.10 SD=0.88) effective application of banking regulations (M = 4.10 SD=0.91) and that the bank management focus on integration of initiatives into the bank's strategy (M = 4.10 SD=0.68). Collis'(2001) study findings are likewise in agreement with these which stated that environmental performance is linked to higher human capital quality in firms, which may assist them enhance their financial performance.

Further the study revealed that the management always promotes credibility within the bank (M =4.08 SD=0.87) the management encourage saving culture among customers (M =4.05 SD=0.65) and that banks management encouraged formation of strategic alliances to lower cost of operations (M =4.03 SD=0.74), and that the bank management decision making processes is efficient (M = 3.87 SD=0.73). The findings back with the findings of Russo and Fouts (2017), who found evidence of a favorable association between environmental performance and organizational performance. Descriptive findings suggest that greater environmental performance increases an organization's reputation, as well as its ability to attract environmentally conscious clients and increase sales.

4.7 Organizational Performance

Table 4.9: Performance Indicators

Indicators	N	Min	Max	Mean	Std Dev	CV
Return on assets	39	2	5	4	0.97	24.2%
Return on equity	39	2	5	3.72	1.05	28.2%
Returns on investment	39	4	5	4.36	0.49	11.2%
Enhance management efficiency	39	3	5	4	0.73	18.2%
Growth in bank's assets	39	3	5	4.46	0.64	14.3%
Improvement in sales volumes	39	2	5	4.1	0.85	20.7%
Increase in market share	39	3	5	4.21	0.7	16.6%
Improvement in customer base	39	2	5	3.97	0.9	22.6%
Employees increase in numbers	39	2	5	4.05	0.89	21.9%
Bank branches increase	39	2	5	3.87	1.03	26.%

Source: Author (2021)

Results show that there was a registered growth in bank's assets (M = 4.46 SD=0.64), returns on investment (M =4.36 SD=0.49) and that increase in market share (M =4.21 SD=0.70), improvement in sales volumes (M =4.10 SD=0.85) and increase in number of employees (M = 4.05 SD=0.89). Also, the study established that banks realized increase in return on assets (M=4.00 SD=0.97) enhance management efficiency (M = 4.00 SD=0.73), improvement in customer base (M= 3.97 SD=0.90) increase in number of bank's branches (M =3.87 SD=1.03) and increase in return on equity (M = 3.72 SD=1.05). The environment, according to O'Regan and Ghobadian (2014), drives the implementation of competitive strategies in order to acquire a competitive edge and improve organizational performance.

4.8 Pearsons Correlation

A Pearson correlation analysis was carried in this study. The findings are presented in Table 4.10.

Table 4.10: Correlations

		Organisation Performance	Resource based Drivers	Innovative drivers	Environmental drivers
Organisation Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	39			
Resource Based Drivers	Pearson Correlation	.511**	1		
	Sig. (2-tailed)	.000			
	N	39	39		
Innovative Drivers	Pearson Correlation	.556**	.193**	1	
	Sig. (2-tailed)	.000	.005		
	N	39	39	39	
Environmental Drivers	Pearson Correlation	.509**	.327**	.256**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	39	39	39	39

Source: Author (2021)

A strong positive correlation was established between resource based drivers and organisation performance (Correlation coefficient= 0.511 P-value =.000). a positive correlation was further established between innovative drivers and organisation performance (Correlation coefficient =0.556 P-value =0.000). Finally, a strong positive correlation between environmental drivers and organisation performance was established as well (Correlation coefficient =0.509, P-value= 0.000).

4.9 Regression Analysis

A multiple regression analysis was further carried for the purposes of ascertaining the variables relations. This included the model summary, anova and table of coefficients.

Table 4.11: Model Summary

Model8	R8	R8 Square	Adjusted R8Square	Std. Error8of the Estimate
1	.679[a]	.461	.451	.52734

Source: Author (2021)

The research model had an adjusted coefficient of determination (R^2) of 0.4518 and which implied that 45.1% variations on organisation performance is explained by the independent variables under study (resource based drivers, innovative drivers and environmental drivers).

Table 4.12: Summary of One-Way ANOVA results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	37.131	3	12.377	44.506	.000[b]
Residual	9.73	35	0.278		
Total	46.861	38			

Source: Author (2021)

Critical value = 2.87

The regression model had a significance level of 0.000 percent, indicating that the data was excellent for generating a judgment on the population parameters because the value of significance (p-value) was less than 5%, according to the ANOVA statics. The computed number (44.506 >2.87) was higher than the crucial threshold, indicating that resource-based drivers, innovative drivers, and environmental drivers all have an impact on commercial bank performance.

Table 4.13: Coefficients[a]

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	1.311	.343		3.827	.000
Resource based drivers X_1	.492	.107	.251	4.616	.000
Innovative drivers X_2	.652	.090	.385	7.257	.000
Environmental drivers X_3	.333	.103	.180	3.230	.000

Source: Author (2021)

Y= 1.311+ 0.492 + 0.652+ 0.333

The results reveal that by changing resource-based drivers by a factor of 0.492 while keeping the other parameters unchanged, organization performance improves by a factor of 0.492. The results reveal that a 0.652 increase in organizational performance may be achieved by changing one unit of innovative drivers while keeping the other parameters fixed. According to test regression, a 0.554 increase in organizational performance would result from a unit change in environmental drivers while all other factors remained constant.

4.10 Discussion of the Results

Results show that most of the bank differentiate their products and services from the competitors (M =4.31 SD=0.47) and that the bank segment the market to serve a niche market (M =4.18 SD=0.82). Similar observation by Kamukama, Ahiauzu & Ntayi, (2011) also shows that adoption of competitive strategies helped the firms to survive and minimize the risk. Also, the study established that most of the Banks combined resources to offer quality bank products increasing bank customer base (M =4.03 SD=0.84) and that fostering bank brand image attract more customers (M =3.95 SD=0.86).

The study established that that banks have competent human resources (M =4.36 SD=0.67) and that banks' in Kenya have employed competent human resources (M = 4.36 SD=0.67) Similar observation by Ndugo, Kyongo and Njoroge (2018) show that Employees' unique capability plays a significant role in ensuring organisation continue performing well. Also, the study segmentation of customers influenced banks' competitiveness (M =4.23 SD=0.67). These findings also concur with research findings by Teece, (2007) Banking organizations may also improve their performance as a result of their beginning position, managerial decisions, resources, and activities.

Results show that most of the commercial banks uses technology in offering financial services such as ATMs and RTGs to enhance bank returns (M = 4.21 SD=0.57) and that commercial banks in Kenya develops new financial products and services (M = 4.28 SD=0.60). Similar observation by Tam, (2015) revealed that innovative firms are twice as profitable (on average) than other firms. Results show most of the banks promoted product diversification (M = 4.21 SD=0.70) most of the bank adopted technology in delivery financial products, (M = 4.13 SD=0.73) and that banks constantly adapted to the financial regulations issued by CBK (M = 4.13 SD=0.77). Similar observation by Crook, Bratton, Street and Ketchen, (2006) also show that formation of strategic alliances expected improved performance of firms both financially and non-financially.

Also, the study established that there is enhanced cooperation from bank departments (M = 4.10 SD=0.88) effective application of banking regulations (M = 4.10 SD=0.91). The study also revealed that most of the banks realized significant growth in bank's assets (M

= 4.46 SD=0.64), returns on investment (M =4.36 SD=0.49) and that increase in market share (M =4.21 SD=0.70), improvement in sales volumes (M =4.10 SD=0.85) and increase in number of employees (M = 4.05 SD=0.89). Also, the study established that banks realized increase in return on assets (M=4.00 SD=0.97) enhance management efficiency (M = 4.00 SD=0.73), improvement in customer base (M= 3.97 SD=0.90) increase in number of bank's branches (M =3.87 SD=1.03) and increase in return on equity (M = 3.72 SD=1.05).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter gives a summary of the research findings as presented in the previous section. This is followed by a making a summary, conclusion and recommendation which are guided by the results in chapter four.

5.2 Summary of the Findings

Assessment on competitive strategies drivers and organizational performance revealed that most of the banks differentiated their products and services from the competitors. Further, they have adopted low cost strategies which have led to increase profitability. The findings corroborate Kathuni and Mugenda's (2012) research conclusion that competitive strategy will assist enterprises soar over competitors and improve market sales, which would, in turn, increase market survival. At the same time, competitive strategy helps to keep the organization focused on its aims.

In line with the second objective, it was revealed that banks in Kenya have gained more market share due to brand marketing. Further, there is adequate allocation of asset in bank product development. The study also revealed that marketing strategies adopted lead to designing of customized financial product that meet customer expectations. The study also established that most of the commercials banks have competent human resources. Banks' in Kenya have employed competent human resources who have unique knowledge and capabilities which is most valuable assets to facilitate firms' performance. The findings are in support the view of RBV theory, (2018) that resource management ensures that firms allocate resources efficiently for maximum benefits.

Assessment on relationship between innovation drivers and organizational performance revealed that most of the commercial banks uses technology in offering financial services such as ATMs and RTGS to enhance bank returns. Financial innovation strategies were key in replacing manual, time-consuming, repetitive human tasks with automated systems that provided greater accuracy and allows banks to operate with greater agility and accelerate digital transformation. These findings also concur with research findings by Ogutu and Samuel (2011) commercial banks' innovation drivers led to the use of visa and master credit cards, as well as the identification of its proper market for payment processing, resulting in a competitive advantage. The establishment of the agency network has also enabled banks to offer service at a low cost through new delivery channels. According to Danneels, (2010) innovative firms are twice as profitable (on average) than other firms.

Results show that there is enhanced cooperation among commercial banks in Kenya. Commercial banks are constantly adapted the financial regulations issued by CBK. Most of the banks promoted product diversification in line with the central banks regulations which has fostered positive performance. Collis' (2001) study findings are likewise in agreement with these findings which stated that better environmental performance is linked to higher human capital quality in firms, which may assist them enhance their financial performance.

5.3 Conclusions of the Study

Based on the study findings, this study concludes that most of the banks in Kenya had adopted competitive strategy drivers. Such included market-niche or focus strategy, low cost strategies, cost leadership strategy or low-cost strategy, differentiation strategy. Adoption of competitive strategy helped banks to soar past their competitors.

The study concludes that commercial banks in Kenya had adopted Resource Based Drivers. For instance, most of the banks had competent human resources banks in Kenya and used modern technology in their operations which has increasing bank performance. Risk management adopted by most of the banks has also reduced bank losses and that banks in Kenya gained more market share due to brand marketing.

The study concludes innovation drivers positively promoted organizational performance. Most of the commercial banks use technology in offering financial services such as ATMs and RTGS. To enhance bank returns commercial banks in Kenya have been developing new financial products and services.

The finally concludes that adoption of environmental drivers by banks promoted organizational performance. For instance, compliance with central banks regulations fostered positive performance. Formation of strategic alliances also improved organizational performance and that banks management focused on integration of initiatives into the bank's strategy.

5.4 Implications of The Study

The findings of this study can be used to derive a variety of inferences about the commercial bank sector's organizational performance in Kenya, and the recommendations given may be confined to this sector. Managers should increase adoption of competitive strategy drivers because they were found to be favorably important in impacting performance. Companies should empower their research and design departments to better understand how client preferences for products and services are changing. The Kenyan government, in partnership with CBK and KBA, and through the Ministry of Finance, should set rules on the appropriate competitive drivers and monitor how they operate to ensure that they serve the intended bank growth objectives.

5.5 Recommendations of the Study

The study recommends that commercial banks operating in Kenya should recurrently adopt competitive strategies drivers as these were found to enhance banks performance measured through return on assets, operational efficiencies and customers' base.

Commercial Banks should also continually embrace resource based drivers such as quality hiring procedures, continuous employee trainings, quality products development, risk management practices, continuous monitoring and evaluation of banks activities as these practices were found to play a positive transformative role which enhances banks performance.

The future on banking industry relies on innovation, thus banking institution that seeks to remain competitive must always embrace innovation, however survey must be carried out to establish economic viability of particular innovation before its conception. This will be instrumental in thwarting possible loses.

Commercial banks must too continually find the best match between their operation and environments in which they operate. Strategies' must always be laid to ensure that the banks continually embrace aspects such banking technologies and regulations all which influence competitiveness.

5.6 Limitations of The Study

The study had the following limitations: first respondents were hesitant to engage in the study because they were concerned that their identity would be violated. Second, some bank executives were hesitant to provide correct data for fear of disclosing sensitive information to competitors. This was countered by presenting a letter from the university stating that the research was conducted solely for academic purposes. Finally, the study was hampered by COVID-19 public restrictions, which hampered data collecting because the majority of bank staff managers were not in their offices.

5.7 Areas Suggested for Future Research

More research should be done to find out what techniques other organizations in relevant industries employ to gain a competitive advantage. In the industrial sector, more research into the importance of core skills in organizational effectiveness should be done. The study also proposes that customers' perceptions of the benefits of each competitive strategy compared to other competitive strategies may be investigated. A comparative research of the comparative performance advantage of the various competitive tactics used in the banking business, as well as challenges to both the company and the customers, should be conducted.

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APPENDICES

Appendix I: Introduction Letter

June Moraa

P. O. Box ……

Area Respondent,

Dear Sir/Madam,

REF: PARTICIPATION IN DATA COLLECTION

I am conducting a research study focusing on ‘COMPETITIVE STRATEGY DRIVERS AND PERFORMANCE OF9COMMERCIAL BANKS IN NAIROBI CITY COUNTY'.

Kindly assist me in filling this question and your view will only be used for academic purposes

Thank you for participating in this study.

Sincerely

June Moraa

Appendix II: Questionnaire

PART A: RESPONDENT'S PROFILE (Please tick appropriately)

1. Kindly indicate when your bank started operations in Kenya………………….
2. Indicate number of employees in your bank…………………………………….
3. Number in which your bank has operated

   i. 5 year - 10 years []
   ii. 11to 15 years []
   iii. 15- to 20 years []
   iv. Over 20 Years []

SECTION B: THE MAIN ISSUES

Part One: Competitive Strategies Drivers and Organizational Performance

4. Kindly indicate the extent driver of competitive strategies influence organizational performance in your bank Product cost differentiation in achieving competitive advantage.

Statement	1	2	3	4	5
The bank focus on cost reduction					
The band differentiate products and services					
The bank segment the market to serve a niche market					
The bank offers financial mix at lower charges					
Bank combine resources to offer quality bank products increasing bank customer base					
Fostering bank brand image attract more customers					
Low cost led to increase profitability					

5. In your own opinion, explain how competitive strategy drivers influence organizational performance in your bank..

Part 2: Resource Based Drivers and Organizational Performance

6. To what extent resource-based drivers influence organizational performance in your banks?

Statement on Resource based Drivers	1	2	3	4	5
Risk management reduce bank losses					
There is adequate allocation of asset in bank product development.					
The bank has competent human resources					
The bank has sufficient bank					
Bank segmentation influence bank competitiveness					

7. In your own opinion, indicate how resource-based drivers influence performance in the bank…………………………………………………………………………….

Part 3: Innovation Drivers and Organizational Performance

8. Kindly indicate the extent to innovation drivers influence organizational performance in your banks

Statement of innovations drivers	1	2	3	4	5
The bank use technology in offering financial services such as ATMs and RTGs to enhance bank returns					
The bank develops new financial products and services					
Establishment of the agency network offering banks service at a low cost					
The bank use data to design and develop customer demand products					
The bank invents new bank products to satisfy and meet customer demand					
There is increase in knowledge sharing in offering banks service to the market					
The bank delivery channels enhance the bank performance					

9. Kindly indicate how innovation drivers in your bank influence achieving of organizational performance in the bank……………………………………………

Part 4: Environmental Drivers and Organizational Performance

10. Kindly indicate the extent environmental drivers influence achieving of organizational performance in your bank

statement	1	2	3	4	5
The bank adapts to the regulations					
The bank adopt technology in delivery financial products					
Encourage saving culture among customers					
Promote product diversification					
The bank management decision making processes is efficient					
Effective application of banking regulations					
Compliance with central banks regulations foster performance					
Formation of strategic alliances to lower cost of operations					
Enhanced cooperation from bank departments					

11. Kindly indicate any other way through which environmental drivers influence organizational performance in your bank …………………………………………
………………………………………………………………………………………
………………………………………………………………………………………

SECTION C: DEPENDENT VARIABLE

Part 5: organizational Performance

12. indicate the extent the following organizational performance indicators have been achieved in your bank

Performance Indicators	1	2	3	4	5
Return on assets					

Return on equity					
Returns on investment					
Enhance management efficiency					
Growth in bank's assets					
Improvement in sales volumes					
Increase in market share					
Improvement in customer base					
Increase in number of employees					
Increase in number of bank's branches					

Appendix III: List of Commercial Banks

1. **Kenya Commercial (KCB)**
2. **Equity Bank Limited**
3. **Co-op Bank**
4. **Absa Bank**
5. **Standard Chartered Bank Ltd**
6. **CFC Stanbic Bank**
7. **Commercial Bank of Africa**
8. **Diamond Trust Bank Kenya**
9. **I & M Bank**
10. **NIC Bank Ltd**
11. **National Bank(NBK)**
12. **Bank of Africa**
13. **Bank of Baroda (K) Ltd**
14. **SBM Limited**
15. **Prime Bank Limited**
16. **Ecobank Kenya Ltd**
17. **Family Bank**
18. **Imperial Bank Limited**

19. **Bank of India**

20. **Consolidated Bank of Kenya**

21. **Fina Bank Limited**

22. **Spire Bank**

23. **Gulf African Bank**

24. **African Banking Corporation**

25. **Giro Commercial Bank**

26. **Development Bank of Kenya**

27. **Fidelity Commercial Bank**

28. **K-Rep Bank Ltd**

29. **Guardian Bank**

30. **First community Bank**

31. **Habib AG Zurich**

32. **Victoria Comm. Bank Ltd**

33. **Transnational Bank Limited**

34. **Habib Bank Limited**

35. **Credit Bank Ltd**

36. **Oriental Comm. Bank**

37. **Paramount-Universal Bank**

38. **Middle East Bank of Kenya**

39. **UBA BANK**

40. **Dubai Bank Limited**

APPENDIX IV: TURNITIN REPORT

09/12/2021

8TH DECEMBER 2021.

COMPETITIVE STRATEGY DRIVERS AND PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY

ORIGINALITY REPORT

14%	13%	1%	7%
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