

**EMPLOYEE PERCEPTION OF THE COMPETITIVE ADVANTAGE  
OF CORPORATE VALUES: A CASE FOR THE BARCLAYS BANK  
OF KENYA LIMITED**



**BY MUEMA, JULIUS CAESAR MUTEMI**

**SUPERVISOR: DR. MARTIN OGUTU**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT FOR THE  
DEGREE OF MASTER OF BUSINESS ADMINISTRATION.**

**UNIVERSITY OF NAIROBI  
FACULTY OF COMMERCE  
OCTOBER 2005**

DECLARATION

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

Signed *J. Mutemi* .....

Julius Caesar Mutemi Muema (D61/7746/03)

Date *13<sup>th</sup> October 2005* .....

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

Signed *M. Ogutu* .....

Dr. Martin Ogutu.

Department of Business Administration.

University of Nairobi.

Date *14<sup>th</sup> /10/2005* .....

ACKNOWLEDGEMENT

DEDICATION

I am indebted to the support of many who contributed to my success over the years.

This project is dedicated to my parents, Stephen and Teresia, for their love of education.

I would like to thank all my lecturers in the program and especially my supervisor Dr. [Name] for his guidance, patience, understanding and persistence throughout the study.

My dear family, thank you for your love, support and prayers throughout the journey.

I would like to thank all my colleagues in the MEd program for the camaraderie and support throughout the study.

Thank you all for your support!

## ACKNOWLEDGEMENT

I wish to acknowledge the support of many who contributed to my success one way or another.

First, I wish to thank all my lecturers in the program and especially my supervisor Dr. Martin Ogutu for his insights, patience, understanding and guidance throughout the study.

My sincere thanks also go to my family members for their love and support during my study period.

I cannot forget to thank all my colleagues in the MBA program for the many intellectual discussions we had, either in class or outside.

Thank you all for your support.

1.1	Introduction	1
1.2	Statement of the Problem	2
1.3	Importance of the Study	3
1.4	Overview of the program's research report	4
2.1	Introduction	10
2.2	LITERATURE REVIEW	10
2.2.1	Introduction	10
2.2.2	The Nature of Corporate Values	11
2.2.3	Corporate Values and the Business Process	11
2.2.4	Business Values	11
2.2.5	Business Values	11
2.2.6	Business Values	11
2.2.7	Business Values	11
2.2.8	Business Values	11
2.2.9	Business Values	11
2.2.10	Business Values	11
2.2.11	Business Values	11
2.2.12	Business Values	11
2.2.13	Business Values	11
2.2.14	Business Values	11
2.2.15	Business Values	11
2.2.16	Business Values	11
2.2.17	Business Values	11
2.2.18	Business Values	11
2.2.19	Business Values	11
2.2.20	Business Values	11
2.2.21	Business Values	11
2.2.22	Business Values	11
2.2.23	Business Values	11
2.2.24	Business Values	11
2.2.25	Business Values	11
2.2.26	Business Values	11
2.2.27	Business Values	11
2.2.28	Business Values	11
2.2.29	Business Values	11
2.2.30	Business Values	11
2.2.31	Business Values	11
2.2.32	Business Values	11
2.2.33	Business Values	11
2.2.34	Business Values	11
2.2.35	Business Values	11
2.2.36	Business Values	11
2.2.37	Business Values	11
2.2.38	Business Values	11
2.2.39	Business Values	11
2.2.40	Business Values	11
2.2.41	Business Values	11
2.2.42	Business Values	11
2.2.43	Business Values	11
2.2.44	Business Values	11
2.2.45	Business Values	11
2.2.46	Business Values	11
2.2.47	Business Values	11
2.2.48	Business Values	11
2.2.49	Business Values	11
2.2.50	Business Values	11
2.2.51	Business Values	11
2.2.52	Business Values	11
2.2.53	Business Values	11
2.2.54	Business Values	11
2.2.55	Business Values	11
2.2.56	Business Values	11
2.2.57	Business Values	11
2.2.58	Business Values	11
2.2.59	Business Values	11
2.2.60	Business Values	11
2.2.61	Business Values	11
2.2.62	Business Values	11
2.2.63	Business Values	11
2.2.64	Business Values	11
2.2.65	Business Values	11
2.2.66	Business Values	11
2.2.67	Business Values	11
2.2.68	Business Values	11
2.2.69	Business Values	11
2.2.70	Business Values	11
2.2.71	Business Values	11
2.2.72	Business Values	11
2.2.73	Business Values	11
2.2.74	Business Values	11
2.2.75	Business Values	11
2.2.76	Business Values	11
2.2.77	Business Values	11
2.2.78	Business Values	11
2.2.79	Business Values	11
2.2.80	Business Values	11
2.2.81	Business Values	11
2.2.82	Business Values	11
2.2.83	Business Values	11
2.2.84	Business Values	11
2.2.85	Business Values	11
2.2.86	Business Values	11
2.2.87	Business Values	11
2.2.88	Business Values	11
2.2.89	Business Values	11
2.2.90	Business Values	11
2.2.91	Business Values	11
2.2.92	Business Values	11
2.2.93	Business Values	11
2.2.94	Business Values	11
2.2.95	Business Values	11
2.2.96	Business Values	11
2.2.97	Business Values	11
2.2.98	Business Values	11
2.2.99	Business Values	11
2.2.100	Business Values	11

## Table of Contents

DECLARATION .....	ii
DEDICATION .....	iii
ACKNOWLEDGEMENT .....	iv
LIST OF TABLES AND FIGURES.....	vii
ABSTRACT.....	viii
CHAPTER 1 .....	1
1.0 INTRODUCTION .....	1
1.1.1 Background.....	1
1.1.2 Corporate Values and Competitive Advantage.....	1
1.1.3 The Banking Industry.....	4
1.1.4 The Barclays Bank of Kenya Limited.....	5
1.2 Statement of the Problem.....	6
1.3 The Research Objectives.....	8
1.4 Importance of the study .....	8
1.5 Overview of the proposed research report .....	9
CHAPTER 2 .....	10
2.0 LITERATURE REVIEW .....	10
2.1 Introduction.....	10
2.2 The Nature of Corporate Values.....	11
2.3 Corporate Values and Business Process .....	11
2.3.1 Vision.....	11
2.3.2 Strategy .....	12
2.3.3 Organization Structure.....	13
2.3.4 Systems .....	15
2.3.5 Leadership.....	16
2.4 Competitive Advantage .....	17

CHAPTER 3 .....	20
3.0 RESEARCH METHODOLOGY .....	20
3.1 Introduction .....	20
3.2 The Research Design .....	20
3.3 The Population .....	20
3.4 The Sample And The Sample Design .....	20
3.5 Data Collection .....	21
3.6 Data Analysis Method .....	21
CHAPTER 4 .....	23
4.0 DATA ANALYSIS .....	23
4.1 Introduction .....	23
4.1.1 The Sample .....	23
4.1.2 The response rates .....	23
4.1.3 Profile of the respondents .....	24
4.2 Respondents awareness of the nature and existence of corporate values. ....	25
4.3 The extent to which the banks values have been operationalized.....	27
4.3 Respondent's perception of the impact of these values on the bank's competitive advantage .....	29
4.4 Respondents perception of how the banks values impact on its competitiveness. .	30
5.0 SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS .....	33
5.1 Introduction .....	33
5.2 Summary, Discussions and Conclusion .....	33
5.3 Recommendations.....	34
5.4 Limitations of the Study .....	35
5.5 Suggestions for Further Study .....	35
REFERENCES .....	37
APPENDICES .....	40
Appendix 1: Introduction Letter .....	40

Appendix 2: QUESTIONNAIRE ..... 41

**LIST OF TABLES AND FIGURES**

	Page
Figure 1 Values and the business process.....	17
Table 4.1 The sample.....	23
Table 4.2 The response rate.....	24
Table 4.3 Response by Management and Subordinates.....	24
Table 4.4 Respondents by their number of years of service in the bank.....	24
Table 4.5 Number of formal work group members into which respondents fall.....	25
Table 4.6 Extent to which the banks statements of values and desired behavior cover governance, customer service, employee empowerment, profitability and social responsibility.....	26
Table 4.7 Extent to which respondents perceive values as influencing their thinking, action and choice of decisions.....	27
Table 4.8 Extent to which respondents perceive the banks values to have been operationalized.....	28
Table 4.9 Extent to which respondents perceive the impact of the banks values on competitiveness.....	29
Table 4.10 Extent to which respondents perceive the banks values as important in enabling it exploit opportunities and overcome threats.....	29
Table 4.11 Extent to which the respondents perceived these factors as enabling the bank exploits opportunities and overcome threats in the environment, and particularly within the banking industry.....	30
Table 4.12 Extent to which respondents perceive the banks values as translating into competences.....	31
Table 4.13 Extent to which the respondents perceive the banks values as contributing towards the bank's success in the long term.....	32



## ABSTRACT

In the past, markets were characterized by durable products, stable consumer needs, well defined national and regional markets and clearly identifiable competitors. Competition was a “war of position” in clearly defined product or market segments. The key to competitive advantage was the market the company chose to compete in. How it chose to compete in these markets was of secondary importance.

However, over the years, the business environment has evolved into one characterized by increasingly stiff competition, adversely changing econ-political patterns, globalization, and increased stakeholder awareness and, hence, expectations. These factors have helped shape the way businesses compete within the markets they choose to operate in.

As such, a number of companies have set out their vision, mission, and values in a succinct statement that makes reference to quality, customer service, employee issues and good corporate citizenship (social responsibility). These corporate values are intended to set out the guiding principles of the company.

This study endeavored to establish whether companies put these values into practice, and whether they have an impact on the companies’ competitiveness, as perceived by their employees.

To address these objectives, a survey was undertaken using a structured questionnaire focusing specifically on the employees of the Barclays Bank of Kenya Ltd. The questionnaire was administered using the drop-and-pick-later method.

The study findings showed that, according to the employees, the bank had corporate values that were influenced by and revolved around customers, the employees, the company, and the community. They perceived these values as important sources sustainable competitive advantage.



## CHAPTER 1

The major limitations to this study were those inherent in the use of questionnaires as data collection tools, mainly, the misinterpretation of questions by the respondents.

### Background

Further research may be conducted to determine the perception of other stakeholders such as the bank's customers, competitors, shareholders and the general public.

### Corporate Values and Competitive Advantage

Corporate values are the guiding principles that influence the behavior of an organization and its employees. They are the core beliefs and attitudes that shape the organization's culture and identity. Corporate values are often expressed through the organization's mission statement, vision statement, and code of ethics. They are also reflected in the organization's policies, procedures, and practices. Corporate values are important because they help to attract and retain top talent, build trust with customers and stakeholders, and create a competitive advantage for the organization.

Corporate values can only be successful if they are consistently practiced and reinforced. This requires a strong commitment from the organization's leadership and employees. Corporate values should be integrated into all aspects of the organization's operations, from recruitment and hiring to performance management and customer service. Corporate values should also be regularly communicated and reinforced through various channels, such as training, communication, and recognition programs. Corporate values are a key driver of organizational success and should be a top priority for all organizations.

## CHAPTER 1

### 1.0 INTRODUCTION

#### 1.1.1 Background

Values are abstract ideas that guide thinking and action (Kramer et al, 1998). Organizational values are closely tied to the fundamental underlying beliefs managers have about the business and about people. Values thus dictate strategy since they influence the managers' choice of mission, goals and objectives for the organization (Kramer et al, 1998: Johnson and Scholes, 2002).

Though abstract, vague and difficult to define, values are revealed by the actions people take, what people think, and how they allocate their time, energy and skills. They drive the behaviour of people in an organization.

According to Rowe et al (1994), values are the bed rock of an organization's corporate culture and reflect the organizations corporate personality characteristics.

If effectively communicated and consistently upheld throughout the organization over time, values are likely to have an impact on the company's strategic position / capability (Kramer et al, 1998: Hitt et al 1997).

#### 1.1.2 Corporate Values and Competitive Advantage

A company has a competitive advantage whenever it has an edge over rivals in securing customers and defending against competitive forces (Pearce and Robinson, 2002: Johnson and Scholes, 2002: Porter, 1980).

Competitive advantage can only be sustainable if customers consistently perceive positive differences e.g. in quality, uniqueness e.g. between the product or services offered by a company and those of its competitors, wherein, such perceived differences results in the company's greater capability over time (Porter, 1980).

Sustainable competitive advantage is only achievable where the firm's capabilities are valuable, rare, costly to imitate, and non-substitutable. According to Thomas Peter & Robert Waterman, in Kramer et al (1998), corporate values can be a source of sustainable competitive advantage.

Competitive advantage is said to be perceived if a company feels that whatever activities it undertakes give it an edge over its competitors. It's therefore based on the company's perception of the impact on strategy of its activities.

Corporate values have no independent life of their own (Johnson and Scholes, 2002: Rowe et al, 1994). They only contribute in the wider context of an organization's vision and strategy. They permeate and influence every stage of the business process.

According to Lynch (2000) and Banerjee (1998), corporate values have to be integrated with strategies, structure, systems and engage those who must implement them. They must be embodied in the firm's culture i.e. atmosphere, norms and attitude about how business should be conducted.

Corporate vision reflects a strongly held value. The way the vision is developed i.e. via participation and listening, reflects values.

According to Pearce and Robinson (2002), and Lynch R (2000), structures reflect values. For instance, do they facilitate teamwork or conflict? Do they create opportunities for people to grow and develop? Do they empower or constrain human endeavor?

Systems ought to be designed consistent with corporate values. That is, whether to encourage self-control or command and control from above? Is information made available to all or held as a power instrument by a few?

Leadership has the same pervasive qualities as values (Banerjee 1998). Top management can transform the vision to personify new strategies and values. Middle managers must provide leadership for new strategies and live the corporate values day-by-day. They are role models.

When corporate values are focused, clear, and genuinely shared, when leaders at all levels are role models, and when values are constantly reviewed as conditions change, then values are a strategic contribution (Kramer et al, 1998: Bowman, 1987). Corporate values, thus, create added value and show the company how to become stronger than competition. This is also an obligation to customers.

According to Hannah, (1976), McCarthy et al (1976), and Lynch (2000), open corporate values make a company an attractive employer for top talents and strengthen its position as a member of the global community. Corporate values unite the capability of each and every subsidiary and the diverse values of their different cultures into common strengths. They affect people's habit of thinking, their ways of relating to one another, the technology they employ and the policies, rules, procedures and job description they work by.

Corporate values play an integral part of the organizational fabric – whether it is corporate culture, brand identity, service standards, codes of conduct or individuals core ethics. Well articulated corporate values can inspire employees and customers as well as help build profitable, sustainable organizations.

Values that are used to guide the business need to be appropriate for the time, place and conditions in which the business operates.

It is also not a case of applying good or bad values, but rather of applying appropriate values (Banerjee, 1998: Hitt et al 2002). Some values, for example, are contrary to the laws of the society in which the company is to operate. Other inappropriate values lead to the offering of products and services that customers are unwilling to pay for.

### 1.1.3 The Banking Industry.

The banking industry in Kenya comprises of 49 financial institutions with 43 commercial banks, one operating non-bank financial institution and another in the process of self – liquidation, two mortgage finance companies and two building societies (CBK 2005).

The competition for survival and growth within the industry is extremely intense- this poses a major challenge owing to the poor performance of the economy in the recent past, decline in the inflow of investments and shrinkage of profits (Gumato 2003)

The banking industry in Kenya has been dogged by a lot of controversies in the past. The industry has been accused of exploitation by the general public. Banks have been accused of making immoral profits by charging exorbitant fees and charges (in an economy under recession). As such, corporate social responsibility has become part and parcel of strategy among industry players (Njagi 2003). Industry players have taken up and embraced the millennium development goals (the eradication of poverty, disease, and illiteracy).

Banks have justified these high rates by citing greater risks involved in lending to their customers. Nevertheless, the CBK (amendment) Bill 2000 seeks to regulate this sector, which is core to the well-being of the economy.

Corporate governance issues pose a major challenge to industry players. The Delphis bank, and the Exchange Bank (now dissolved) have been adversely mentioned in money laundering cases the golden berg scandal. (Daily Nation 2004) whereas the Euro bank was closed down under CBK directives due to mismanagement, professional negligence, and the issuance of fraudulent (false and misleading ) financial statements. Kithinji (2003) contends that banks should not be engaged in cosmetic behavior, ever greening bad credits, assetising losses or hiding material risks and loses from the public and bank

supervisors. Financial reports must be authentic. Poor debt management, according to Njagi (2003) has led to the collapse of many banks. Kithinji (2003) argues that the huge proportion of non-performing loans is due to the advancing of loan on political rather than economic considerations. She argues that government /political interference in state – owned banks poses a major challenge to the efficient and effective management of these institutions.

Owing to these challenges banks have had to re-engineer their processes via restructuring, engaging in cost reduction initiatives, adoption of customer-oriented marketing philosophy, employee empowerment, and community involvement.

Corporate governance, social responsiveness and the quest for improved profitability and growth can only be sufficiently addressed through the choice of appropriate corporate values.

#### **1.1.4 The Barclays Bank of Kenya Limited.**

This study focuses on the Barclays bank of Kenya limited following its recognition as the “most respected bank in East Africa” for two years - 2004 and 2005- running in the COYA. Barclays, a public company incorporated in Kenya has operated in Kenya for over 80 years.

Barclays Bank of Kenya is currently the largest business unit in the Barclays Africa family in terms of contribution to profit and size of operations. In Kenya, it boasts a balance sheet worth US \$ 1 Billion which is equivalent to 10% of the country’s GDP.

The bank is the market leader in the retail segment and is aggressively growing its corporate business with numerous world class financial products. The bank pioneered the concept of unsecured retail lending in Kenya where it currently holds a market share of 30%.



The bank has 69 outlets across the country. All the outlets are computer-linked making it possible for customers to access their accounts from any branch as if it were their own home branch for all their cash and cheque transactions. In addition, it has 82 ATMS, the largest number by any bank in Kenya.

The bank was listed in the Nairobi Stock Exchange in 1986 and currently has 34000 shareholders. Its shares are some of the most sought after and are popular with both institutional and corporate customers. The bank has a staff compliment of 1890.

Financial strength coupled with extensive local and international resources have positioned Barclays bank of Kenya Ltd as foremost provider of financial services (BBK annual reports 2004).

## **1.2 Statement of the Problem**

The banking industry, in the recent past, has faced increasing competition and tremendous challenges due to industry globalization, privatization of government-owned banks, adversely changing economic-political patterns and narrowing profit margins this has prompted the industry players to take competition to a higher level i.e. competing on the basis of corporate values.

The classic view of a company as a command and control system with rigidly defined roles and neat boxes for functions and operational units is being called into question increasingly. The banking industry has not been an exception but has also experienced a change in "the rules of the game."

Finally in the light of the recent corporate scandals e.g. the Enron saga (U.S.A), WorldCom, and Andersen (U.S.A), the Euro bank scandal (Kenya), Delphis, and Exchange banks (Kenya), there is a mounting need to discuss corporate values and their role in fulfilling corporate strategic goals.



The researcher has identified the Barclays bank out of its regional recognition as the company with the best human resources practices, the best financial management practices, and the CEO of the year (two years in a row) in the 2005 Company of the Year Awards (COYA). The bank has also been voted as East Africa's most respected bank in the 2004 and 2005 COYA awards. This reflects the company's values, and hence the need to examine the management perception of the impact of these values on the company's competitive advantage.

A wide range of studies has been conducted on this area. In the Kenyan context, these studies include those done by Ongwae (2002), Odit (1994) and Kweyu (1992). The study by Ongwae (2002) focused on the operational level of quoted companies in general while that of Odit (1974) focused on the operations (lower level management) of two companies over time, the study by Martin Kweyu (1992) focuses on corporate social responsibility. This study differs from these three in that it focuses on the strategic (higher level) implications of corporate values in general. This study focuses on only one company, the Barclays bank of Kenya.

Kirui (2003) looks at competitive advantage as being found in corporate technologies and production skills only. However he does not examine corporate values as a source of competitive advantage. This study does. Kerama. (2003) takes a resource – based view of competitive advantage. His study covers only manufacturing firms listed in the Nairobi stock exchange. This study takes values-based view of competitive advantage.

Kibiru. (1999) examines the impact of differentiation of market offerings on competitive advantage whereas Hipisu (2003) examine the relationship between strategic planning and competitive advantage in Kenya's EPZ.

This study differs from the aforementioned in that; it focuses on corporate values in general with particular emphasis on their perceived strategic implications on companies operating within the banking industry, and specifically, the Barclays Bank of Kenya Ltd.

From the foregoing, the study will therefore address the question; Does a value-centered approach make companies significantly more successful at achieving their strategic goals over the long run than they otherwise would? This will depend on whether corporate values are perceived as a source of competitive advantage.

Hence, this study addresses the objectives below.

### **1.3 The Research Objectives**

1. To determine the corporate values of the Barclays Bank of Kenya ltd as perceived by the employees of the bank.
2. To establish whether the company's employees perceive these as sources of competitive advantage and how they perceive their impact on competitiveness.

### **1.4 Importance of the study**

The issues to be raised in this study, and the results thereof, will be valuable to researchers, policymakers and practitioners.

This study will provide a valuable insight to industry players who, henceforth, will take competition to a higher level, wherein, such competition will be on the basis of corporate values.

This study will provide pertinent information for policymaking and planning in the industry. Policymakers will, hence, be able to make informed strategic decisions in the light of increased competition, environmental pressures and awareness.

This study will shade light on the nature and importance of corporate values. It will, thus, assist in focusing research attention to the key issues which determine the success/failure of organizations (i.e feelings and emotions, alongside logical and technical capabilities).

This study will endeavor to give recommendations that will enable the industry survive. In the end, the researcher hopes to be able to advice different players in the industry on how to harness corporate values and enhance competitiveness.

### **1.5 Overview of the proposed research report**

The research report shall be divided into five chapters. Chapter one, the introduction, shall cover the background of the research problem, statement of the problem, objective and importance of the study. Chapter two shall focus on the literature review. It shall explore the concepts of corporate values and competitive advantage. In chapter three, the research methodology shall be brought out. The chapter shall highlight the research design, population, sample and data collection methods. Chapter four shall concentrate on data analysis and findings. It shall cover data analysis and presentations of sample statistics. Chapter five shall be the conclusion. It shall provide the summary, discussions and conclusions. Limitations of the study shall also be presented here followed by recommendations for policy practice and further research .

## CHAPTER 2

### 2.0 LITERATURE REVIEW

#### 2.1 INTRODUCTION

A number of companies have set out their corporate values in a succinct statement that makes reference to quality, customer service, and employee issues (Kramer, 1998). According to Kramer (1998) value statements are intended to set out the guiding principles of the firm and hence should be communicated widely throughout the organization.

Corporate values contribute in the wider context of an organization's vision and strategy. They literally permeate and influence every stage of the business process.

A such if effectively communicated and consistently up held throughout the organization over time, values are likely to have an impact on the company's strategic position (Kramer et al 1998: Hitt et al 1997)

Although much has been said about compliance with and averting fraud through legislation what also needs to be explored is how corporate values can be harnessed to build profitable sustainable organizations.

In light of recent corporate scandals a discussion is building about corporate values and their role in fulfilling corporate strategic goals. In 2002, a major US company, Enron, was accused of accounting malpractice. WorldCom, Endersen and Tyco followed suite. Ngaru (2005) argues that the lessons of these corporate failures have not made a major impact on the corporate scene. He observes that, ever since the Enron debacle, corporate scandals have kept popping up with amazing regularity. In Kenya, the Euro bank, the Delphis Bank, and the Exchange bank went under amid accusations of poor corporate governance practices and adoption of inappropriate values.

## **2.2 THE NATURE OF CORPORATE VALUES.**

Values are abstract ideas that guide thinking and action. Organizational values are closely tied to the fundamental underlying beliefs that managers have about the business and about people (Kramer et al 1998; Johnson and Scholes 2002)

According to Johnson and Scholes (2002) corporate values are those relatively few important beliefs held to be crucial for the success of a given organization. He argues that, these beliefs and convictions substantially drive the behavior of people in an organization.

Though abstract, vague and difficult to define, values are revealed by the actions people take, what people think, and how they allocate their time, energy and skills. For instance, a commitment to high performance reflects fundamental beliefs (Lynch 2000).

As pillars of an organization's corporate culture, values can be distinguished from beliefs. Values are the basic assumptions about which deals, are desirable or worth striving for. Beliefs, on the other hand, include basic assumptions about the world and how it really works. They derive from personal experience and are reinforced by it. They are shaped, to some extent, by the judgment and expertise of others (Pearce and Robinson 2002)

Values are, therefore, the bed rock of an organization's corporate culture and reflect the organization's personality characteristics i.e. they represent the corporate character reflecting the attitude of its people (Rowe et al, 1994).

## **2.3 CORPORATE VALUES AND BUSINESS PROCESS**

### **2.3.1 Vision**

A vision or strategic intent is the desired future state of the organization. It is an aspiration around which a strategist, perhaps a chief executive, might seek to focus the attention and energies of members of the organization (John and Scholes 2002 pp 13).



Corporate vision reflects a strongly held value. The way the vision is articulated and developed reflects values. For instance, is it the work of a few senior managers or a subject in which many have shared because participation and listening are corporate values? According to Kramer (1998) a statement of corporate vision is a profound insight into the direction and goals of an organization.

David Kirk in Kramer (1998) argues that visions must be rational, emotional, distant, big and engaging. The strategic leaders values are of central importance. He argues that leaders of potential world class – teams ask for sacrifices in time and effort since the vision unites and involves at the highest level. As such, shared values contribute towards the realization of corporate vision.

### 2.3.2 Strategy

Strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations (Johnson and Scholes 2002: Ansoff and McDonell 1990)

Hitt et al (1997) define a strategy as an integrated and coordinated set of commitments and action, designed to exploit core competences and gain a competitive advantage. By strategy, therefore, managers mean their large-scale, future oriented plans for interacting with the competitive environment to optimize achievement of organization objectives (Pearce and Robinson 2002)

A competitive strategy consists of all the moves and approaches a firm has taken and is taking to attract buyers, with stand competitive pressures and improve its market position (Strickland et al 1993).

Strategy sets out the mission of the company. A mission is a general expression of the overall purpose of the organization, which, ideally, is in line with the values and

expectations of major stakeholders and concerned with the scope and boundaries of the organization. (Johnson and Scholes pg 13). According to Newman et al 1989), strategy reflects the choice of the key services that the organization will perform and the primary basis for distinctiveness in creating and delivering such services.

Corporate values dictate strategy. They influence the managers choice of mission, goals and objectives of the firm. They guide managers in deciding what to do, and form the basis of distinctiveness in creating and delivering services, and their coordination. Corporate values provide the basis for strategy formulation; which are the primary tool managers use to guide companies in their turbulent existence (Banerjee 1998:McCarthy et al 1996).

The mission of the firm is influenced by corporate governance arrangements, stakeholder expectations, business ethics and corporate culture. Corporate governance practices determine whom the organization is there to serve and how the purposes and priorities should be decided. Stakeholder expectations, values and the extent to which they exercise their power shapes` the organization`s strategy (Johnson and Scholes 2002)

Corporate governance, as a value, has over years become more complex for two main reasons (Kotter and Heskett 1992). First, the separation of ownership and management control, and second; the increasing tendency to make organizations more visibly accountable (integrity and disclosure of information) to a wide range of stakeholders. Corporate social responsibility has obliged organizations to re –define their ethical stance and hence their relationship with the wider society within which they operate.

### 2.3.3 Organization Structure.

Organization structure refers to the formal reporting relationships and responsibilities within a company (Johnson and Scholes 2002). According to Pearce and Robinson (2002), the structure is the division of tasks for efficiency and clarity of purpose, and coordination between interdependent parts of the organization to ensure organizational



effectiveness. They argue that organization structure balances the need for specialization with the need for integration. It provides a formal means of decentralizing and /or centralizing, consistent with the organizational and control needs of the strategy.

According to Lynch 2000, an organization is necessary if strategic purpose is to be accomplished. Thus, organizational structure is a major priority in implementing a carefully formulated strategy if activities, responsibilities and inter relationships are not organized in a manner that is consistent with the strategy chosen, the structure is left to evolve on its own. If strategy and structure are not coordinated, the result will probably be inefficiencies, misdirection, and fragmented effort (Ansoff and Mc Donnell 1996)

Designing the structures is a rigorous and intellectual exercise. But structures also reflect corporate values. For instance, do they facilitate teamwork or conflict? Do they create whole jobs where people can grow and develop or narrow highly defined jobs? Do they empower or constrain human endeavor? (Kramer et al 1998)

The most important resource of an organization is its people so, how people are organized is crucial to the effectiveness of strategy. Corporate values influence the way authority to make strategic and operational decisions is mapped on the structure i.e. whether centralized or decentralized. Corporate values play a central role in the process of resource allocation and control (Johnson and Scholes 2002) For instance how much of the organizations resources are committed to employee empowerment, community initiatives, customer service delivery, and organizational growth (i.e. investment) reflect the organization's values.

Organization structure is influenced by such factors as ; the purpose of the organization , how important innovation is , the complexity and rapidity of environment change, the diversity in the organization, the extent of reliance on simple or complex technologies and stakeholder expectations i.e. how answerable the top executives are to external stakeholders e.g. is the organization a private or a public body (Ansoff and Mc Donnell 1990)

### 2.3.4 Systems

Formal management systems are the explicit arrangements for guiding and controlling the work of complex goal – seeking organizations. According to Pearce and Robinson (2002) corporate values influence the way key managerial tasks are executed and critical management relationships are formed.

A key aspect of implementing strategy is the need to institutionalize that strategy so that it permeates daily decisions and actions in a manner consistent with long-term success.

According to Ansoff and Mc Donnell (1990) there are three basic types of management systems. The control system guides the firm on the basis of historical performance, the extrapolative system is forward- looking and based on the assumption that the future can be predicted through exploitation. The entrepreneurial system expects the future to be discontinuous and surprising. The specific system adapted depicts the management's distinctive perception of the future environment of the firm. That is, whether the environment will change incrementally and slowly, or incrementally and fast.

Systems must be designed consistent with corporate values. Systems in their design and operation reflect corporate values. For instance, are they designed to command and control from above or designed to encourage self-control/ is information freely available to many or held as a power instrument by a few (Kramer et al 1998)?

Pearce and Robinson (2002) argue that corporate values have a pervasive influence on organizational life but people working in an organization do not ordinarily recognize this because the basic assumptions and preferences guiding thought and action tend to operate at a preconscious level and remain outside their realm of awareness.

Shared words, actions, doings and feeling may be apparent but the underlying beliefs values are frequently instated and not always obvious (Bosman and Phatak 1989).

If corporate values guide organizational thinking and action in ways that are out of keeping with the needs of business and its strategy, corporate values become ineffective, regardless of their efficiency.

### 2.3.5 Leadership

The firm's mission, strategy and key long-term objectives are strongly influenced by the personal goals and values of its chief executive officer. To the extent that CEO invests time and personal values in the chosen strategy, he or she represents an important source for clarification, guidance and adjustment during strategy implementation (Pearce and Robinson 2002)

The CEO can transform the corporate vision to personify new strategies and values. According to Johnson and Scholes (2002) the real success secret of well run companies is their style of leadership, particularly a style that boosts productivity by empowering employees to be both motivated and innovative.

Lasting success needs leaders at all levels in the organization. Unless middle managers provide leadership for the new strategies and live the corporate values day – by – day, success will be elusive. They are role models (Pearce and Robinson 2002).

With effective leadership, values become infectious. They affect people's habits of thinking, their ways of relating to one another, the techniques they employ and the policies, rules, procedures and job descriptions they work by (Johnson and Scholes 2002).

The leadership style adopted reflects corporate values. For instance, a participative approach reflects the leaders regard for his followers, as well as the desire to grow and develop them.

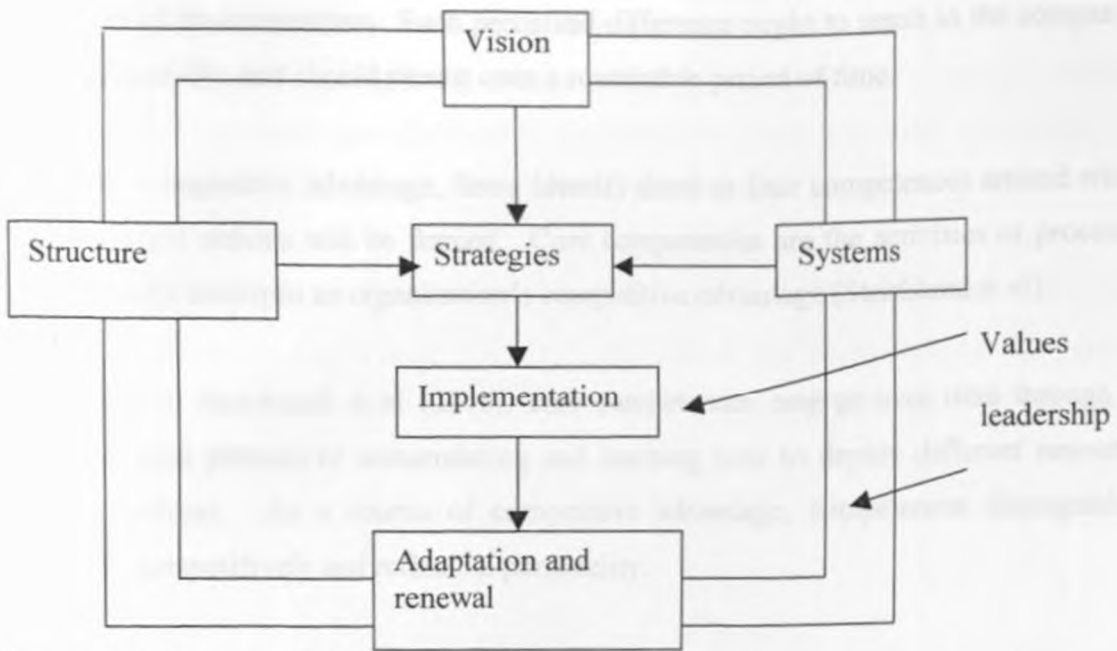


Figure 1. Values and the business process  
 Kramer et al (1998)

PG 5-2 part V

## 2.4 COMPETITIVE ADVANTAGE

A company has a competitive advantage whenever it has an edge over rivals in securing customers and defending against competitive forces (Johnson and Scholes 2002: Porter 1999).

Sustainable competitive advantage has a reasonable lasting effect and helps the company to achieve its strategic goals. To be sustainable, competitive advantage needs to be embedded in the organization – its resources, skills, culture, and investment over time (Porter 1998).

According to Hitt et al (1997) companies create sustainable competitive advantage whenever customers consistently perceive positive differences e.g. in quality, uniqueness value or cost competitiveness, between the products or services offered by the company

and those of its competitors. Such perceived difference ought to result in the company's greater capability and should persist over a reasonable period of time.

To create competitive advantage, firms identify three or four competences around which their strategic actions will be framed. Core competences are the activities or processes that critically underpin an organization's competitive advantage (Strickland et al).

According to Strickland et al (2003), core competences emerge over time through an organizational process of accumulating and learning how to deploy different resources and capabilities. As a source of competitive advantage, competences distinguish a company competitively and reflect its personality.

Sustainable competitive advantage is only achievable where the firm's capabilities are valuable (i.e. can enable the firm exploit opportunities and / or overcome threats), rare (i.e. are possessed by few, if any, current or potential competitors), costly to imitate (i.e. those that other firms cannot develop easily, may be because of unique historical conditions, social complexity or causally ambiguous, and non-substitutable (i.e. do not have strategic equivalents).

A competence is causally ambiguous if competitors are unable to understand clearly how a firm uses its competences as a foundation for competitive advantage i.e. competitors are uncertain about the competences they should develop to duplicate the benefits of a competitor's value – creating strategy (Hitt et al 1997). They argue that, two valuable resources are strategic equivalent when each can be exploited separately to implement the same strategy.

In the service industry e.g. banking, hotels, airlines etc. Companies create sustainable competitive advantage via reputation for service, highly trained and competent staff, superior customer service, well-known brand name and a strong customer orientation. (Strickland et al 2002).



The more invisible capabilities are the more difficult it is for firms to find substitutes and the greater the challenge to competitors trying to imitate a firm's value – creating strategy. Examples of non-substitutable capabilities are firm – specific knowledge, and trust based working relationships between managers and non- managerial personnel.

Corporate values can be harnessed to gain an edge over competitors. Employee empowerment as a value is vital. The skills and knowledge of the firm's human capital may be the primary basis for all its capabilities. Capabilities of this type emerge by developing human capital and sharing information regarding how tangible and intangible resources can be combined in strategically relevant ways.

Understanding and valuing what customers value- or might value in the future – is important. This includes customers' threshold requirements, which must be met by every potential provider. This constitutes a critical success factors that customers particularly value, and therefore, where an organization must excel to outperform competition. (Johnson and Scholes 2002). As such, a strong customer orientation is key to strategy success.

However, what customer's value will change with time, so core competence will be eroded. On the other hand, the benefits provided by all competitive advantage can be duplicated. Because of this, Johnson and Scholes (2002) recommend that, firms must exploit their current competitive advantage while simultaneously using their resources capabilities and core competences to develop advantages that will be relevant in the future.

## CHAPTER 3

### 3.0 RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter discusses the overall methodology was used in the study. The topics covered include; the research design, population, sampling, and analysis.

#### 3.2 The Research Design

The research design was exploratory case study of the Barclays Bank of Kenya limited. The researcher sought to examine responses from both managerial and non-managerial staff of the bank.

According to Voss et al in Nengo (2004), case studies can lead to a new and creative insights, development of new theory and have high validity with practitioners (in this case BBK) who really are the ultimate users of research.

Exploratory case study design was chosen, a key goal being to open up issues for future research consideration, which in fact is a usual practice in research (Cooper and Schindler in Nengo, 2004).

#### 3.3 The Population

The population of study consisted of all the employees of the Barclays Bank of Kenya ltd. According to Mohamed (2005) the bank has a staff compliment of 1890.

#### 3.4 The Sample And The Sample Design

A sample of 800 employees was considered adequate to provide a general view on the employees understanding and awareness of corporate values of the bank as well as to determine their perception on the strategic capability of the said corporate values.



UNIVERSITY OF NAIROBI  
DIPLOMA LIBRARY

Sampling was by stratified random sampling method based on the four major departments of the bank i.e Retail, Corporate, Finance and Human Resources. The sample represented, fairly equally, staff from all these departments.

### **3.5 Data Collection**

This study used primary data. The data was collected using a questionnaire containing both structured and unstructured questions.

However due to time and cost limitations, the researcher contacted more of the employees based within and around Nairobi than those in up country branches. The sample was good representation of the company since the majority of the employees work within and around Nairobi where the Company's head office is located (centre for policy guidelines on the bank's operations and practices).

The researcher anticipated 80% response rate. Similar studies have recorded less than 100% response. For instance, Mcharo (2003) had a 56% response rate.

The questionnaires were administered using the "drop and pick later" method as well as via the corporate intranet. Follow up was done via personal visits, telephone calls, and emails to facilitate responses and also enhance the response rate.

The questionnaire consisted of three sections (See Appendix 2). Section I consisted of questions designed to capture general information on the respondent, while section II contained questions aimed at determining the respondent's awareness of the nature and existence of corporate values. Section III contains questions on a Likert scale aimed at determining the respondent's perceived impact of corporate values on the bank's competitiveness.

### **3.6 Data Analysis Method**

The data collected was analyzed using descriptive statistics. This involved the use of frequency tables, percentages, and means scores.

## CHAPTER 4

Frequency tables were used for arraying data obtained to facilitate working out percentages in order to partly address the first objective of the study.

## 4.1 DATA ANALYSIS

Percentages revealed the proportions of different attributes being studied for relative comparison. Data collected using rating scales, such as the Likert scale, was analyzed by mean scores to address the second objective of the study.

The respondents were divided into data systems. Data was analyzed using statistical software and mean scores.

## 4.1.1

A pilot was conducted by way of the statistical methods sampling technique based on major functions of the bank i.e Finance, Retail, Operations and Human resources. The study focused a sample of 200 respondents who worked in

## 4.1.1.1

The respondents were 17% (11) respondents out of 600. The responses were analyzed and validated by the researcher for purposes of data analysis. This will give more insight such as Husted (2007) with 20% (100/4/1)

## The sample

Gender	Frequency	Percentage
Male	129	64.5
Female	67	33.5
Total	196	98

## 4.0 DATA ANALYSIS

## 4.1 Introduction

The questionnaires were edited and coded once they were filled in. All questionnaires returned by the respondents were usable for data analyses. Data was analyzed using frequency tables, percentages and mean scores.

## 4.1.1 The Sample

A sample of 800 was selected by way of the stratified random sampling technique based on the four major functions of the bank i.e Finance, Retail, Corporate and Human Resources, wherein, for each function, a sample of 200 respondents was picked at random.

## 4.1.2 The response rates

The overall response rate was 67% (537 respondents out of 800). The response rate was deemed adequate and sufficient by the researcher for purposes of data analysis. This compares well with other studies such as Mcharo (2003) with 56%.(Table 4.1)

Table 4.1 The sample

Department	Sample	Frequency	Percentage
Finance	200	109	55
Retail	200	167	84
Corporate	200	127	64
Human resources	200	134	67
total	800	537	67

**Table 4.2 The response rate**

Department	Frequency	Percentage
Retail	109	20
Finance	167	31
Corporate	127	24
Human resources	134	25
total	537	100

The response rate was highest from the Retail function.

#### 4.1.3 Profile of the respondents

Responses were gathered from both the management and non-management staff in reliable and representative proportions. As such, the study was based on the views and perceptions of the employees at all levels of the organization hierarchy.

**Table 4.3 Response by Management and Subordinates**

	Frequency	Percentage
Management	121	23
Non-management	416	77
Total	537	100

**Table 4.4 Respondents by their number of years of service in the bank**

Number of years	frequency	Percentage
Less than 10	166	31
Between 10 and 20	249	46
Over 20	122	23
total	537	100

23% of the respondents had worked for the bank for a period of more than 20 years while 46% thereof had worked for the bank for a period of between 10 and 20 years. This implied that, majority of the respondents had experienced the bank's systems, culture, structure, leadership style and customer service for over 10 years. As such, the researcher could adequately rely on their responses. (Table 4.4)

**Table 4.5 Number of formal work group members into which respondents fall**

Number of members	Frequency	Percentage
Less than 10	81	15
Between 10 and 20	289	54
Over 20	167	31
Total	537	100

54% of the respondents belonged to formal work groups comprising of 10 to 20 members whereas 31% thereof belonged to a formal group of over 20 members. As such, majority of the respondents belonged to formal work groups wherein they observed and experienced common or shared values, if any, and the impact of such values on team performance and that of the entire company. (Table 4.5)

#### **4.2 Respondents awareness of the nature and existence of corporate values.**

The first objective of the study was to identify the corporate values of the bank, as per the perceptions of the employees.

All respondents were aware and conversant with the bank's mission and goals. They all identified the goals of the bank as profitability and growth, employee empowerment, good corporate citizenship and customer satisfaction. They all confirmed the existence of written statements of values, and of desired behaviors (known in the company as "the Barclays Behaviors").

The researcher set out to establish the extent to which the bank's mission incorporated and reflected the said values of good governance, customer service, employee empowerment, good corporate citizenship and the company's profitability and growth.

**Table 4.6 Extent to which the banks statements of values and desired behavior cover governance, customer service, employee empowerment, profitability and social responsibility.**

	Sufficient		Adequate		Neither		Inadequate		Insufficient	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Corporate governance	193	36	269	50	-	-	75	14	-	-
Customer service	154	29	381	71	2	-	-	-	-	-
Employee empowerment		-	461	86	1	-	75	14	-	-
Profitability	230	43	306	57	-	-	-	-	-	-
Community	75	14	349	65	75	14	38	7	-	-

50% of the respondents stated that the bank's statement, of values and desired behaviors adequately covered the values of professionalism, integrity, competence, accountability, confidentiality and objectivity.

71% of the respondents perceived the bank's value statement as adequately addressing the values of what customers' value, timeliness of service, communication and positive brand image.

86% perceived that employee empowerment (recognition, rewards, support, training, teamwork, user friendly technology and opportunity for growth and development) as a value, had been adequately covered in the bank's statements of values and desired behavior.

43% of the respondents' perceived profitability and growth, as values of the bank, had been sufficiently covered. According to 57% of the respondents these values are adequately covered.

According to 65% of the respondents perceived that corporate social responsiveness and sound ethical practices were adequately covered in the banks statements of values and desired behaviors. (Table 4.6)



In conclusion therefore, good corporate governance, customer service, employee empowerment, good corporate values, and profitability and growth are the banks core values as per the employee's perception.

#### 4.3 The extent to which the banks values have been operationalized

The researcher explored the respondent's perception of the extent to which the banks values had been operationalized. All respondents confirmed that these values were communicated and embodied in the bank's day-to-day operations via official pronouncements by the management, training, company publications and circulars, rituals, recognition and reward, sharing stories and experiences, team events and the incorporation of the values in employee performance appraisal plans as key performance measures.

All respondents agreed that these values and behaviors guided their thinking, action and choice of day-to-day decisions at work. 62% of the respondents perceived these values as greatly influencing their thinking and action whereas 13% perceived the influence as absolute. (Table 4.7)

**Table 4.7 Extent to which respondents perceive values as influencing their thinking, action and choice of decisions**

	Absolutely		Great extent		Moderate		Less Extent		Least extent	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Influence on thinking and action	69	13	332	62	134	25	1	-	1	-

85% of the respondents agreed that these values were strongly shared and made Barclay's staff unique and one-of-a-kind. 77% of the respondents agreed that the bank's mission and goals had been influenced by these values. 69% of the respondents agreed that the organization structure (i.e the established lines of authority and reporting) reflected these values. 92% of the respondents agreed that the leadership style at Barclays reflected these



values and behaviors. 54% of the respondents agreed that the management style, systems and processes at Barclays reflected the banks values. 38% neither agreed nor disagreed.

38% of the respondents perceived that employee expectations had strongly influence these values. 31% disagreed. 54% of the respondents perceived customer expectations to have strongly influenced these values. 8% strongly agreed thereof.

7% of the respondents perceived agreed that shareholder expectations (Barclays plc, the parent company) had strongly influenced these values. 31% of the respondents agreed that the expectations of the society had strongly influenced the banks values. However, 54% neither agreed nor disagreed. (Table 4.8)

**Table 4.8 Extent to which respondents perceive the banks values to have been operationalized**

	Strongly agree		Agree		Neither		Disagree		Strongly disagree	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Strongly shared	-	-	456	85	41	8	38	7	2	-
Choice of mission and goals	42	8	413	77	82	15	-	-	-	-
Organization structure	1	-	370	69	123	23	43	8	-	-
Leadership style	-	-	494	92	42	8	1	-	-	-
The system	2	-	287	54	204	38	44	8	-	-
Employee expectations	-	-	209	38	166	31	162	31	-	-
Customer expectations	43	8	289	54	123	23	82	15	-	-
Shareholder expectations	123	23	411	77	3	-	-	-	-	-
Societal expectations	4	-	168	31	286	54	79	15	-	-

**4.3 Respondent's perception of the impact of these values on the bank's competitive advantage**

The second objective of the study was to determine whether the employees perceived the bank's corporate values as sources of competitive advantage. 54% of the respondents stated that the banks customers, to a large extent, perceived a positive difference in the way Barclays conducted business and how competitors conducted theirs.

85% of the respondents perceived these values as important in enabling the bank overcome threats from competitors as well as in securing customers. 15% perceived these values as extremely important in this respect.(Table 4.10)

**Table 4.9 Extent to which respondents perceive the impact of the banks values on competitiveness**

	Not at all		Little		Moderate		Large extent		Very large extent	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Positive difference	-	-	40	8	203	38	286	54	8	-

**Table 4.10 Extent to which respondents perceive the banks values as important in enabling it exploit opportunities and overcome threats**

	Extremely important		Important		Moderately important		Less important		Not important at all	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Importance	80	15	455	85	2	-	-	-	-	-

The researcher explored whether the banks employees perceived these behaviors as core competences and, hence, sources of sustainable competitive advantage. All respondents agreed that these values and behaviors made a unique resource to the bank.

54%of the respondents perceived these values as a unique resource to the bank because, to a large extent, they are rare ( that is, possessed by few, if any, current potential competitors) whereas 46% perceived the values to be unique because, to a large extent, they are costly to imitate (cannot be easily and quickly developed profitably by

competitors. 62% of the respondents perceived these values to be a unique resource to the bank because, to a moderate extent, they are causally ambiguous. 46% of the respondents perceived these values to be a unique resource to the bank because, to a large extent, they are non substitutable.

From the foregoing, it can be concluded that the employees of the bank perceive these values as impacting positively on the bank's competitiveness. Hence, they are sources of competitive advantage.

#### 4.4 Respondents perception of how the banks values impact on its competitiveness.

All respondents perceived the banks values as translating into competent and motivated personnel, loyal customers, good corporate citizenship, well known brand, goodwill, trust-based relationship between managers and subordinates, and hence profitability and growth in the long run.

**Table 4.11 Extent to which the respondents perceived these factors as enabling the bank exploits opportunities and overcome threats in the environment, and particularly within the banking industry.**

	Not at all		Little		Moderate		Large extent		Very large extent	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Rare	-	-	42	8	209	38	286	54	-	-
Costly to imitate	-	-	85	16	207	38	245	46	-	-
Causally ambiguous	40	8	118	22	332	62	44	8	3	-
Non substitutable	41	8	168	31	247	46	81	15	-	-

38% of the respondents perceived competent and motivated personnel as contributing to a large extent, towards the company's competitive edge against competitors.

62% of the respondents perceived that customer loyalty contributed to a large extent towards the banks competitive edge. So was the perception of 77% of the respondents regarding brand image and good corporate citizenship.

46% perceived that the banks reputation gave it an edge over its competitors to a large extent. 62% of the respondents perceived that the banks competitive edge emanated from its profitability and financial strength. 38% of the respondents perceived that a trust-based relationship between managers and their subordinates, to a large extent, gave the bank an edge over its competitors. (Table 4.11)

70% of the respondents agreed that the banks corporate values made an immense contribution towards the banks success in the long term.

**Table 4.12 Extent to which respondents perceive the banks values as translating into competences**

	Not at all		Little		Moderate		Large extent		Very large extent	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Competent and motivated personnel	-	-	123	23	203	38	206	38	5	1
Customer loyalty	-	-	38	7	122	23	331	62	44	8
Brand image	-	-	-	-	42	8	413	77	81	15
Corporate social responsibility	-	-	-	-	123	23	412	77	2	-
Reputation and goodwill	-	-	5	1	80	15	245	46	207	38
Profitability	-	-	-	-	123	23	332	62	82	15
Trust-based relationships between managers and subordinates	-	-	121	23	167	31	207	38	42	8

**Table 4.13 Extent to which the respondents perceive the banks values as contributing towards the bank's success in the long term**

	Strongly agree		Agree		Neither		Disagree		Strongly disagree	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Contribution to company success in the long term	81	15	374	70	82	15	-	-	-	-

*Values, Dimensions and Correlations*

In the study of BOK, the bank has a mission to be the leading financial institution through customer responsiveness, profitability and growth, good leadership and customer-oriented service.

The bank's mission, vision, values, employee commitment, and growth as well as good corporate citizenship are the basis of the bank's success. All the employees embrace and uphold, according to the research findings, bank values that have been integrated with strategies, systems and all other organizational plans. This is consistent with the observations of Grew and Thompson (1991). As such, bank values form the backbone of the bank's success.

The bank's employees are committed and consistently involved in the bank's day-to-day activities. This confirms the observations of Kellow et al. (1998) and Kellow (1999). They have been empowered in the employee's performance, autonomy, they make the manager's choices, actions and day-to-day decisions at work, which strongly affect the organization.

However, the bank perceives these corporate values as the source of sustainable success. They generally recognize values as important in creating the bank's



## CHAPTER 5

### 5.0 SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This study intended to determine the corporate values of the Barclay's bank of Kenya (BBK), to establish whether the company's employees perceived these as sources of competitive advantage and how they perceived their impact on competitiveness

#### 5.2 Summary, Discussions and Conclusion

According to the employees of BBK, the bank has a mission to be the leading financial institution in Africa through employee empowerment, profitability and growth, good corporate citizenship and excellent customer service.

Good corporate governance, excellent customer service, employee empowerment, profitability and growth as well as good corporate citizenship are the basis of the bank's core values that all the employees embrace and uphold. According to the research findings (Table 4.8 above), these values have been integrated with strategies, structures, systems and all those who implement them. This is consistent with the observations of Lynch (200) and Banerjee (1998). As such, these values form the bedrock of the bank's corporate culture.

These values are effectively communicated and consistently embodied in the bank's day-to-day operations/activities. This confirmed the observations of Kramer et al (1998) and Hitt et al (1997). They have been incorporated in the employee's performance measures. As such they guide the employee's thinking, actions, and day-to-day decisions at work. Hence, they are strongly shared throughout the organization.

The employees of the bank perceive these corporate values to be sources of sustainable competitive advantage. They perceive corporate values as important in enabling the bank



overcome threats from competitors as well as securing customers, since customers to a large extent perceive a positive difference in the way Barclay's bank conducts business and how competitors conduct theirs. This is in line with the observations of Thomas Peter in Kramer et al (1998).

Corporate values at Barclay's bank are perceived by employees as are perceived to be costly to imitate, (i.e. take time and other resources to nurture and develop), rare, causally ambiguous and non-substitutable (Table 4.11). As such, they enable the bank to exploit opportunities and/or overcome threats within the banking industry via competent and motivated personnel, customer loyalty, popular brand, good reputation for the bank, good corporate citizenship, trust: based on relationship between managers and subordinates and hence profitability and growth in the long-run (Table 4.12). Employees perceived these corporate values as indispensable in the bank's quest for success and market leadership in the long term (Table 4.13).

In conclusion, therefore, these corporate values that serve all stakeholders have formed a foundation for effective vision and strategies. At Barclays, employees perceived these shared values to have transformed a group of individuals into a coherent competent team. These corporate values thus recognize that, to secure excellent performance, the bank has to manage not only logical and technical capacities but also feelings and emotions. The bank relies on people-centered value systems for profitability and growth in the long run.

### **5.3 Recommendations**

There are 43 banks in Kenya, all accepting deposits, issuing cheque books, accepting cheques, as well as advancing loans to customers. How a particular bank does this is a key success factor.

Corporate values may form the basis for a differentiation strategy in the banking industry. In this case, competitive advantage would result when enough customers become strongly attached to the differentiators' product offering. This is the case with Barclays

Bank of Kenya Ltd, as per the employees thereof. If this case holds true for Barclays, other banks ought to follow suit. According to the employees of Barclays, the corporate values upheld by the bank give it an edge over competitors since employee empowerment and good corporate governance have led to motivated, competent, reliable and efficient workforce, excellent customer service, top-of-the-line image, and brand loyalty and hence a reputable bank which is a notch higher than competitors.

An effective value-based differentiation strategy, may thus enable a firm create barriers to entry into the industry via customer loyalty (uniqueness of service delivery), minimize buyer bargaining power, since rival's products become less attractive, fend off threats from substitutes as well as boost profit margins if the company charges higher price. Corporate values, generally, will tend to be harder for rivals to copy quickly and profitably. Well-articulated corporate values can inspire employees and customers as well as help build profitable, sustainable organizations.

#### **5.4 Limitations of the Study**

The study also suffered problems associated with questionnaire-based data collection method, like misunderstanding of the questions and willfully giving misleading information where suspicion became a major issue. Since the study was a survey, and predetermined questions were used, respondents may have been forced to respond to questions that they did not even understand.

#### **5.5 Suggestions for Further Study**

The study focused on the perception of the employees of Barclays bank of Kenya ltd only. The researcher suggests that future studies could be done, which focus on the other stakeholders. That is the perceptions of customers, competitors, shareholders and the general public as regards the strategic contribution of corporate values towards the company's competitiveness in the long run. This would help the researcher bring out other aspects and pertinent issues relating to the strategic capability of corporate values.

Further, cross-sectional studies could be done, wherein; the perception of competitors would be brought into perspective.

Annual Report of Karpis Limited, 2004 Annual Report

Chandler, A. D. (1962) *Strategy Management*, 7th Edition, John Wiley, New York USA

Chandler, A. D. (1967) *Strategy Management*, Macmillan Publishers, London, UK

Chandler, A. D. (1975) *Managing Economic Growth*, John Wiley, New York USA

Chandler, A. D. (2000) "Marketing & Information: In The Banking Industry" - Daily Business 197-2000 Finance Publications House

Chandler, A. D. (2001) Survey on the relationship between the Financial Environment, Performance of Employees in Commercial Bank in Nigeria. Unpublished MBA project of Nigeria

Chandler, A. D. (1970) *Management Strategy and Business Development*, Macmillan, New York USA

Chandler, A. D. (1973) *International Business Analysis Through And Competitive Advantage in The EPC in Korea*, Unpublished MBA report, U.S.N

Chandler, A. D. and Hirschman, I. (1977) *Strategy Management* second Edition, West Publishing, New York USA

Chandler, A. D. (1962) *Expanding Corporate Activity*, 7th Edition, Boston, H.C.C

Chandler, A. D. (2001) *Business Report: New of Commitment to Society of Banking Sector (BSE) in the world*, Unpublished MBA report (U.S.N)

Chandler, A. D. (1990) *Foundations of Corporate Strategy*, Oxford University Press, London, UK

Chandler, A. D. (1995) *Assessing Competitive Advantage through Differentiation of Market Segments: A case of financial institutions in the banking industry*, Unpublished MBA report (U.S.N)

Chandler, A. D. (2001) "Marketing Commercial Bank" - KASB 2011 West Ltd- April 2001

## REFERENCES

- Banerjee, B.P. (1998): **Corporate Strategies** Oxford University Press, London, Great Britain.
- Barclays Bank of Kenya Limited; 2004 Annual Report
- Baseman, G. & Arvind Phatak (1989): **Strategic Management** 2<sup>nd</sup> Edition. John Wiley & Sons New York USA
- Bowman C & Asch D (1987): **Strategic Management**, Macmillan Publishers, London, Great Britain.
- Central Bank of Kenya (2005): Monthly Economic Review. May 2005
- Griffiths Frank (2005) “ **Making A Difference In The Banking Industry**”. Daily Nation January 18<sup>th</sup> 2005 Nation Publishers Nairobi.
- Gumato Ukur (2003): Survey of the relationship between the Perceived Empowerment and Job Satisfaction of Employees in Commercial Banks in Nairobi. Unpublished MBA report. University of Nairobi.
- Hannah Leslie (1976): **Management Strategy and Business Development** Macmillan Press Ltd, New York, USA
- Hipisu George (2003) : Relationship Between Strategic Planning And Competitive Advantage In The EPZ In Kenya. Unpublished MBA report, U.O.N
- Hitt M, Ireland R and Hoskisson R (1997) **Strategic Management** Second Edition West Publishing Company New York USA.
- Johnson G, Scholes K (2002): **Exploring Corporate strategy** 6<sup>th</sup> Edition Prentice Hall
- Kerama L. N (2003) : Resource- based view of Competitiveness; A survey of Manufacturing Firms listed in the NSE. . Unpublished MBA report U.O.N
- Key John (1993): **Foundations of Corporate Success** Oxford University Press, London, Great Britain.
- Kibiru C R(1999): Achieving Competitive Advantage through Differentiation of Market Offerings : A case of chemical fertilizers importing company's in Kenya. Unpublished MBA research project. U.O.N
- Kithinji A. (2004) “ **Restructuring Commercial Banks**” KASNEB News Line April-June Edition.

Kirui S. (2003): *Competitive Advantage through Outsourcing of Non Core Logistics within the supply chain of B A T Kenya Ltd.* Unpublished MBA research project. U.O.N

Kotter and Heskett (1992): **Corporate Culture and Performance** The Free Press New York USA.

Kramer, T. R; Thompson, A. Strickland A. J (1998): **Readings In Strategic Management**, 10<sup>th</sup> edition Mc Graw Hill Boston USA.

Kweyu M. (1993): *Managerial Attitudes towards Business Social Responsibility: The case of Bank managers in Nairobi.* Unpublished MBA report. University of Nairobi.

Lynch Richard (2000): **Corporate Strategy** 2<sup>nd</sup> Edition Prentice Hall, New York, USA.

MaCarthy D.J, Minichiello, R.J: Curran J.R (1996): **Business policy and Strategy** 4<sup>th</sup> Edition Richard Iiwin Inc, New Delhi India.

Mcharo c, (2003): *Foreign Direct Investment Determinants; The case of Citi Bank clients investing in Kenya.*

Mohammed Adan , (2005): “ Managing Director’s Feature “ The Country Focus Magazine Barclays Africa and Middle East, Saxonwold South Africa.

Nengo k (2004): *Proactiveness Of The Operation’s Functions : The Case Of Kenya Power And Lighting Company.* Unpublished MBA Report UON.

Ngaru I(2005): “Valuable Lessons From Enron’s Collapse” Daily Nation January 18 2005 Nation Publishers Nairobi.

Njagi ,R (2003): “A survey of the Application of Performance Management Principles in the Kenyan Commercial Banking Industry”. Unpublished MBA report UON.

Odit F. J. (1974): *The Kenyan Supervisor and his Attitudes. A case of two companies.* Unpublished MBA report. University of Nairobi.

Ongwae C. O. (2002): *A survey of the practices of Value Based Management by companies quoted at the NSE.* Unpublished MBA report. University of Nairobi.

Pearce J.A, Robinson R.B (2002): **Strategic Management: Strategy Formulation and Implementation.** 3<sup>rd</sup> Edition., A.I.T.B.S Publishers, New Delhi India.

Porter, M (1998): **Competitive Advantage: Creating and Sustaining Superior Performance,** Free Press New York USA

Porter , M (1999): **Corporate Strategy** Free Press New York USA.

Porter , M (1996): 'What is Strategy' Harvard Business Review Vol. 74 No. 6

Rowe. A.J, Mason R.O, Dickel K.E, Mann (1994) R.B Mockler R.J: (1994): **Strategic Management\_A methodological Approach** 4<sup>th</sup> Edition. Addison – Wesley Publishing Co.

Strickland and Thompson (2003): **Strategic Management: Concepts and Cases** 13th Edition Tata McGraw Hill Publishing Company, New York USA.



**Appendix 1: Introduction Letter**

Dear Colleague,

**RE: RESEARCH INFORMATION**

I am a Customer Advisor working with the Barclays Bank of Kenya, and a postgraduate student at the Faculty of Commerce, University of Nairobi.

As part of my MBA (Strategic Management) course requirements, I am undertaking a research project that seeks to determine the corporate values of the Barclays Bank of Kenya Ltd as well as to establish whether the employees of the bank perceive these as sources of competitive advantage.

To fulfill the information requirements for my study, I intend to collect primary data from you, by way of a questionnaire.

The information requested is needed for purely academic purposes and will be treated in strict confidence, and will not be used for any other purpose than for this research.

I would be grateful if you fill the questionnaire as accurately as possible. Any additions information you might consider necessary for this study is welcome.

I appreciate your assistance.

Thank you in advance.

Yours sincerely

Julius Caesar Mutemi

**Appendix 2: QUESTIONNAIRE**

Kindly answer the following questions as accurately as possible. Your answer shall be treated with confidentiality and used for academic purpose only. In no instance shall your name or that of your department be divulged.

**Section 1**

1. Department

- Finance
- Retail
- Corporate
- Human Resources

2. Designation

- Management (B<sub>3</sub> and above)
- Non-Management / Staff (B<sub>1</sub> and B<sub>2</sub>)

3. How long have you worked for Barclays?

.....  
.....

4. Do you belong to any particular formal work group or team?

YES  NO

If so, how many members comprise your team?

.....  
.....

5. Do you personally handle customer issues e.g. customer complaints?

.....  
.....

**Section II**

6. What is the bank's mission?

.....  
.....

7. What are the goals of the bank? (Please tick as appropriate)

- i. Profitability and Growth
- ii. Employee empowerment
- iii. Good corporate citizenship (community involvement/corporate social responsibility)
- iv. Customer satisfaction
- v. Others (specify)

.....  
.....

8. Does the bank have a written statement of values and/or desired behaviors?

YES  NO

9. If so, to what extent does the statement cover the following values?

i. Corporate Governance (professionalism, integrity, competence, accountability, confidentiality and objectivity)

1	2	3	4	5
Sufficient	Adequate	Neither	Inadequate	Insufficient
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ii. Customer service (valuing what customers value, timely service, communication, brand image, customer care)

1	2	3	4	5
Sufficient	Adequate	Neither	Inadequate	Insufficient
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

iii. Employee empowerment (reward, recognition, training, support, teamwork, user friendly technology, opportunities for growth and development)

1	2	3	4	5
Sufficient	Adequate	Neither	Inadequate	Insufficient
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

iv. Profitability and Growth (pride in the company and its mission, performance standards, efficiency, effectiveness, creativity and innovativeness)

1	2	3	4	5
Sufficient	Adequate	Neither	Inadequate	Insufficient
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

v. Community involvement (corporate social responsiveness, good corporate citizenship and ethical practices especially in marketing, research and development).

1	2	3	4	5
Sufficient	Adequate	Neither	Inadequate	Insufficient
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. How are these values communicated and embodied in the day-to-day operations within the bank? (Please tick as appropriate)

- i. Word of mouth (official pronouncement)
- ii. Training
- iii. Company publications and circulars
- iv. Rituals i.e. daily routines and 'ways of doing things'
- v. Recognition and reward
- vi. Sharing stories and experiences
- vii. Team events
- viii. Performance measures in employee appraisal plans
- ix. Others (please specify)

.....  
.....

11. Do these values and/or behaviors guide your thinking, action, and choice of day-to-day decisions at work?

YES                       NO   
If so, to what extent?                                                                  

Absolutely    great extent    moderate    lesser extent    least extent  
1                      2                      3                      4                      5  
                                                                                       

Please tick in the right box the extent to which you agree or disagree with the following statements.

12. These values and/or behaviors are strongly shared, and make Barclays staff unique and 'one-of-a-kind' i.e. they form a common thread peculiar to Barclays staff.

1                      2                      3                      4                      5  
Strongly agree    Agree            Neither            Disagree            Strongly Disagree  
                                                                                       

13. The choice of the bank's mission and goals has been influenced by these values and/or behaviors.

1                      2                      3                      4                      5  
Strongly agree    Agree            Neither            Disagree            Strongly Disagree  
                                                                                       

14. The organization structure of the bank (i.e. the established lines of authority and reporting) reflects these values and/or behaviors.

1                      2                      3                      4                      5  
Strongly agree    Agree            Neither            Disagree            Strongly Disagree

15. My immediate supervisor's (manager's) leadership style reflects these values and/or behaviors.

1	2	3	4	5
Strongly agree	Agree	Neither	Disagree	Strongly Disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

16. The system (i.e. 'ways of doing things') and the management style at Barclays reflects these values and/or behaviors.

1	2	3	4	5
Strongly agree	Agree	Neither	Disagree	Strongly Disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. Employee expectations have strongly influenced these values and/or behaviors.

1	2	3	4	5
Strongly agree	Agree	Neither	Disagree	Strongly Disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

18. Customer expectations have strongly influenced these values and/or behaviors.

1	2	3	4	5
Strongly agree	Agree	Neither	Disagree	Strongly Disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

19. Shareholder expectations (e.g. Barclays Plc, the parent company) have strongly influenced these values and/or behaviors.

1	2	3	4	5
Strongly agree	Agree	Neither	Disagree	Strongly Disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. The expectations of the society have strongly influenced these values and/or behaviors.

1	2	3	4	5
Strongly agree	Agree	Neither	Disagree	Strongly Disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



**Section III**

21. To what extent do customers perceive a positive difference between the way Barclays conducts business and how competitors conduct theirs?

1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

22. How important are these values in enabling the bank-overcome threats from competitors as well as securing customers?

- Extremely important
- Important
- Morderately Important
- Less important
- Not important at all

23. Do these values and/or behaviors make a unique resource to the bank?

YES  NO

If NO, why?

.....

.....

24. If yes, to what extent do the following factors make these values and/or behaviors a unique resource to the bank?

i) Rare (possessed by few, if any, current or potential competitors)

1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ii) Costly to imitate (cannot be easily developed by competitors)

1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

iii) Customer loyalty and reputation for service

iii) Competitors cannot understand clearly how the bank uses these values as a 'weapon' in the market

	1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

iv) Non-sustainable (No other resource can take their place)

	1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

v) Others (please specify)

.....

.....

.....

.....

25. To what extent do these values and/or behaviors enable the company exploit opportunities (or overcome threats) within the banking industry in the light of the following factors?

i) Competent and motivated personnel

	1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ii) Customer loyalty and reputation for service

1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

iii) Well known brand

1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

iv) Good corporate citizenship (social responsibility)

1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

v) Bank's reputation and goodwill

1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

vi) Profitability and hence, financial strength

1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

vii) Trust-based relationship between managers and non-managerial personnel

1	2	3	4	5
Not at all	Little	Moderate	Large extent	Very Large extent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

26. "These values and/or behaviors make an immense contribution towards the company's success in the long-term". To what extent do you agree with this statement?

1	2	3	4	5
Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**THANK YOU FOR YOUR SUPPORT AND COOPERATION**