STRATEGIC RESPONSES BY COMMERCIAL BANK OF AFRICA TO CHANGES IN THE EXTERNAL ENVIRONMENT

By

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A Management Research Project Submitted In Partial Fulfilment For The Requirements Of Master Of Business Administration Degree, School Of Business, University Of Nairobi

2010

DECLARATION

This management research project is my original work and has not been presented to this or any other University for an academic award.

Signature……………………… Date………………..…

Nicholas Mwenda Limungi

This management research project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This work is dedicated to all my friends and family members for your utmost support, patience and understanding while I was not available to you the times you needed me most.

ACKNOWLEGMENTS

I would like to thank the almighty God for his continued strength, guidance and sufficient grace throughout the entire course. My appreciation and gratitude to my supervisor Mr. Eliud O. Mududa for his assistance support on project supervision, guidance, time and his valuable ideas for this study.

To my family members whom I denied so much needed time to spend in class work, friends and classmates who gave me intellectual and emotional support. My most gratitude goes to my Friend Lillian for her consistent support, inspiration and unrivalled encouragement throughout the course program.

Finally my sincere thanks goes to the Commercial Bank of Africa employees who graciously gave their time to answer my research questions and also to all those who directly or indirectly contributed to this work.

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LIST OF ABBREVIATIONS

CBA- Commercial Bank of Africa

MD- Managing Director

CBK- Central Bank of Kenya

KBA- Kenya Bankers Association

NSE- Nairobi Stock Exchange

HRM- Human Resource Management

IT- Information Technology

ICT- Information Communication and Technology

ATM- Automated Teller Machine

A/C- Account

CSR- Corporate Social Responsibility

SME- Small and Medium Enterprises

GDP- Gross Domestic Product

ABSTRACT

Commercial Bank of Africa is the largest privately owned bank in Kenya. The bank's target Market since its incorporation has been Corporate and institutional Market segment. CBA has been dominating these markets for a very long time until late 1990s when it started experiencing a lot of Competition from other commercial banks in Kenya. As a result of changes in the external environment, CBA has been forced to respond to challenges resulting from the changes in the environment in a number of ways.

This study examined strategic responses adapted by CBA to changes in the external environment. The objectives of the study were first to establish the strategic responses adapted by CBA to changes in the external environment and secondly to establish the challenges that CBA has been facing as a result of changes in the external environment in the last ten years.

In order to achieve these objectives, primary data was collected from the bank's senior management team who are part of strategy development. This data was collected through interview guide. Secondary data was collected from official documents within the bank and also other official publications on the banking industry in Kenya. Content analysis was used to analyse the data to objectively understand the views presented by all the respondents.

After data analysis, it was observed that CBA responded to the changes in the external environment in a number of ways. Some of the strategic responses used by CBA are: Marketing strategy, Emphasis on new product and Service development, improvement in Information and Technology, financial strategy, Improvement in Human Resource Management style and corporate restructuring.

Some of the challenges experienced by CBA as a result of external environment changes included. Increased competitive environment, unpredictable changes in ICT which required huge capital expenditure, reduction in profit generating avenues as a result of economic recession, legislative changes that would force the bank to adjust it strategic plans every now and then and finally changing and diverse customer preferences,

During the study a number of limitations were encountered. These included having very little time with the respondents to enquire very deeply into a number of issues because most of the respondents had allocated a few minutes of their time due to their tight time budgets. I was also not able to get responses from the MD and Executive Director due to their commitments in other business operations. The biggest limitation was in terms of time allocation by respondents and in availability of some respondents.

KEY WORDS: Strategy, Responses, External Environment, Commercial Banks.

CHAPTER ONE: INTRODUCTION

1.1 Background Of The Study

Organizations and especially business organizations are environment dependent and must keep abreast with changes in the environment for them to operate profitably. Ansoff & McDonnell (1990) say that business organizations are environment dependent and they do not operate in a vacuum. Porter (1998) says organizations obtain their inputs from, and discharge their output to the environment through a process he called a value chain.

According to Pearce & Robinson (1997) organization's environment consist of all conditions and forces that affect its strategic options and define its competitive position. Ansoff & McDonnell (1990) observes that when an organization is faced with unfamiliar changes in its external environment, it should turn to strategic management and revise its strategies to match the turbulence levels in the environment. They further say that the firm's strategic aggressiveness should match the levels of environment turbulence and must be supported by firm's internal capability.

1.1.1 Strategic Responses To External Environment

External environment is the most challenging environment to any business venture and for a business to operate profitably and remain competitive in the industry it must respond to various challenges the external environment presents.
Grant (2000) observed that for a firm to compete in any industry, its strategy should be consistent with the goals and values, resources and capabilities, and more importantly it should be flexible enough to accommodate changes in the business external environment.

It was observed by White and Shipper (1998) that a business's external environment is very critical to business performance in both how it is run in the short run and also as a going concern. They further observe that even though the external environment has multiple factors, a firm should respond first to the major factors that affect the firm's business competitiveness.

Due to challenge presented by the ever changing business environment, businesses should always modify their strategies to match the challenges from environment. Pearce & Robinson (2007) say that external environment management is fundamental component of strategic management processes. They say that external environment factors influences a firm's choices of direction, action and ultimately its organization's structure and processes.

It was observed by Sababu (2007), that the challenges presented by the changes in the external environment necessitates a business to design strategies that appropriately respond to the challenges and ensures the business has got a competitive edge in the competitive external environment. Pearce & Robinson (1999) defines strategic responses as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firm's objective.

Strategy is creating a fit between the external characteristics and internal conditions of an organization to solve a strategic problem, Aosa (1998). Strategic problem is a mismatch between the internal characteristics of a firm and changes in the external environment, thus there is always a need to formulate a set of actions and decisions that match these changes. According to Ross et al (1996), for an organization to remain truly competitive as the environment changes, they have to learn to adopt and re –orient as per the changing environment. This process has to be deliberate and coordinated leading to a gradual or radical systematic realignment between firm's environment and firm's strategic orientation.

1.1.2 Banking Industry in Kenya

Kenya's banking industry has undergone a lot of drastic changes in the last two decades. These changes have resulted from various external factors that include legislations as in the case of economic reforms, liberalization of the banking sector in 1995 which lead to discontinuation of price control and lifting of exchange controls. There has been increased competition in the industry as a result of changing economical, socio- cultural, technological among others factors. Changes in general external environment has made banks align their strategies in order to remain competitive and profitable.

The banking industry in Kenya is governed by the companies Act Cap 477 and regulated by central Bank of Kenya (C.B.K) Act Cap 491 and banking Act Cap 488. C.B.K issues various prudential guidelines alongside developing and maintaining sound monetary policy that fosters liquidity, solvency and proper functioning of the financial system. C.B.K also publishes information on Kenya's commercial banks and non – financial institutions, interest rates among other guidelines.

According to CBK's annual report for the year 2009, (January 2010), Kenya's banking sector is comprised of 44 commercial banks, 2 mortgages finance companies, 1 deposit taking micro – finance and 130 foreign exchange bureaus. According to this report, the banking sector aggregate balance sheet expanded by 14.9% from Ksh. 1,193.4 billion to Ksh 1,371.8 billion in December 2009. This growth is attributed to increased economic activities in the household and corporate sectors. Deposits from customers were the main source of funding for the sector accounting to 77.7% of total funding liabilities.

Kenyan banks have come together under an umbrella body Kenya Bankers Association (KBA) which serves as a lobby for the member banks interest and also addresses issues affecting member institutions. External environmental changes such as increased competition, new legislations and changing consumer lifestyles and preferences as noted by Senior (1997), made firms adopt different strategic responses to counter these changes. Kenyan banks are also not immune to these environmental challenges and have also developed different strategies to counter the challenges from external environment

1.1.3 Commercial Bank of Africa (C.B.A)

Commercial Bank of Africa popularly known as CBA is the largest privately owned bank in Kenya. CBA has been performing very well and according to CBK's annual commercial banks performance survey, for 2008, CBA was ranked among the top 10 banks in Kenya. It was the only privately owned bank in top 10 and also the second best bank not listed in Nairobi Stock Exchange (NSE) among the top 10 banks.

In terms of capitalization, CBA was ranked at 8th position with Total Assets of approximately 50 billion as at 31st December 2008. In terms of profitability it was ranked 7th position having posted 1.8 billion pre-tax profits. For the year ended 31st December 2009 the bank has posted a pre-tax profit of 2.2 billion shillings, and shareholders equity grew to over Ksh 6 billion from 5 billion in the previous year. CBAs core market segment is corporate and institutional Market. It does very minimal personal and retail banking and in this area it targets only premium customers with high level of monthly income.

CBA has eleven branches and four agencies in Kenya. All CBA branches have been located in Nairobi and Mombasa until November 2009 when it opened its first upcountry branch in Meru. Regionally the bank has 2 branches in Dar –es – Salaam Tanzania and plans to open some more branches in Rwanda and Uganda by 2012. Though CBA has few branch networks, the bank has been able to compete very well in the banking sector in Kenya, outperforming some banks with very extensive local and regional branch network and some that are foreign incorporated multi –nationals, with very huge capital base.

In CBA's five year strategic plan (2007 -2012), the bank will be implementing a new strategy that will allow selected retail banking in selected Kenyan towns of Kisumu, Nakuru, Eldoret and Thika. It will also open at least one branch in Kigali Rwanda and Kampala Uganda. In this plan the bank will include in its target market middle income individuals alongside its corporate and institution market. It will be important to understand how the bank has managed to remain competitive in the changing external banking environment.

1.2 Statement Of The Problem

According to Ansoff and McDonnell (1990), business organizations are environment dependent and they do not operate in a vacuum. This means business operations are affected by external environment changes in one way or another in either short term or in the long term. As a business is faced with unfamiliar changes in the external environment, it should turn to strategic management and change its strategies in order to respond to the changes in the external environment. In Kenya there has been a lot changes in the external environment in the last twenty years and businesses have been forced to adopt different responses to these changes.

Banking in Kenya has been one of the mainly affected sectors by the changes in the external environment and every participating bank has adopted some strategies to respond to the changes. A strategic response adopted by one bank may vary from the one adopted by another even if all of them are in the same business industry. A strategic response therefore can be defined as a well formulated and organized action plan by firm's management with an aim of countering a threat or seizing an opportunity presented by a certain change in the environment and the same time ensuring it outsmarts the competitors.

It was observed by Miller and Friesen (1983), that even though much is known about the relationship between strategy, structure and environment, too little is known about the third link: - The relationship between strategy making and the environment. They further noted that as a result of the ever changing external environment, strategy making should be a process and not a one time event. Firms should always be on look out for changes taking place in their external environment and come up with appropriate strategic responses to address the changes. Chege (2008) argues that in determining competitive advantage and creating coping strategies a firm needs to understand the changing environment it is operating in because the strategies created will help in responding to the changing environment.

Over the last few decades, operating business environment has become very dynamic and these dynamics have made firms not only to be keen but also to remain very alert to external environment changes so that they respond to them in good time. Recently, in 2008 and 2009 there has been a very big challenge as a result of global economic crunch that started in U.S.A and spread to other continents. Though this crunch started by hitting hard on financial institutions it later spread to other sectors of the economy and firms were forced to adjust their strategies to respond to challenge. Locally, there are a number of external environment factors that have affected the banking sector. Notable cases are like the liberalization of banking in 1995 which lead to discontinuation of pricing control and lifting of foreign exchange controls.

Recently in 2007 banking industry core capital requirement was increased from 250 million shillings to 1 billion shillings for all commercial banks. Technological advancement which made banks come up with branchless banks, internet banking, and mobile banking among other external factors have put managers under pressure to improve productivity and financial performance through various responses.

There are a number of local studies that have been done to find out how various organizations have responded to environment challenges. Chege (2008) did a study on competitive strategic adopted by Equity Bank Kenya Ltd in response to changing environment. He found out that some of the response Equity Bank adopted included investment in modern Information Technology, review of human resource policies to offer staff incentive and also corporate re-structuring. He notes that while formulating these responses, some of the challenges came from the employees who were resistance to change and huge financial expenditures that sometimes went beyond the estimated levels.

In a study by Gitonga (2008) on response strategies of equity bank to competition in the banking industry, it was observed that Equity bank restructured its corporate operations with an aim of separating its retail and corporate businesses. He also noted that there were Marketing and Promotion activities that were used as a response to counter competition and also investment in modern ICT to boost the Banks operations. He observed that the management and a challenge of explaining to both the shareholders and small scale customers that the bank was not incorporating corporate business at the expense of retail customers who were the core market segment.

In her study on response strategies adapted by Barclays bank, to challenges from external environment, Mugweru (2008) noted that Barclays bank improved on its ICT especially in the aspect of system inter-connectivity aimed at offering branchless banking experience to customers. She also noted improvement in human resource management activities with an aim of attracting and retaining talented staff alongside product development and innovation to adapt to customers changing preferences. Some of the challenges encountered when formulating response strategies included delayed response time as result of bureaucratic communication channels and decision making, resistance to change from various stakeholders and huge financial expenditure.

Mutugi (2006) did a study on strategic responses of Barclays Bank to changes in retail banking environment and observed that Barclays Bank used Market strategy as response. This involved product segmentation, price discrimination and also extended geographical coverage. He also found that the bank improved on its HRM operations; investment in ICT and Change management that involved managing culture change in the working environment.

It can be observed that all these studies have been done on local banks whose core market segment is retail and personal banking and none has been done locally on banks specializing in Corporate and Institutional market. It is also not scientifically proved that banks operating in similar environment respond to changes in the environment in the same way. This study will help in answering the following question: What responses have CBA-as corporate and institutional banker, adopted to address changes in the external environment?

1.3 Objectives Of The Study

This study has two objectives which are as follows:

i. To establish what strategic responses CBA has adopted to address changes in the external environment;
ii. To identify the challenges faced by CBA as result of changing external environment.

1.4 Importance Of The Study

The study will be of importance to various stakeholders. Understanding the responses the bank has used to counter external challenges, the information will be useful to the existing or potential banks with the same target market in formulating their strategic plans. The information will also be useful to the management together with the board of directors in formulation of appropriate policies that will guide banks strategic direction.

The results of this study will also help in understanding how firms respond to challenges from external environment and thus increase the pool of knowledge in this field of strategic management. The study may also expose some other areas of future academic and business research aimed at improving business management styles in very challenging environment.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter will review various literatures on strategic responses and changes in the external environment. The main areas to be covered in this chapter include Theoretical literature and the concept of strategy, strategic management, relationship between the external environment, strategy and internal capability and finally review of external environment challenges and adopted strategic responses.

2.2 Views On Strategy as a Concept.

Thompson (1993) defined strategy a set of predetermined actions with an aim of increasing firm's competitiveness in a very competitive environment. Johnson & Scholes (2001) defines strategy as the direction and scope of an organization over a long term which achieves the advantages for the organization through the configuration of resources within a changing environment to meet the needs of the market and fulfil stakeholders' expectations. They argue that strategy should be seen as the matching of the activities of an organization to the environment in which it operates. They further argue that even though strategy can be seen as "building" or "stretching" of organization's resources and competencies to create opportunities or to capitalize on opportunities, it does not just mean trying to ensure resource are available or can be made available but rather it means identifying existing resources and competencies which might be a basis for creating new opportunities in the market place.

Chandler (1962) sees strategy as an establishment of long term goals and objectives of an organization, including taking actions and allocation of resources for achieving these goals. Pearce & Robinson (1997) see strategy as the building of defences against competitive forces or finding a position in the industry where competitive forces are weakest. Strategy is a plan that sets out together an organization major goal, policies and action sequences, (Quinn, 1950).Thompson & Strickland (1998: pg 2) argues that a company's strategy is the "game plan" management hold for positioning the company in its chosen market arena, competing successfully, pleasing customers, and achieving good business performance.

In order for an organization to formulate a good strategy that will enable it to achieve its both long term and short term goals, it first needs to clearly understand its business. It should be in a position to answer the following questions: Where are we as a business? Where do we want to go? And how do we go there? By answering these questions it will be in position to come up with a “strategic vision” of the firms future business make up of where the business is headed. Porter (1980) says that strategy is basically about competition and means which an organization fights to gain a competitive advantage. Johnson & Scholes (1999) says there are three levels of strategy: corporate level strategy which is concerned with the future direction of the company, Business level strategy is concerned with sustainability of different portfolios and operational level strategy that is concerned with shop floor delivering systems and procedures.

It can be concluded that strategy can be clearly formulated after careful and objective analysis of the resources and firm’s capability. This ensures that a firm does not come create a strategy that it can not implement or that will lead to too much strain on its overall capabilities and thus reducing its competitive advantage

2.2.1 Definitions Of Strategic Management

According to Wheelen and Hunger (2008), strategic management is a set of managerial decisions and actions that determines the long –run performance of corporation. It includes environmental scanning, strategy formulation and strategy evaluation and control. They further claim that strategic management involves monitoring and evaluation of external opportunities and threats in the light of firm’s strength and weakness.

According to Johnson and Scholes (1999) argument, strategic management includes strategic analysis in which the management seeks to understand the strategic position of the organization, strategic choice which is formulation of possible courses of action, their evaluation and the choice between them and finally strategy implementation which is concerned with both planning how the choice of strategy can be put into effect and how changes can be made where necessary.

Strategic management is defined by Chandler (1962) as the determination of the basic long term goals and objectives of an enterprise, the adoption of the courses of action and the allocation of resources necessary for carrying out these goals. Pearce & Robinson (2003) see strategic management as a set of actions and decisions that result in the formulation and implementation of plans designed to achieve company's objectives. It was observed by Thompson & Strickland (1993) that strategic management focuses on the total enterprise and well as the environment in which it operates, the direction the management intends it to head, management's strategic plan for getting the enterprise moving in that direction and the managerial task of implementing and executing the chosen plan successfully.

Strategic management is a process through which a firm manages its relationship with the environment in which it operates as observed by Ansoff and McDonell (1990). It consists of strategic planning, capability planning and management of change. Hax & Majiluf (1996) argues that strategic management is the way of conducting a business. It has the ultimate objective of the development of corporate values, managerial capabilities and through it focuses the decisions of the entire organization in one direction. They further argue that strategic management ensures that opportunities are grasped, risks are acceptable, failure can be contained and success can be built upon and sustained. Porter (1980) argues that strategic management provides central purpose and direction, enables management to adapt to changing environment, credits competitive advantages and allows allocation of resources to key success factors.

It can be seen that strategic management is a continuous process and not an event. Firm's operates in an environment and any changes in the environment should be carefully monitored in order to successfully carry our strategic management. Strategies may require to be modified in order to respond to changes in both internal and external environment and this factor makes the whole process of strategic management flexible in order to achieve both long term and short term objectives of the firm.

2.3 Relationships between External Environment, Strategy and Internal Capability

Organizations are environment dependent for they do not operate in a vacuum. Ansoff and McDonell (1990) Porter (1998) noted that organizations obtain their input and discharge their output into the environment through value chain process. Firms operations are affected by environmental changes and for them to effectively compete and remain profitable they must adapt to changes in the external environment.

It was observed by Pearce & Robinson (2007) that external environmental factors influence a firm's choice of direction, action and ultimately its organization structure and procedures. They further divide factors in the external environment into three interrelated categories: factors in the remote environment, factors in the industry environment and factors in the operating environment. Remote environment comprises of factors that originates beyond and usually irrespective of any firms operating situation. Industry environment consists of aspects like the extent of rivalry between existing firms; threat posed by suppliers, buyers and substitute products and also the level of industry entry barriers. Operating environment is also called competitive environment and is typically more subject to the firms influence, or control. This environment has factors like the firm's customer composition, firm's reputation and firm's ability to attract and return capable and talented employees among other factors.

Firm's strategy should not only be tied to the internal capability (resources) of the firm but should also be flexible to respond to changes in the external environment the business is operating. Thompson (1997) argued that the managers must not only be aware of environmental change but they must also manage the organization's resources to take advantage of the opportunities and counter threats. Shipper and White (1988) observed to the external environment as having multiple facets and three of the major ones being the degree of market competitiveness, the rate of technical innovation and variability of economic fluctuations that affect the industry.

Ansoff and McDonnell (1990) noted that change in organizational behaviour is very necessary when there is a change in environment if competitiveness of a firm is to be achieved. They further noted that changes that touch on the organization strategy and capability needs to be systematically identified through the strategic diagnosis approach. The approach is derived from the strategic success hypothesis which stated that "a firm's potential is optimum when the aggressiveness of the firm's strategic behaviour matches the turbulence of its environment and the responsiveness of the firm's capability is supportive of one another'. When one of these three aspects is missing then the firm's performance potential will be less than optimum.

According to Grant (2000), a successful strategy is consistent with the organization's goals and values, external environment, resources and capabilities and organization's systems. This indicates the fact that the organization depends on the environment for its survival and the responses to the environmental situation will determine its performance. Thus when there are changes in the environment, the organization's capability and strategy would have to be changed in order to ensure continued strategic fit.

2.4 External Environment Challenges

Organizations being in constant interaction with external environment are always in constant encounter with challenges as result of changes in this environment. Chege (2008) states that volatility of external environment influences how organizations restructure themselves to cope with changes or how to anticipate changes. Thompson (1997) argued that the managers must not only be aware of environmental forces and challenges but they must also manage the organization's resources to take advantage of opportunities and counter the challenges presented. Pearce and Robinson (2007) argued that external environment can be sub –divided into three categories of remote, industry and operational environments. Of these three categories remote environment presents some of the greatest challenges because it originates from beyond and irrespective of single firm's operating situation. Some of the elements in remote environment are:

2.4.1 Economic factors

It is argued by Pearce and Robinson (2007) that every firm must consider the economic trends it is operating in. the economic trend should not only be limited to national level but to international level. Economic analysis should centre on the aspects of economic system the firm is operating in and may include aspects like inflation rates, economic growth rate, The GDP, availability of credit, levels of disposable income and propensity to save or spend.

2.4.2 Social Factors

Social factors that affect organizations involve the beliefs, values, attitude, opinions and lifestyles of persons in the firms external environments, as developed from cultural, demographic, religion, educational and ethnic conditioning (Pearce & Robinson, 2007). The social factors are dynamic with constant changes resulting from the efforts of social members to satisfy their desires and adopting to environmental factors. Firms should always align their strategies to counter changes from these social factors.

2.4.3 Political Factors

It was observed by Pearce and Robinson (2007) that the direction and stability of political factors are major consideration for managers when formulating strategy. This is because administrative and legal environment in a country provide a framework within which any organizations operate. Some of the political elements include Fair –trade decisions, minimum wage limitations, pricing policies, law governing pollution and physical environmental degradation among others. Understanding change in these political issues enables firms to align their strategic appropriately.

2.4.4 Technological Factors

The main issue on technological factors is the rate of technological change, and any technological break through can have sudden and dramatic effect on firm’s environment (Pearce and Robinson, 2007). Firm should be able to understand both the existing technological advanced and also try to predict any future technological\changes that may affect its operation. There is no firm that can compete effectively and efficiently using obsolete technology. Firms that adapt modern and advanced have a stronger strategic position and firms that are able to comfortably align their strategies in line with technological changes are able to remain competitive in the industry.

2.4.5 Ecological Factors

Pearce and Robinson (2007) defined ecology as the relationships among human beings and other living things and the air, soil and water that support them. Ecological issues include global warming, pollution and environmental degradation that may lead to loss of habitat and bio-diversity. There is a lot of emphasis on reduction of toxic emission, reduction in carbon dioxide emissions and creation of “green environment’ for peaceful co-existence. Various laws and declarations are coming up every now and then and businesses should always be on look out to align the operations with these changes in the environment.

2.5 Adopted Strategic Responses

A response is a well planned set of actions or decisions aimed at countering a change which has already taken place, is currently taking place or is anticipated to take place. The response a reaction to a threat posed to the organizations operations and achievement of both long term and short term objectives. According to Ansoff and McDonnell (1990), strategic response involves changes in the firm’s strategic behaviour to assure success in the changing future environment.

The usefulness or relevance of a response adapted by a firm is measured by how well it has countered the challenge emanating from external environment.

Thompson (1997) defines strategy adoptions as changes that take place overtime to the strategies and objectives of an organization. Such change can be gradual, evolutionary, dramatic or even revolutionary. Pearce & Robinson (2007) define strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve firm’s objective.

According to Ansoff and McDonnell (1990), the management system adopted by an organization is a determining component of the firm's responsiveness to the changes. The management system adapted determines the way an organization perceives the environment, diagnosis its impact on the firm and consequently implements the decisions. Strategic responses are basically meant to cushion the firm against any threats as a result of change in the environment. There are no standard or sequential forms of responses that a firm may adopt to respond to the environment because every response adopted is dependent on the environment change and a firm may adopt more than one kind of response to one environmental challenge. A well developed and targeted response is formidable weapon for a firm in acquiring and sustaining competitive edge in challenging external environment. These responses include: marketing response, financial response, research and development response, Human resource management response and IT response (Wheelen & Hunger, 2008).

2.5.1 Marketing Response

Wheelen and Hunger (2008) argues that marketing deals with issues of pricing, selling and distribution of goods and services. A firm must create a marketing mix that will enable it gain a competitive edge in the changing business environment. They further argue that market development strategy can enable a firm to either: capture a larger share of existing market for current products through market saturation and market penetration or develop new market for existing products. Product development strategy helps a firm develop new products for existing market or develop new products for a new market.

In the views of Thompson (1994) a good marketing strategy for any product and service ensures that the benefits of competitive advantage are enjoyed by a firm. He further observed that the main objective of marketing is ensuring that the right products or services are at the right place at the right time in the right price and are promoted in the right way. The marketing strategy that gets the product or service, time, place, and place right and promotes them well enables a firm to acquire a competitive edge. Barnejee (1999) says that a marketing strategy for each product and service must be linked to the objectives and to the functional strategy which together comprise the competitive strategy to outwit, outflank and outfight the competitors.

2.5.2 Financial Response

According to Wheelen and Hunger (1998), financial strategies examine the financial implication of corporate and business level strategic options and identify the best financial course of action. This strategy usually attempts to maximize the financial value of a firm and it can also provide competitive advantage through lower cost of funds, flexible ability to raise funds and overall reduction of costs in the firm's operation thus determining the quality of products or services offered.

Clarke (1998) observed that financial strategy can provide a firm with a competitive advantage through cheaper funding and flexible ability to raise capital. Thompson (1994) observed that a good financial strategy involves: providing the firm with the appropriate financial structure and funds to achieve overall business objectives and carefully examination of financial implications of various strategic options such as acquisition or investment hence opting for the most lucrative and viable financial options. A thorough analysis of various financial options and making decision on which financial actions to implement can help a firm remain competitive and at the same time counter threats from external environment. The financial decisions actions could be in either areas of financial investment or expenditures.

2.5.3 Research and Development Response

Wheelen and Hunger (1998) define research and development as a process that deals with products and processes innovation and improvement. R & D helps firms come up with new product and services and keep up with changing technology. Pearson (1988) argues that outstanding companies are constantly innovating in every area of business, pursuing changes which create value for their customers and consumer. Their approach is to search for new opportunities and package or present them in such a way that they deliver consumer satisfaction.

As much as innovation may result from internal development which arise from research and development, changes in external environment and ideas from other parties can form basis for innovations in a firm. Nayak (1991) argues that most goal ideas do not come from marketing, sales or competitors but from customers. Thompson (1994) argues that the aim of R & D is to add value for the customer or consumer by reducing cost, or differentiating product or service in some sustainable way hence creating a competitive advantage for the concerned firm. A firm that is consistently carrying out R &D ensures consistent addition of value to the existing product or service or comes up with new products or service which increases it product or service differentiation and thus keeps its customers loyal. Maintaining customer loyalty at the same time attracting new customer through product/service development or creation of totally new product/service does not only protect the market share but also increases it.

2.5.4 Information Technology Response

Information Technology (IT) has an impact on almost every organization activity. Most of the organization's activities generate or utilize information in one way or the other. Porter (1985) noted that information technology can create new businesses from within a company's existing activities. Luftman (1996) adds that the way a firm views its business, customers and competition is critical to successfully aligning its business and IT strategy.

Thompson (1994) argues that information is needed for, and used for making decision, information systems and information technology are all aids to decision making and the more information managers and employees have about what's happening in the organization, the more strategically aware they are likely to be. Rayport and Svioklen (1995) state that competition is defined among the two dimensions: physical world of resources and virtual world of information. Information supports and enhanced every activity in the organization and it can be a source of added value and hence competitive advantage provided organizations are able to draw that value.

According to Gilbert (1995) strategically successful organizations obtain market feedback continuously and rapidly adapt to the feedback ahead of their rivals. They exploit the potential of strategy as well as competitive and operating system. Some of the variable information technology variables that can influence a firm's response to changes in the external environment include the use of real time systems, extent of interconnectivity of distribution channels and efficiency of telecommunications systems (Chege, 2008).

2.5.5 Human Resource Management (HRM) Response

In the view of Bernerjee (1999) firm's employees are a great strategic resource. This is because they are ultimate determinants of whether or not a competitive advantage is created and sustained. Human resource is a very critical element in a firm's success and competitive advantage. Human resource management should have well targeted policies that attract nurtures and rewards human talents that enormously contribute towards achievement of the organization goals.

Wheelen & Hunger (1998) argue that a company with diverse workforce has a competitive advantage. This is because diversity in workforce brings with it diversity in talents, skills and knowledge which are critical to company's performance. Thompson (1994) states that human resources are an essential strategic resource, this is because people are needed to implement other strategies and to this end they must understand and share the objectives and values of the organization. He further notes that when operating in turbulent environment, it's the strategic leaders who rely on people to spot opportunities and creates and adapt strategies. Thompson (1994) observed that some critical factors in human resource that can serve as response strategy are customer oriented personnel, creative and innovative employees, well coordinated teams, entrepreneurial individuals, people who are flexible to change, total quality management and getting things right the first time.

2.6 Review Of Empirical Literature

There are a number of local studies that have been done to find out how various organizations have responded to environment challenges. Chege (2008) did a study on competitive strategic adopted by Equity Bank Kenya Ltd in response to changing environment. He found out that some of the response Equity Bank adopted included investment in modern Information Technology, review of human resource policies to offer staff incentive and also corporate re-structuring. He notes that while formulating these responses, some of the challenges come from the employees who were resistance to change and huge financial expenditures that sometimes went beyond the estimated levels.

In his Study on response strategies of equity bank to competition in the banking industry Gitonga (2008) observed that Equity bank restructured its corporate operations with an aim of separating its retail and corporate businesses. He also noted that there were Marketing and Promotion activities that were used as a response to counter competition and also investment in modern ICT to boost the Banks operations. He observed that the management and a challenge of explaining to both the shareholders and small scale customers that the bank was not incorporating corporate business at the expense of retail customers who were the core market segment.

In a study on response strategies adapted by Barclays bank, to challenges from external environment by Mugweru (2008), it was noted that Barclays bank improved on its ICT especially in the aspect of system inter-connectivity aimed at offering branchless banking experience to customers. She also noted improvement in human resource management activities with an aim of attracting and retaining talented staff alongside product development and innovation to adapt to customers changing preferences. Some of the challenges encountered when formulating response strategies included delayed response time as result of bureaucratic communication channels and decision making, resistance to change from various stakeholders and huge financial expenditure.

In his study on strategic responses by Barclays Bank to changes in retail banking environment, Mutugi (2006), observed that Barclays Bank used Market strategy as response. This involved product segmentation, price discrimination and also extended geographical coverage. He also found that the bank improved on its HRM operations; investment in ICT and Change management that involved managing culture change in the working environment.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents overall research methodology to be used in this study. This will include Research Design, data collection and data analysis method.

3.2 Research Design

The study adopted a case study method. Yin (1984) says that a case study research is the best because it helps in understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research. Kothari (1990) noted that case study is a good method of doing research because it involves careful and complete observation of a social unit be it a person institution , family, cultural group or an entire community. Case study emphasizes depth rather than breadth or the study

In this research, case study helped in getting in depth information on response strategies used by C.B.A. it helped in understanding behaviour patterns of this particular bank studied. Case study has been used successfully by past researchers such as Chege(2008), Mugweru (2008) and Njau (2000) among others.

3.3 Data Collection

Data collection was done through primary and secondary data collection method. Primary data was collected from C.B.A.'s senior management team and person targeted were: The Managing Director, Executive Director, Head of cooperate business and general manager of Operations , I.T, Treasury, Corporate strategy and Human resources. Senior departmental managers were also interviewed as they are members of the bank's Strategy formulation team. Primary data collection was done through personal interviews guided by structured questionnaire (Appendix 1). This method helped in extracting some in depth information through directed question where questionnaire by itself could not be helpful.

Secondary data supplemented primary data. Existing reports such audited financial report, updated bank's policy hand book, Existing and previous strategy plans , the bank's monthly newsletter known as FOCUS and the C.B.Ks annual report on commercial bank performances was much useful in extracting secondary data.

3.4 Data Analysis

After collection of both primary and secondary data had been properly completed, it was analyzed through content analysis. Content analysis helped in gaining detailed and in-depth information from the qualitative data received. All the information collected on strategic responses was analyzed qualitatively on the basis of the strategic variables observed.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter discusses the data findings, analysis and interpretation. This research was a case study aimed at establishing strategic responses adapted by CBA to changes in the external environment. Primary data was collected from CBA's top management team who include the Managing Director (M.D), Executive Director, Head of group business, General Managers and senior heads of department who are members of corporate strategy development team. Data analysis was done through quantification the results obtained from all the respondents by comparing and summarizing the data to come up with conclusions. The main tool applied in this data analysis was content analysis.

4.2 Challenges from External Environment

CBA faced and a number of challenges as a result of changes in the external environment. All the respondents agreed that CBA faced a number of challenges as a result of changing external environment and some of the main challenges they highlighted included the following:

Increased competitive environment was one of the major challenges CBA faced. Competition was not only coming from other licensed commercial banks but also from micro finance institutions, co-operative societies and foreign exchange bureaus which become the outstanding competitor in foreign exchange dealing. Even though CBA has created a strong niche of its own kind of market that is mainly composed of corporate and institutional market, it has been experiencing a lot of competition from other commercial banks for the same market. Other commercial banks are now targeting the corporate and institutional market thus forcing CBA to aggressively compete to retain is market share and also attract another target market.

Advancement in modern Information and Communication Technology (ICT) has been another challenge facing CBA and other players in the banking industry in Kenya. CBA has been faced by this challenge of advancement in information technology which has been extremely unpredictable and very dynamic. Over the last 10 years there has been a revolution in banking technology and information and CBA has had to re-evaluate its ICT system every now and then to accommodate the new developments. Internet banking, Mobile phone banking, Automated Teller Machines (ATM) which can accept both cash and checks deposit from customer has been some of the ICT development that has made CBA review its strategies. These technological changes have had impact on CBA's operating environment and the bank had to respond to these changes in order to remain competitive in the very dynamic environment.

Economic recession (crunch) experienced between the years 2008 and 2010 resulted in fewer business opportunities for CBA evidenced by level of customer deposits going down and the ability of the bank's customer borrowing and servicing their loans declining. This resulted into worsening level of profitability and financial performance and in a number of times the bank was unable to meet its financial targets, the most recent case being financial year en tiring 31st December 2009 when the bank did not meet its targeted profit before tax of KSH 2.5 Billion. They hard economic time also saw the bank increase its amount of non- performing loans and bad debts which had negative impact on its overall financial performance.

Legislative changes and liberation of economy led to an increase in the number of financial institutions and reduction of interest and commission margins. Central Bank Amendment Act (2000) set a limit on chargeable interest rate, increment of minimum capital requirement in 2007 where minimum capital requirement for a commercial bank was raised from KSH 250 Million to KSH 1 Billion weighed down on the banks lending by reducing the amount of liquid cash available for lending. In 2008 the Central Bank of Kenya brought in new rule ordering all commercial banks to away with the requirement to maintain a minimum operating balance on savings account and waiver of charges on savings account. This resulted into lost commissions charged as ledger fees and reduction in liquid cash available for lending and other operation activities as a result of no minimum balance.

Changing customer preferences and increased levels of awareness has been another challenge from external environment. The bank has been faced by a challenge of meeting its customer's changing expectations and at the same time maintaining or meeting its targeted financial objectives. Products and services offered by almost every commercial bank are similar and every bank competes on customer service cost of these products and services. This has made both existing and potential customers very particular when choosing a preferred bank. CBA have been faced with a huge task of pleasing, retaining and attracting customers with varied preferences and taste to keep up with competition and the same time meet its shareholders expectation of profitability.

4.3 Strategic Responses

As a result of the changes in the external environment, CBA has adopted some strategic responses that include; Research and Development, Corporate restructuring, Information and Communication Technology, Marketing, financial Management of Human Resource responses.

4.3.1 Research and Development

Research and development primary aim is to come up with new and innovative products and services that meet customer expectations and attract new customer's to the bank. In the last three years, CBA has created a R&D team composed of various personnel from different departments. This is team falls under a newly created department known as Project Management whose key role is coordination of various new projects to be implemented by the bank.

Through Research and Development, CBA has been able to come up with new products (account) to replace its traditional savings and current A/C. These new accounts are called Nufaika and Freedom accounts and even though they are still savings and current accounts their features are more flexible meant to not only retain the current account holder but also attract new ones.

In order to come up with new and innovative products and services, CBA has come up with an innovative way of seeking ideas and suggestions from the existing staff. The bank's management decided that in order to come up with excellent and very best ideas to improve on overall efficiency and effectiveness, there was a great need to encourage best brains of its staff to contributes some credible ideas gained from their experience both at work and from the social set ups. It was agreed to have an e-mail address where staff can e-mail their innovative ideas for evaluation by R&D team. The ideas once received are evaluated objectively by R&D team and the credible ones are taken up for implementation. People who contribute credible and applicable or potentially usable ideas are rewarded with a cash prizes, of up to KSH 100,000 or letter recognition from the Managing Director.

To encourage staff to always come up with innovative ideas and ensure that there are always sustainable innovative ideas for products or services within the bank, management has included innovation as part of every individual's staff performance target. During performance appraisal every year an individual is rated against the innovative idea presented among other aspects of overall performance management system.

4.3.2 Human Resources Management

According to the respondents CBA has been hiring very qualified and highly skilled people to ensure that its investment in human resource remains one of its biggest strengths. Majority of the respondents were of the view that CBA was the best choice of employer for those who wanted to build a career in banking and CBA has remained the employer of choice in banking industry because of not only creating a very conducive working environment and opportunities for training and development but also by offering a very competitive enumeration and other employment benefits.

Human Resource Management department has always been of high influence in strategic decisions because CBA human resource plays the primary role in achieving companies' goals and objectives and at the same time creating a very strong competitive edge in the industry. Proper training of staff especially in areas where one has some weakness and high motivation in terms of incentives and very competitive salary packages has made CBA staff very loyal to the bank and work extra hard in very smart and intelligent manner to propel the company into higher heights.

Performance of every individual staff is evaluated through a well formulated and structured performance management appraisal system and the persons who have met their annual targets are awarded bonus among other incentives like promotion and salary increments. This has been one strong pillar in achievement of the CBAs overall performance in the industry. Respondents were of the view that CBA does not only attract very qualified personnel but also ensure there is talent management by identifying and developing talents which are ultimately retained within the company.

4.3.3 Information and Communication Technology

CBA has adopted modern information and technology system to increase its efficiency and effectiveness in its operations. Through good I.C.T CBA has been able to achieve “branchless” banking through interconnectivity and decentralization of its core banking system. This has made the banks customers receive excellent and best service at any branch of CBA regardless of where the customer opened his/her account. In the year 2008 the bank spent a huge sum of money in the acquisition of new and modern banking system T24 which is internet based and is more efficient compared to the older system of micro- banker the bank had used for almost a decade.

CBA has attracted very highly skilled I.T experts who are always ensuring that the banking system is operating in the highest degree of efficiency. These staffs are always there to help other start in the technical issues of general I.C.T thus recounting the whole banking efficiency at any time. Respondents were of the idea that the bank is still in the process of improving its I.T systems in various areas with an aim of offering the best service to the customers and at the same time roll out some IT based products and services that will ensure the bank creates a very competitive edge in the industry.

4.3.4 Marketing Strategy

CBA has a very unique marketing strategy for its products .The bank has been marketing itself through very latent methods rather than in the traditional electronic media advertisement. Respondents argued that this was the best method to reach its customers who are very sensitive to general publicity. CBA has a core customer base comprised of Corporations and Institutions and the best way of reaching them for product and services, CBA supports or sponsors events that are undertaken by these customers. It also reaches out to the personal banker through social events where the customers of CBA are likely to be found. One key marketing strategy CBA has used is promotional of its products and services through Golf events sponsorship.

For over decades CBA has been supporting corporate Golf tournament and through this method the bank has been able to reach the influential individuals in their positions of work and who are in position to give business to the bank. To reach NGO's and Institutional banker's CBA has been carrying out various Corporate Social Responsibility (CSR) events which expose it to these Diplomatic and Humanitarian organizations. CBA also uses one radio stations to promote its Products and Services though this has not been happening very explicitly and frequently.

4.3.5 Financial strategy

CBA has used financial strategy to increase its competitiveness in the industry. CBA management meets frequently to analyse various financial strategic options it may take to increase its market and performance in the industry. Financial strategy has worked very well for CBA in the areas of lending, investment and management of cost. CBA has undertaken very calculated lending procedures to avoid instances of non-performing and bad debts. This has been achieved through very careful and very objective risks analysis of the loan applicants. The bank has adopted a policy of investment of only secure and less risky investment options and mainly it has opted to lending government through Treasury Bonds and Bills. The bank uses this as its major investment option because it is less risky in nature.

CBA has also undertaken cost cutting measures which are aimed at reducing its amounts of expenditure. Basically this involves cutting cost associated to Staff maintenances and other cost related to efficient use of physical utilities. Cost cutting is emphasised in the aspects like reduction in Taxi expenses, Overtimes, Meals and inconveniences allowances given to staff, effective use of other utilities to avoid unnecessary wastages. The bank management has always put a policy in place to ensure that costs should only be incurred when they cannot be avoided and proper authorization is in place to avoid covering cases that are not economical.

4.3.6 Corporate Restructuring.

Corporate restructuring is another response which was realised when analysis of data was done. It was observed that for the last three years CBA has restructured its operations with an aim of creating a competitive edge in the industry. Traditionally CBA has been involved in mainly corporate and institutional banking and a very small avenue for personal bankers. CBA has changed its operations structure in its 2007-2012 five years strategic plan to include middle income individuals and increase its presence in the Retail banking environment. This is aimed at increasing its market share and profitability as per the changing banking environment in Kenya.

In this plan the personal banking department has been extended and there are some other structural changes in the department. The changes include changing chain of bureaucracy and changing perception of the branches which has been mainly regarded as service delivery outlets to become Retail outlets. The aim here is to make the outlets avenues of direct sales of the banks products and services. The targets for these retails outlets have been increased to only offer customer front office services but also attract more personal bankers with medium levels of income alongside small business enterprises. Retail banking is one of the new strategies CBA bank has adopted and retail agents at the branches have had their targets of sales of bank’s product and services increased. This move is meant to increase the customer base of CBA to counter threats posed by other commercial Banks in the industry and also to increase the volume of overall Banks business and competitiveness

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

From the analysis of data, it was observed that CBA has adapted at least six strategic responses to changes in the external environment. The responses included improvement in human resource management, establishment of research and development department to create and review product and services in order to achieve customer expectation and also attract new customers. The bank also adopted an marketing system to reach it clients alongside the use of modern information and technology system and taking very calculated and less risky ventures for financial investments. As a result of increased competition the banking industry, CBA is also reaching to middle income individuals and Small and Medium Enterprises (SME) to increase its volume of business and ultimate profitability.

In process of implementing these strategic responses, CBA encountered a number of challenges. Some of the challenges encountered included a lot of financial expenditures like in the case of acquisition of new and modern Information system. There was a challenge of bureaucracy where the management could not implement some strategies that required swift responses because all stakeholders were to be involved and consensus was to be reached. Resistance from some staff was encountered especially when the decision to reach middle income groups was reached. There were some staffs that were of the opinion that the bank was losing its sense of direction especially in regard to its target market. Also some customers who wanted to maintain their esteem as members of' 'high net worth' class were reluctant to accept the banks new strategy to go for Middle income market. They felt that their status and services offered to them would reduce as a result of embracing 'mass market'.

5.2 Conclusion

From the results of the study it can be concluded that commercial Bank of Africa has been responding to challenges in the external environment in a number of methods. These strategic responses the Bank has adopted are more of reactive strategies rather than proactive strategies. The Bank has taken actions in many instances after occurrence of change in the external environment rather as a proactive action taken with a n aim of seizing an opportunity that may be presented by changes in the environment

Some of the strategic responses the Bank has taken are inadequate and does not totally counter challenges from external environment. An example is in the investment of ICT where the Banks information and communication system is generally not at par with the peers in the industry. The bank has not taken much advantage of the Mobile phone banking which is one of key strategies other commercial banks have adopted. CBA customer also cannot deposit cash into their accounts or withdraw cash from their accounts using mobile phone. This is a new technological response taken by a number of other banks in the industry as a result of collaboration with local mobile telephone service provider Safaricom, in its revolutionary M-pesa Money transfer service. Also CBA ATMs can only dispense cash but are not in position to accept either cash or cheque deposits which has been strategy taken by a number of other Banks in Kenya.

CBA also should also improve in its marketing strategy to create its own popularity and presence in the market. This is because a number or respondents were of the view that CBA is not a very popular bank especially when it comes to the mass market of personal bankers. It can generally be concluded that CBA has responded to changes in environment but it should be take more proactive responses rather than reactive responses to counter changes in the external environment in order to create a very competitive edge in the banking Industry.

5.3 Limitations of the Study

During the study a number of limitations were encountered. This include having very little to with the respondents to inquire very deeply into a number of issues because most of the respondents had allocated a few minutes of time due to their very tight time budgets. I was also not able to get responses from the MD and executive Director due to the commitments in other business operations. The biggest limitation was in terms or little time allocation by respondents and in availability of the respondents.

5.4 Recommendations for Further Studies

This study was in case study of only one commercial bank CBA. I recommend a survey on a number of bank s in order to have a competitive study. This would show the general responses adopted by the banks in the industry or it would help in knowing whether responses adopted by one bank are a bank specific response. I would also recommend another similar study to be carried upon the same bank after a number of years e.g. five years to find where CBA used the same responses to counter changes in the externals environment or the bank has come up with more different strategies.

5.5 Implication On Policy And Practice

From the result of the study it can be implied that the management of CBA needs to be more proactive in its response strategies instead of using reactive strategies. This means that the management should be very alert to changes in the external environment and they should be keen to respond in good time in order to outsmart the competition. The bank needs to be very active in the product and services innovation in to attract and retain more customers. The bank's current Human Resources Management style also needs some review especially in the area of recruitment and appointment of new staff members.

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APPENDICES

APPENDIX I

LETTER OF INTRODUCTION

MWENDA N LIMUNGI
UNIVERSITY OF NAIROBI
DEPARTMENT OF BUSINESS ADMINISTRATION
P.O BOX 18882 -00100, NAIROBI

Dear Respondent,

RE: REQUEST FOR RESEARCH DATA

I am a post graduate student at the University of Nairobi, department of Business Administration.

In partial fulfilment of the requirement for the degree of master in Business Administration (MBA), l am undertaking a management research project entitled; "*Strategic Responses by Commercial bank of Africa to changes in the External Environment* " I therefore kindly request you to assist me in filling the attached questionnaire. The information provided will be used exclusively for the purpose of this research and will be treated in strict confidence.

Your co-operation will be highly appreciated.

Yours faithfully

MWENDA N LIMUNGI
MBA STUDENT

APPENDIX II

INTERVIEW GUIDE

The information collected from this interview will be purely for academic purpose and will be treated with the highness degree of confidentiality.

SECTION A.

RESPONDENT'S PROFILE.

1. Name……………………………………………
2. Position held……………………………………
3. Number of Years in CBA…………………......

SECTION B.

QUESTIONS:

1. Kindly highlight some of the changes that have taken place in the Kenyan banking industry over the last 10 years.

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2. Which of the changes have had an effect on C.B.A?

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3. What are some specific challenges CBA has faced as a result of these changes?...
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4. How does CBA anticipate and prepare for environmental changes?

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5. How does competition in the industry impact on the CBA choice of strategy?

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6. How does the customer needs influence policy and strategy?

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7. Has there been any change in CBA's human resource management strategy or policy in the last five years? ……………………………

   a) What was the objective of the changes?

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   b) To what extent have the objectives been met?

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   c) What is the status of the current human resource management response?

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8. Has there been any change in CBA marketing style in the last 5 years?

   a) What was the objective of the changes?

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b) To what extent have the objectives been met?

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c) What is the status of the current marketing response?

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9. Has CBA undertaken R &D changes in the last 5 years? ……………………….

a) What was the objective of the changes?

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b) To what extent have the objectives been met?

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c) What is the status of the current R & D response?

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10. Have there been any changes in CBA's I.T in the last 5 years?.................

a) What was the objective of the changes?

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b) To what extent have the objectives been met?

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c) What is the status of the current I.T response?

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11. Has CBA financial strategy changed in the last 5 years? …………….

a) What was the objective of the changes?

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b) To what extent have the objectives been met?

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c) What is the status of the current financial response?

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12. Which entry strategy is the bank using to venture into new markets?

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13. What are the other strategies the bank is currently using to address the changes in banking industry?

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