COMPETITIVE STRATEGIES ADOPTED BY BANK OF INDIA, KENYA

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER 2013

DECLARATION

I declare that this research project is my original work and has not been presented for academic purposes in any other university.

Signed:…………..…………………..……………. Date ……………………………..

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D61/66331/2010

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

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DEDICATION

This study is dedicated to my parents Mr. and Mrs. Achoki for their moral support, motivation and understanding throughout the period of my studies. Also to my lovely Sisters and Brother Dr. Soa for their love, support, encouragement and concern they showed to me, throughout the study period.

ACKNOWLEDGEMENT

There are many people who invested in the development of this project who must be and should be acknowledged. Without them I would not have been able to meet the stringent demands of my life and still provide the quality information that was essential to this project.

First and foremost, I thank the Almighty God for giving me good health, guiding me through the entire course and for His sufficient grace accorded to me in abundance.

I express my sincere appreciation to my supervisor, Dr. Vincent Machuki, for his guidance and tireless labor travelling to and from Kisumu to ensure the enhancement of this project with his insights and creativity.

My greatest appreciation goes to Mr. and Mrs. Miriti, Mrs. Rose Muruthi and my former classmate Mr. Titus Cheruiyot, whose valuable contribution enabled me, sail through the course.

Finally, I am deeply indebted to all my family members; your power, generosity and humanity have moved me countless times throughout the program.

To all those that cleared my academic path, words have a limit but let it suffice to say God knows what you did.

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ABSTRACT

The choice of a competitive strategy is critical for the survival and success of any company. According to Thompson, Strickland and Gamble (2008), the main objective of competitive strategy is to knock the socks off rivals companies by doing a better

job of satisfying buyer needs and preferences. Organization's ability to increase its profits is dependent on its ability to outwit, out bluff and out maneuvers its rivals. To achieve this it needs the concept of game theory which deals with the process of competitive interaction and also required is the concept of strategic conflict model which portrays competition as war between rival firms. The research study had only one objective which was to determine the competitive strategies adopted by Bank of India, Kenya. The research was a case study and involved use of primary data. The data was collected through interview guides, whereby interview appointments were done with various managers whose positions and roles gave them the ability to respond effectively to most of the questions. The findings were analyzed by use of content analysis. The study showed that the bank used and emphasized on the application of focus/ market niche strategy to a large extend. It also uses to some extend differentiation, cost leadership and market penetration strategies to compliment the focus strategy. The bank had also started to apply market development to enable it catch up with the stiff competition in the banking industry. The researcher recommended that the bank should take full advantage of the strategies it has advantage over rivals like focus strategy and also to give full budget allocation to those strategies so as to rip full benefits out of them. Bank of India, Kenya was also able to blend the mix of Porter' generic strategies and Ansoff growth strategies as the two sets of strategies showed to be beneficial as they complement each other. In carrying out the study, three major constraints were faced; time constraints, centralized decision making at the bank's head office in Mumbai, hence not the right decision makers were interviewed and the scope of the study as this was a case study.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

A company's competitive strategy deals exclusively with the specifics of management's game plan for competing successfully. Its specific efforts to please customers, its offensive and defensive moves to counter the maneuvers of rivals, its responses to whatever market conditions prevail at the moment, its initiatives to strengthen its market position, and its approach to securing a competitive advantage vis-à-vis rivals (Bintiomari, 2010). A company achieves competitive advantage whenever it has some type of edge over rivals in attracting buyers and coping with competitive forces. There are many routes to competitive advantage, but they all involve giving buyers what they perceive as superior value compared to the offerings of rival sellers.

Organization's ability to increase its profits is dependent on its ability to outwit, out bluff and out maneuvers its rivals. To achieve this it needs the concept of game theory which deals with the process of competitive interaction whereby the firm seeks to determine a rival's most profitable counter strategy to one's own best moves and formulates the appropriate defensive measures (Mintzberg, Quinn, & Ghoshal, 1999). Also required is the concept of strategic conflict model which portrays competition as war between rival firms. Central to this approach according to Burnes (2009) is the view that a firm can achieve increased profits by influencing the actions of and behavior of its rivals and thus in effect, manipulate the market environment.

Therefore, the model incorporates the role of strategic signaling as an important mechanism for influencing or intimidating rivals.

In Kenya today, competition in the banking industry has become so intense that banks are facing pressure of doing business. These is due to customers becoming more affluent, informed and as a consequence, more financially sophisticated. Also the economic environment has changes significantly due to liberalization of businesses, efficient information flow and political stabilization. Kenyan banks have had to develop strategies to respond to competition, to both safeguard their niches and to enlarge their market share. Bank of India, Kenya has not been left behind in this competition it has coined it's company mission which is, to provide superior, proactive banking services to niche markets globally, while providing cost effective, responsive services to others in its role as a development bank and in so doing to meet the requirements of its stakeholders. This mission has seen Bank of India survive in its operations for over a half a century by solidifying its client base and recording constant growth in terms of profits and capital base.

1.1.1 The Concept of Competitive Strategy

Thompson, Strickland and Gamble (2008) define competitive strategy as concerned with specifics of management's game plan for competing successfully and securing a competitive advance over rivals. Porter (1985) also defined competitive strategies as the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. It aims to establish a profitable and sustainable position against the forces that determine industry competition. According to Thompson et al.

(2008) the main objective of competitive strategy is to knock the socks off rivals companies by doing a better job of satisfying buyer needs and preferences.

In the choice of competitive strategy Porter (1985) argues that two central question must be considered. The first is the attractiveness of industries for long term profitability and the factors that determine it. The second central question is to determinant of relative competitive position within an industry. Porter (1985) continues to argue that neither question is sufficient by itself to guide the choice of competitive strategy. Both industry attractiveness and competitive position can be shaped by a firm and this is what makes the choice of competitive strategy both challenging and exciting. While industry attractiveness is partly a reflection of factors over which a firm has little influence, competitive strategy has considerable power to make an industry more or less attractive. According to Johnson and Scholes (2008) competitive strategy is the basis on which a business unit might achieve a competitive advantage in its market. At the same time a firm can clearly improve or erode its position within an industry through its choice of strategy. Competitive strategy then not only responds to environment but also attempts to shape that environment in a firm's favor.

The essence of formulating competitive strategy according to Porter (1980) is relating a company to its environment. Industry structure has a strong influence in determining the competitive rules of the game as well as the strategies potentially available to the firm. Barney (2007) argues that a firm implements a competitive strategy when it seeks to gain superior economic performance by contending with other firms. Competition in an industry is rooted in its underlying economic structure and goes

well beyond the behavior of current competition. The state of competition in an industry depends on five basic competitive forces. The collective strength of these forces determine the ultimate profit potential in the industry where profit potential is measured in terms of long run returns on invested capital. Hence to cope successfully with the five competitive forces and thereby yield a superior return on investment, firms have discovered many different approaches to this and the best strategy for a given firm is ultimately unique construction reflecting its particular circumstances.

1.1.2 Kenya's Banking Industry

Banking business means the accepting from members of the public of money on deposit repayable on demand or at the expiry of a fixed period or after notice the accepting from members of the public of money on current account and payment on and acceptance of cheques; and the employing of money held on deposit or on current account, or any part of the money, by lending, investment or in any other manner for the account and at the risk of the person so employing the money (Banking Act of Kenya cap 488). Commercial banks are licensed and regulated under the banking act cap 488 and prudential regulations issued there under. There are currently 43 commercial banks in Kenya. Out of the 43 institutions 32 are locally owned and 11. The locally owned financial institutions comprise 3 banks with significant government shareholding and 27 private owned commercial. The foreign owned financial institution comprised 7 locally incorporated foreign banks and 4 branches of foreign incorporated banks where Bank of India falls. Of the 40 private banking

institutions in the sector, 71% are locally owned and remaining 29% are foreign owned. (http://www.centralbank.go.ke).

Over the last few years the banking sector in Kenya has continued to grow in assets, deposit, profitability and products offering. According to PriceWater house survey of 2008 the growth has been mainly underpinned by an industry wide branch network expansion strategy both in Kenya and East Africa community region and automation of a large number of services and a more towards emphasis on the complex customer needs. (http://www.pwc.co.ke). Technology has also revolutionized the banking industry, with the introduction of e-banking, mobile banking, agency banking, e-statements and automated teller machines. These new innovation has taken customers out of banking halls to the rural unbanked or underbanked areas (Mbegwa, 2010).

Banks in Kenya are operating in a volatile environment with unpredictable conditions. The main challenges facing the Banking sector today according to PwC Kenya includes; new regulations which requires banks and mortgage firms to build a minimum core capital of KShs 1 billion. Global financial crisis experienced in late 2008 is expected to affect the banking industry in Kenya especially in regard to deposits mobilization, reduction in trade volumes and the performance of assets.

1.1.3 Bank of India, Kenya

Kenya centre started/ opened its first branch in Kenya in 1953 in Mombasa and in the following year it opened yet another branch in Nairobi. This was in response to the Bank of India, Mumbia realization of the growing population of Indians in Kenya and the growing ties between the Kenya and India. The Indians had moved to Kenya as

Kenya Uganda railway construction laborers and after the completion of the railway they remained behind as business people. They had made substantial investments and Bank of India, Mumbai moved to Kenya to assist them in remitting their investment back to their country.

Bank of India, Kenya is registered in Kenya as a branch of the Mumbai- based parent bank rather than as a subsidiary, a factor that has limited its pace of expansion over the years since it had to grow organically rather than through acquisitions. It also has a branch in Industrial area and in Nairobi's Westlands area. It plans to open four more branches. The plan to put up more branches in the industrial hubs of Kenya is geared towards tapping the increased investments by Indian companies in sectors such as medical diagnostics, communications, petroleum refining and ICT. Apart from opening more branches the bank seeks to localize and start operating as a subsidiary of the Bank of India, Mumbai. It operates under the company mission is, to provide superior, proactive banking services to niche markets globally, while providing cost effective, responsive services to others in our role as a development bank and in so doing meet the requirement of our stakeholders (http://www.boikenya.com/).

1.2 The Research Problem

Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. The essence of formulating competitive strategy according to Porter (1980) is relating a company to its environment. Johnson and Scholes (2008) argue that environment is what that gives organization their means of survival and it is also the source of the most immediate layer surrounding the

organization. Industry structure has a strong influence in determining the competitive rules of the game as well as the strategies potentially available to the firm. Business managers evaluate and choose strategies that they think will make their business successful. Businesses become successful because they posses some advantage relative to their competitors. The two most prominent sources of competitive can be found in the business's cost structure and its ability to differentiate the business from competitors.

Bank of India, Kenya being a foreign bank is faced with many challenges in the industry that hinder it from performing competitively. The name Bank of India gives a notation that it is targeting the Indian community and is not meant for the local population. This has posed a major challenge in its marketing itself to the local population. With only four branches in Kenya has being a challenge to sale has to the Kenyan population has many will refer a bank with many branch networks and products like agency banking and mobile banking to enable them easy access. It is also facing locations challenges as most of its branches are not strategically situated and its color it not notable easily

A number of studies have been done on competitive strategies in banking industries in Kenya; Onyoro (2011) discussed the competitive strategies and performance of multinationals banks in Kenya, Wanyonyi (2011) looked at the competitive strategies adopted by kenya commercial bank to attract and retain corporate customers, Kimtai (2010) studied at the responses by commercial banks in Kenya to increased competition and Wanjiru (2009) the Competitive strategies adopted by the Kenya Commercial Bank in responses to challenges in the external environment. The

findings of these studies indicate that indeed the firms employed a mix of strategies to ensure survival of the firm.

Chege (2008) discussed competitive strategies adopted by Equity Bank Ltd; Mwangi (2010) looked at the competitive strategies adopted by the Kenya Commercial bank in response to challenges in the external environment. The result of the study indicated that investing in the latest cutting technology and innovative products were the most appropriate. Awour (2011) also examined the competitive strategies employed by Kenya Commercial Bank Group Ltd. The study examined on cost leadership, product differentiation and focus. The results of the study were that product differentiation and focus strategy were widely applied in the bank, with the cost leadership strategy not being emphasized. Given that the above studies carried out on the adoption of competitive strategies were done on banks that are locally established and the rate of acceptance from the local population is different, hence they cannot be applicable in this study given that the case in study is a foreign bank.

Studies with regard to the competitive strategies but in different industry include Hussein(2011) which analyzed on competitive strategies employed by Mumias sugar company to develop competitive advantage, also Kiptoo (2011) examined challenges of competition on Kenya Airways and Competitive Strategies adopted by the Airline. These studies relate to industries which are not in the financial services sector. As such the environmental drivers are different in each industry and hence the finding cannot be generalized to other industries. Hence, due to dynamism and turbulence in the banking sector, and the above challenges Bank of India, Kenya is facing. What are the competitive strategies adopted by Bank of India, Kenya?

1.3 Research Objective

The objective of this study was to determine the competitive strategies adopted by bank of India, Kenya.

1.4 Value of the Study

The study is of great significance to various groups that are involved or affected by the happenings in the banking industry. They include management of Bank of India, Kenya, other banks, existing and potential investors and academia.

This study is very valuable to competition in the banking industry, as it shows how a company can earn a lot of profit by investing in the right strategy. According to Kotler and Armstrong (2001) small firms normally avoid competing with larger firms by targeting small markets of little or no interest to the larger firm and Kotler et al. (2001) also suggested that an alternative to being a follower in a large market is to be a leader in the small market, or niche. Bank of India, Kenya has managed to rip full benefits from this strategy by remaining a leader in the niche for many years.

The findings are valuable to top management of Bank of India and the industry as it exposes the gaps in their strategy, which if addressed in time will help deter competition. They are also able to gauge the success of the company in employing specific competitive strategies. The study also gives an insight, which is helpful to management on the resource allocation to each strategy and emphasis to be placed to each applicable strategy. The study also makes significant contribution to current and

potential investors of Kenyan banking industry, as it provides a lot of insight on the strategies they can use to respond to competition.

This study forms a foundation upon which other related and replicated studies can be based on. It acts as a point of reference for academicians, scholars and researchers. Scholars who will be doing studies on competitive strategies in other areas can also benefit from the study as a point of reference. It also contributes to the body of knowledge by filling the gap regarding the competitive strategies adopted by Bank of India, Kenya. The study recorded competitive strategies as are currently in place and hence the study can be used as a foundation for more indebt study in the industry.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Competitive strategies are the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. It is concerned with specifics of management's game plan for competing successfully and securing a competitive advance over rivals. It also aims to establish a profitable and sustainable position against the forces that determine industry competition. This chapter discusses the literature review in form of theoretical review and past research. The review includes the theoretical underpinning of the study, porter (1980) generic strategies, Ansoff (1957) Product / market growth strategies and Pearce and Robinson (2009) grand strategies.

2.2 Theoretical Underpinning of the Study

It is a common observation that competitors and rivals always try to outguess one another (Kunwar & Nyandemo, 2007). Indeed, there is rationality in this behavior. This is manifested when the rival can manage to outrage the competitor the returns can be substantial. Game theory deals with the process of competitive interaction. It involves making decisions when two or more intelligent and rational opponents are involved under conditions of conflict and competition. Instead of making inferences from the past behavior of the opponents the firms seeks to determine a rival's most profitable counter strategy to one's own best moves and to formulate the appropriate defensive measures.

In game theory according to Gandoifo (2011) every firm has complete information about the rules of the game and the preferences of the other players for each result. They contain perfect information on the choices foregoing at the time of rival's

decision. The firm is rational of decision process by taking decisions based on the maximization of his utility function. Every firm is rational and able to predict the choices of other firms thinking about what would be the rational choice it would take if it was in the same situation of the rival firm. They are also aware of competitive and non cooperative behavior as a consequence of the previous assumptions; individual choices are based on the maximization of each individual utility function and not on that of all the competitors as a whole. There is a non-cooperative bias which, from a systemic point of view, brings to non-optimal choices. There is dynamism in the environment and the result of each firm is mutually related with decisions of other players; thus unilateral decisions are not possible.

The strategic conflict model portrays competition as war between rival firms with the saying that no battle plan ever survived the first encounter with the enemy (Mintzberg et al., 1999). To illustrate not just the dynamic nature of strategy but also the need to respond to competitors who do not always behave as anticipated. Central to this approach according to Burnes (2009) is the view that a firm can achieve increased profits by influencing the actions and behavior of its rivals and thus, in effect, manipulate the market environment. This can be done in a number of ways such as investment in capacity and advertising. However, such moves will have little impact if they can easily be undone, therefore, to be effective; they require irreversible commitment.

Further it is argued these various maneuvers are crucially dependent on what one firm thinks another firm will do in a particular situation. Therefore, the model incorporates the role of strategic signaling as an important mechanism for influencing or

intimidating rivals (Burnes, 2009). This includes such practices as predatory pricing and limit pricing. In addition the model has come to embrace issues relating to the role of commitment and reputation and the simultaneous use of competition and cooperation. Therefore, from the strategic conflict perspective, an organization's ability to increase its profit is dependent on its ability to outwit, out bluff and out maneuver its rivals. Strategic conflicts are likely to be more appropriate in situations where there is an even balance between rivals in an industry rather than in situations where one organization has substantial competitive advantage over its rivals.

2.3 Competitive Strategies

Thompson, Stickland and Gamble, (2008) define competitive strategy as concerned with specifics of management's game plan for competing successfully and securing a competitive advance over rivals. Porter (1985) also defined competitive strategies as the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. It aims to establish a profitable and sustainable position against the forces that determine industry competition.

Organizations require an effective competitive strategy to operate successfully in the market where there is established and potential competition. Choosing competitive strategies which will deliver competitive advantage is an inexact process (Capon, 2008). Capon (2008) also argues that the achievement of competitive advantage and hence superior profits are central to the strategy of any organization. Also successful achievement of competitive advantage is likely to result if a company is clear about its competitive strategy.

2.3.1 Porter's Generic Strategies

According (Porter, 1980) there are three broader internally consistent generic strategies which can be used singly or in combination for creating a defendable position in the long term and outperforming competition in an industry. Effectively implementing any of three generic strategies usually requires total commitment. Porter (1985) by this positioning determines whether a firm's profitability is above or below the industry average. A firm that can position itself well may earn high rates of returns even though industry structure is unfavorable and the average profitability of the industry is therefore modest.

The fundamental basis of the above average performance in the long run is sustainable competitive advantage. Tough a firm can have a myriad of strength and weakness vis-a- vis its competitors. There are two basic types of competitive advantage a firm can posses. Low cost or differentiation. The significance of any strength or weakness a firm a posses is ultimately a function of its impact on relative cost or differentiation. Cost advantage and differentiation in turn stem from industry structure. They result from a firm's ability to cope with the five forces better than its rivals.

When a firm sets out to become the low cost producer in the industry, the firm has abroad scope and services, many industry segments and may even operate in related industry. The firms' breath is often important to its cost advantage. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access

to raw materials, and other factors. Porter (1980) cost leadership requires pursuit of cost reductions from experience, tight cost and overhead controls avoidance of marginal customer accounts and cost minimization in areas like R&D, service, sales force, advertising and so on. A great deal of marginal attention to cost control is necessary to achieve these aims. Low cost relative to competitors becomes the theme running though the entire strategy, though quality, services and other areas cannot be ignored. Its competitors have competed away their profits through rivalry.

Achieving a low overall cost position often requires a high relative market share or other advantages such as favorable access to raw materials. It may well require designing products for ease in manufacturing, maintain a wide line of related products to spread costs and serving all major customer groups in order to build volume. In turn implementing the low cost strategy may require heavy up front capital investments in state of the art equipments, aggressive pricing and start up losses to build market share. High market share may in turn allow economies in purchasing which lower cost even further.

Differentiation strategy as a tool for gaining competitive advantage, an organization distinguishes itself in a competitive marketplace by differentiating its offering in some way by acting to distinguish its products and services from those of its competitors (Mintzberg et al., 1999). An organization can differentiate its offering in six basic ways, by using Price (charging a lower price) which is the most basic way to differentiate a product or services. Image can also be used by creating an image in the minds of consumers which does not otherwise exist. Also a firm can differentiate by offering support through servicing the product, providing a related product or service

alongside the basic one. Quality differentiation by offering products with better features which are reliable, durable and also of superior performance, Design differentiation by offering something that is truly different that breaks away from the dominant design by providing unique features.

Focus strategy whether anchored in a low cost base or a differentiation base, attempts to attend to the needs of a particular market segment. Likely segment are those that are ignored by marketing appeals to easily accessible markets, to the typical customer or to customers with common applications for the product (Pearce et al., 2010). A firm pursuing a focus strategy is willing to service isolated geographic areas to satisfy the needs of customers with special financing inventory, or servicing problems or to tailor the product to the somewhat unique demands of the small to medium sized customer. The focusing firms profit from their willingness to serve otherwise ignored or underappreciated customer segments.

Thompson et al. (2008) argues that for the focus strategy to be attractive the following the conditions should be met. The target market niche should be big enough to be profitable and offers good growth potential. The industry leaders do not see that having a presence in the niche is crucial to their own success. It is costly or difficult for multi segment competitors to put capabilities in place to meet the specialized needs of buyers comprising the target market niche and at the same time satisfy the expectations to their mainstream customers. The industry has many different niches and segments. Also the focuser has a reservoir of customer goodwill and loyalty that it can draw on to help stave off ambitious challenges looking to horn in on its business.

2.3.2 Ansnoff's Product/ Market growth Strategies

A product-market strategy, accordingly, is a joint statement of a product line and the corresponding set of missions which the products are designed to fulfill. Ansoff (1957) created Product-Market Growth Matrix as a marketing tool to allow for marketers to consider ways to grow the business via existing and/or new products and also in existing and/or new markets. There are four possible product/market combinations. This matrix helps companies decide what course of action should be taken given current performance. Pearce and Robinson (2010) the matrix includes market penetration, product development, market development and diversification. The output from the Ansoff product/market matrix is a series of suggested growth strategies that set the direction for the business strategy (Onyango, 2011)

Market penetration is an effort to increase company sales without departing from an original product-market strategy. The company seeks to improve business performance either by increasing the volume of sales to its present customers or by finding new customers for present products. The company first considers whether it could gain more market share with its current products in their current markets (Kotler, 2001). Market penetration occurs when a company penetrates a market with current products. The best way to achieve this is by gaining competitors' customers other ways include attracting non-users of your product or convincing current clients to use more of your product/service, with advertising or other promotions. Market penetration is the least risky way for a company to grow. According to Thompson et al (2008) Market penetration seeks to achieve four main objectives; Maintain or

increase the market share of current products, Secure dominance of growth markets, Increase usage by existing customers and doing business as usual.

Product development strategy, on the other hand, retains the present mission and develops products that have new and different characteristics such as will improve the performance of the mission. A firm with a market for its current products might embark on a strategy of developing other products catering to the same market although these new products need not be new to the market; the point is that the product is new to the company. According to Johnson and Scholes (2008) this strategy may require a commitment to high levels of research and development. According to Pearce et al. (2010) product development strategy is based on the penetration of existing markets by incorporating product modification into existing or developing new products with a clear connection to the existing product line. When a firm creates new products, it can gain new customers for these products. Hence, new product development can be crucial business development strategy for firms to stay competitive. A successful product development strategy places the marketing emphasis on R & D, detailed insights into customer needs and how they change and being the first to market.

Market development is a strategy in which the company attempts to adapt its present product line (generally with some modification in the product characteristics) to new missions. Pearce et al. (2010) argue that this strategy involves the selling of present products with only cosmetic modification to customers in related marketing areas by adding channels of distribution or by changing the content of advertising or promotion. An airplane company which adapts and sells its passenger transport for the

mission of cargo transportation is an example of this strategy. An established product in the marketplace can be tweaked or targeted to a different customer segment, as a strategy to earn more revenue for the firm. Also the market need not be new in itself; the point is that the market is new to the company.

Diversification is the final alternative. It calls for a simultaneous departure from the present product line and the present market structure. Each of the above strategies describes a distinct path which a business can take toward future growth. However, it must be emphasized that in most actual situations a business would follow several of these paths at the same time. According to Thompson et al. (2008) a company becomes prime candidates for diversifying when it spots opportunities for expanding into industries whose technologies and products complement its present business, when it can leverage existing competencies and capabilities by expanding into businesses where same resources strengths are key success factors and valuable competitive, where diversifying into closely related business opens new avenues for reducing costs and where it has a powerful and well known brand name that can be transferred to the products of other business and thereby used as a lever for driving up the sales and profits of such business

The diversification strategy stands apart from the other three (Onyango, 2011). When the latter are usually followed with the same technical, financial, and merchandising resources which are used for the original product line, diversification generally requires new skills, new techniques, and new facilities. For a business to adopt a diversification strategy, it must have a clear idea about what it expects to gain from the strategy and an honest assessment of the risks. However, for the right balance

between risk and reward, a marketing strategy of diversification can be highly rewarding

The Ansoff matrix illustrates in particular, that the element of risk increases the further the strategy moves away from known quantities that is the existing product and the existing market. Thus, product development and market extension typically involve a greater risk than penetration. And diversification generally carries the greatest risk of all.

2.3.3 Pearce and Robinson' Grand Strategies

The grand strategies, often called master or business strategies provide basic direction for strategic actions. They are the basis of coordinated and sustained efforts directed toward achieving long term business objectives. Pearce at el. (2010) have discussed 15 grand strategies that strategic managers should consider. The 15 principal grand strategies according to Pearce at al. (2010) are concentrated growth, market development, product development, innovation, horizontal integration, vertical integration, concentric diversification, conglomerate diversification, turnaround, divesture, liquidation, bankruptcy, joint ventures, strategic alliances, and consortia. Any one firm of these strategies could serve as the basis for achieving the major long term objective of a single firm. But many firms which are involved with multiple industries, businesses, and product lines, or customer groups usually combine several grand strategies. For the purpose of this discussion the research will discuss the following; concentrated growth, Innovation, Market and Product development, Horizontal and Vertical integration and Joint venture and Strategic alliances. Grand

strategies indicate the time period over which long range objective are to be achieved, thus a grand strategy can be defined as a comprehensive general approach that guides a firm's major actions.

Concentrated growth is the strategy of the firm that directs its resources to the profitable growth of a single product, in a single market' with a single dormant technology. The main rationale for this approach, sometimes called a market penetration or concentrated strategy is that the firm thoroughly develops and exploits its expertise in a delimited competitive arena. Concentrated growth strategies lead to enhanced performance through its ability to assess market needs, knowledge of buyer behavior, customer price sensitivity, and effectiveness of promotion. This strategy if favorable in industries which are resistant to technological advancement, firms targeted market is product saturated, when firm's product market are sufficiently distinctive to dissuade competitors in adjacent product market from trying to invade the firm's segment. And also when the firm's inputs are stable in price and quantity and are available in the amounts and at the times needed.

Innovation is a grand strategy that seeks to reap the premium margins associated with creation and customer acceptance of a new product or service. The underlying rationale according to Pearce et al. (2010) is to create a new product lifecycle and thereby make similar existing products obsolete and a divesture from the product development strategy of extending the existing product's life cycle. While most growth oriented firms appreciate the need to be innovative, a few firms use it as their fundamental way of relating to their markets as costs associated with R&D, and pre-

marketing costs of converting a promising idea into a profitable product are extremely high.

Vertical and horizontal integration according to Pearce (2010) are among grand strategies whereby vertical integration involve the acquisition of the firm that supply the acquiring firm with inputs or new customers for its outputs the reasons for choosing a vertical integration are to increase dependability of the supply or quality of the raw materials used as production inputs and also to control costs. Horizontal integration involves acquisition of similar firms operating at the same stage of the production marketing chain. In this case, Sababu (2007) new commodities are added by the purchase of a competitive organization. It is accomplished by the acquisition of competitor's common stock, by the purchase of competitor's assets or by pooling together the interest of the two organizations.

Strategic alliances are commonly defined as purposive linkages between organization that cover collaborations involving an exchange, a co development or sharing relationship (Clegg et al., 2011). Strategic alliance has a number of defining features, these are among them; they bring two or more individual organization together., the alliance requires these parties to be interconnected in some way with resource dependencies., interconnectedness involves reciprocal relations., the alliance strives to define itself through consistent goals, interests or values., and in the alliance there is an assumption that the individual parties maintain at least some level of autonomy (Clegg et al.,2011). Joint ventures are an entity owned by multiple parent firms that is legally distinct from the parent firms. (Clegg et al., 2011). It is an entity formed by

two or more independent firms that choose to carry out an activity joint rather than pursuing the project individually or by merging or acquiring entire business units.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research is defined as the process of arriving at a dependable solution to a problem through planned and systematic analysis and interpretation of data. The chapter provides information on the research design adopted, data collection methods used and data techniques employed to organize and analyze data.

3.2 Research Design

The research design was a case study. A case study is a form of qualitative analysis which involves a careful and complete observation of a social unit. Allela (2011)

alludes that a case study is an in-depth investigation of an individual, group, institution or phenomenon. Kothari (2004) also stated that, a case study involves a complete investigation of an institution or group and embraces depth rather than breath of study. The objective of the case study is to obtain multiple perspective of a single organization and the flexibility of this approach and emphasis on understanding the context of the subject will allow for a richness of understanding (Coopers & Schindler, 2006).

The case study was chosen since it is a sound basis for gathering insight information from the management of the organization on the competitive strategies Bank of India has adopted to compete effectively in the market. The case study method provides a means of identifying specific respondents who can provide the in-depth information by virtue of their positions, on the challenges organization face and responses to the challenges in the ever changing environmental conditions.

3.3 Data Collection

The study involved a collection of primary data. Primary data were collected through one on one interview with various managers whose positions and roles gave them the ability to respond effectively to most of the questions. The interview method was adopted as it gives high response rate, is flexible and has the ability to develop understanding of the valuable information from the respondents. The number of respondent who were interviewed were seven, and they comprehensively covered all areas of the business organization. These business areas included finance/treasury, IT, human resource/operations, marketing and advances.

The interview guide contained both structured and unstructured questions designed to identify the competitive strategies adopted by Bank of India. The researcher conducted direct and personally administered interviews. The interview guide were delivered personally by the researcher to book the interview and followed by the direct interview.

3.4 Data Analysis

Data collected through interview was qualitative. Qualitative data consist of opinions, views or any other response to the open questions into interviews. The data and information obtained through the open questions was analyzed through content analysis. Content analysis has been defined by Mugenda (1999), as a systematic qualitative description of the composition of the objects or materials of the study. It is methods that consist of observation and detailed description of the objects and items of study in a systematic way in order to come to conclusions and recommendations.

Content analysis enables researchers to sift through large volumes of data with relative ease in a systematic fashion (Stemler, 2001). It also allows inferences to be made which can then be corroborated using other methods of data collection. This method was used to analyze interview transcripts to determine the frequency of specific words or ideas. The results of content analysis allows the researcher to identify, as well quantify, specific ideas, concepts, and their associated patterns, and trends of ideas that occur within Bank of India.

CHAPTER FOUR: DATA ANALYSIS, AND DISCUSSION OF FINDINDS

4.1 Introduction

The chapter presents analysis and discussion of findings on data collected from the field. The objective for the study was to establish the competitive strategies adopted by bank of India, Kenya. The data analysis was designed with the intention of answering the above research objective. The analysis of qualitative discussion outcomes was associated with the questions as per the interview guide (Appendix II). The interview guide was divided into two sections; section one sought to find general information about the respondent and the bank and section two sought to establish data on the competitive strategies Bank of India, Kenya has adopted. The chapter includes an introduction on the general information about the respondents and the bank, competitive strategies adopted by the bank and discussion of findings

4.2 Competitive Strategies Adopted By Bank of India, Kenya

The objective of this study was to establish the strategies adopted by Bank of India, Kenya. To achieve objective interviews were carried out based on the questions derived from the literature and a further probe as per the direction of the interview. Most of the interviewees were long serving members in the organization, with over six years experience in their current management position and the bank. They were also business graduate with most of them having joined the bank directly from college. They therefore had vast knowledge and experience about the organization.

The interviewees cited three most important aspects that have enabled and influenced Bank of India, Kenya to blossom in market and the competition. The Company slogan, which is relationship beyond banking, it makes bank customers to have the feeling of ownership. The clientele they deal with, who are families which opened account over twenty years ago and are personally identifiable with the bank and they enjoy personalized services and lastly, the people of Indian origin, who have continued to bank with the bank since its inception.

On the question of how the bank monitors costs in terms of eliminating unnecessary costs and also monitoring costs of competitors? Most of the interviewees acknowledged that Bank of India viewed their pricing as very competitive to those of their competitors. Their charge sheet was on average compared to most of banks in the industry. Their costs and processes are reviewed annually and most interviewees agreed that charging the lower price to competitor will be more profitable to the bank. In reviewing their cost they take into consideration the average industry cost and more so, the cost of products for Bank of Baroda which they consider as their main competitor

Also from the interview it was viewed that of late the bank as adopted a competitive cost structure with the installation of finacle software which supports many web based applications like mobile banking, internet banking and many more. Also through plans of localization of the centre and opening of four more branches. By this, they expect to reach more market and also help reduce their operation costs.

Though most of interviewees agreed that Bank of India product pricing was very competitive and pricing was used as a strategy, it was observed that the prices of most products were at par with competitors. The bank did not charge lower prices because it does not emphasize on cost leadership.

When the interviewees were asked on how unique their services/products were? Most of interviewees agreed that Bank of India products/ services differed significantly from their competitors in that they give personalized services to customers and they are very flexible in offering of their services to meet the individual needs. Some interviewees quoted their slogan which is relationship beyond banking and that most of customers who have a facility with the bank can be identified and this tend to make most customers remain with the bank.

The fact that the bank does not charged on withdrawing or depositing money in the account and that it does not curb on the number of withdrawal one makes were cited as unique features of the bank. Some interviewees cited the stability of the bank as the source of competitive advantage with a liquidity level of over 70%. The bank is considered as most stable in the market and most of their customers have stuck with the bank as they are comfortable that their money is safe.

All interviewees agreed that each product of Bank of India is tailored to meet specific needs of each group in the market with some citing Ecorp and Neft, product that are designed for business people and individuals who transfer money to accounts in India, star housing for middle class and salaried customers who want to own a home. Although most interviewees were of the view that their products were covering and targeting all groups in the market, analysis further revealed that most of their products targeted the Indians or people of Indian origin who recite in Kenya. This was evident when the interviewees were asked on the mode of advertising used to reach customers in the market. Most of them said the bank advertises through, Radio, Temple and through referrals. All this mode of advertising are directed/target the Indian population.

The focus strategy was also evident as most of the interviewees said that Bank of Baroda was their main competitor. When asked the question; why do you consider bank of Baroda as your main competitor and not Prime bank or Oriental Commercial bank? The interviewees gave reasons of stability, their competition in India and similarities in their foreign mission/agenda. Also the interview revealed that Bank of India, take keen observation on the activities of bank of Baroda as any move made by Baroda must be analyzed and counter moves be made to neutralize it, failure to make a counter move, the Baroda will eat to their customer base.

On the question of how the bank gets its products to the market? Interviewees said that, Bank of India advertises its products through the media and use of billboards. Also bank managers are regularly sent to radio morning talk show, in a bid to promote the bank and create awareness to its main target group which is people of Indian

origin. The bank also uses other means of advertising like Temple, during prayers hours to meet the Indian community and advertise their products and services that are available and benefits they are to benefit from bank of India.

From the interview, some said as a way of promoting the bank, the bank was recently involved in corporate social responsibility whereby it bought an ambulance to Lions Sight First Eye Hospital which is one of the leading hospitals. All these have encouraged many customers to remain with Bank of India products as their service and value added benefits are the best as compared to other competitors. Bank of India has used also market penetration strategy to expand the sales of current products in the markets where their products are already being sold. Marketers utilize market penetration strategies such as cutting prices, increasing advertising, or innovative distribution tactics.

All interviewees acknowledged that in recent past Bank of India has come up with many products like in 2008 it introduced Ecorp which is a product that is mainly used by business people who import goods from India. The product enables faster access to the funds than other mode like swift. Also the product is used by students studying in India to receive many from Kenya and Indian businesspeople who want to send money to their relatives in India. Also in year 2012 the bank introduced a product called NEFT which works like Ecorp but which enable people to transfer to other banks in India and not necessarily to Bank of India.

Some of the interviewees also pointed out that in a bid to increase its market base, the bank is in the process of introducing a new product by the name IPF (insurance

premium financing) whereby the bank will pay insurance premium for customers and the customer pays the back to the bank for a period of one year. It is aimed at easing the burden of customers and making it easy for them to spread the payment of the insurance.

Some interviewees pointed out on the introduction of a new product by the name of IPF (insurance premium financing). The new products aim to expand market from the current Indian focus and middle class population to targeting the salaried and the mass population and through this will increase the bank's clientele. This was in response on how often does the bank introduce new products in the market?

All interviewees also said that the bank is in the process of opening four more branches in major towns in the Kenya. Currently the bank has four branches, with one in Mombasa and three in the capital city of Nairobi. With the opening of four more branches which is seen as a 50% increase in branch network. Most of the interviewees said that the plans are at advanced stage with approval from Reserve bank of India and central bank of Kenya. From the interview, it was also established that feasibility studies have been done, physical locations identified and modification/renovation of the premises already in place.

Most firms have found it necessary to make innovation their main strategy. They seek to reap from the initial high profits associated with customer acceptance of a new or greatly improved product. The underlying rationale of innovation is to create new product life cycle and thereby make similar existing products obsolete. The innovation strategy involves coming up with new products or IT systems which

enables customers to have a wide range of products to choose from and also enables organizations to have improved and better services for the customers which enables it to maintain or improve its completive position in the market.

The bank has recently adopted a new IT system which serves customers better and has improved services offered within the bank. The software by the name finacle has enabled web based application like internet banking, whereby currently customers who used to travel all the way to the bank to inquire their balances and collect statement and be able to access their statements from their computers. Also some interviewees said plans are underway of customer being able to make transfers to other account from home. The software has seen reduced turnaround time of serving the customer and therefore improved on customer service.

When asked the question; is the bank in any partnership with other banks or companies in the industries? Most interviewees mentioned High Commission of India. There exists a partnership in the sense that, the bank collects visa payments on behalf the High Commission of India. It also reconciles the visas every day and sends the copy of reconciled list and the bank statement to the High commission offices and the bank charges a commission from the applicant for the services offered.

On the same question of partnership, some interviewees cited Glenmark Pharmaceutical Ltd where the employees of the company are able to get car loans on joining the company and the company guarantees them without the individual or the loan applicant necessarily required providing security on the loan. This is both

beneficial to the bank as it is able to earn monthly interest and also to the company as the employees get clean loans at a negotiated rate.

4.3 Discussion of Findings

4.3.1 Comparison with the theory

Mintzberg et al. (1999) portrays competition as war between rival firms with the saying that no battle plan ever survived the first encounter with the enemy, to illustrate not just the dynamic nature of strategy but also the need to respond to competitors who do not always behave as anticipated. The finding that a wide range of activities of the main competitors were watched keenly supported this literature. The findings also brings out clearly that in order for the firms to retain its current customers, the moves of the main competitors should be encountered by the counter moves of the firm. To achieve this Mintzberg et al. (1999) argues that a firm needs the concept of game theory which deals with the process of competitive interaction whereby the firm seeks to determine a rival's most profitable counter strategy to one's own best moves and formulates the appropriate defensive measures. In contrast to this literature, the research results revealed that decision making process was long and bureaucratic and this has led to the company not being able to respond faster to rival's counter strategy.

Porter (1980) mentioned that cost leadership requires pursuit of cost reductions from experience, tight cost and overhead controls avoidance of marginal customer accounts and cost minimization in areas like R&D, service, sales force, advertising and so on. Thompson et al. (2008) puts that there are two ways to achieve a cost advantage; by

efficiently managing costs of value chain activities and revamping value chain to curb or eliminate unnecessary activities. The key to success in achieving low-cost leadership according to Thompson et al. (2008) is scrutinizing each cost creating activity and determining what factors cause cost to be high or low. The research found that costs were reviewed annually and unnecessary cost which did not add any value to the product were eliminated even though the process of cost reduction was taking bit long.

The research findings were consistent with the literature of Thompson et al. (2008) which points out that a differentiator's basis for competitive advantage is either a product/service offering whose attributes differ significantly from the offering of rivals or a set of capabilities for delivering customers value that rivals don't have. And to Mintzberg et al (1999) theory that differentiation strategy is a tool for gaining competitive advantage, where an organization distinguishes itself in a competitive marketplace by differentiating its offering in some way by acting to distinguish its products and services from those of its competitors . The product/service does not necessarily have to have any more real value, but the perception of value is enough to charge very large premiums.

The results of the research noted that the application of focus strategy was emphasized and this has led the organization to remain the market leader in the market segment. The findings supported Kotler (2001) that an alternative to being a follower in a large market is to be a leader in the small market, or niche. Kotler (2001) also suggested that, small firms normally avoid competing with larger firms by targeting small markets of little or no interest to the larger firm. This was consistent

with the findings, as it come out clearly that the firm has been able to increase sales by maintaining and retaining the target group.

Maina (2011) argues that a firm using market penetration focuses on increasing market share of the firm by increasing the use of existing products in the present markets. This can be done by encouraging existing customers to buy more products frequently through advertising, giving price incentive for increased usage, persuading competitors' customers to switch to your products through advertising, promotion and face to face. This argument are consistent with the findings as it came out that, a firm can increase it sales by encouraging more purchase to offering negotiated rates for more purchase.

The results of the research showed that, due to increased competition and for a firm to remain competitive in the market, it has to expand its market by going outside its current territories. This finding supports the literature of Kotler (2001) which argues that market development involves where a company grows by identifying and developing new markets segments for current company products. A market development strategy means that the company moves beyond its immediate customer base towards attracting new customers for its existing products in new markets, exploration of new segments of a market, or moving into new geographical areas. This can be done by increasing the channels of distribution to reach other market areas or segments, opening additional geographical markets locally, regionally or internationally and advertising in alternative media to reach other segments.

The research revealed that partnerships and alliances increased the synergies of the two organizations and if the arrangements are done carefully both organizations can benefit immensely. Organizations agree to enter into strategic alliance to be able to execute a joint project. These findings supported the notion by Capon (2008) that the motives for organizations choosing strategic alliances are many and varied but include access to markets, securing favorable access to supply of raw materials and components. Also that, alliances can be risky and unless a firm is careful, it can give away more than it receives.

4.3.2 Comparison with other Empirical Studies

Banking industries has recorded tremendous growth both in asset base and in terms of profitability in the recent past. This can be attributed to the fact that banks have adopted competitive strategies which in turn have enabled banks to proactively evaluate future challenges in the banking industry, hence continuous stability in the sector.

Awour (2011) in the study of competitive strategies employed by Kenya Commercial Bank concluded that Kenya commercial bank applied product differentiation and focus strategy to a wide extent compared to cost leadership. The bank also uses pricing strategies and training to compliment the application of the generic strategies. This findings of Awour (2011) are consistent with this research findings has it showed Bank of India, Kenya was being able to blend the mix of Porter' generic strategies and Ansoff growth strategies. The combination of the two sets of strategies was shown to be beneficial as the strategies complement each other.

In contrast to the literature of Oyiela (2011) that commercial banks profitability measures respond positively to the increase in competitive strategies that are driven by differentiation as opposed to cost and focus frameworks. The research found out that Bank of India, Kenya has successful applied focus strategy and the strategy has enabled the bank to remain the market leader in the Indian community.

The research findings were also consistent with the literature of Onyoro (2011) that low cost leadership strategy was moderately used by multinational Commercial banks with significant variations in its adoption. The research found out that Bank of India, Kenya used cost leadership strategy but with less emphasis.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the research findings, draws conclusions and details recommendations for policy and practice in line with the research objective which was to determine the competitive strategies adopted by Bank of India, Kenya. The section concludes by giving limitations of the study and suggestions for further research.

5.2 Summary of Findings

As a general rule for an organization to exist in the market, it has to have a reason for its existence and this is to be able to offer goods and/or services to the market in a competitive manner. The data in chapter four enabled the study to examine competitive strategies employed by Bank of India, Kenya. This study examined the competitive strategies adopted by Bank of India, Kenya by interviewing seven senior managers. The strategies which were examined were cost leadership, product/service differentiation, focus strategy, product development, market development, market penetration, and innovation.

The study revealed that Bank of India, Kenya faces stiff competition from both locally established competitors and competitors of Indian origin. According to the finding of this study, interviewees were in agreement that the bank uses to a greater extend focus strategy. Although most of the interviewees did not state that directly, the research

revealed that most of their energies and efforts were geared towards guarding and ensuring that the target group continues to bank with the bank. Also the findings revealed that even though there are many banks offering the same services as Bank of India, Bank of Baroda was cited as their main competitor and their moves and strategies are closely monitored. This was due to the fact that they share and target the same customers.

On the use of differentiation strategy the study found out that the strategy was used to some extend as the bank gives personalized services to customers and they are very flexible in offering of their services. The bank slogan which is relationship beyond banking also contributed significantly as most of their customers were identifiable. The fact that the bank does not charged on withdrawing and depositing money in the account and it does not curb on the number of withdrawal one makes were cited as unique features of the bank. In product/service differentiation strategy consumers will base product preference on perceived value alone. The product does not necessarily have to have any more real value, but the perception of value is enough to charge very large premiums.

The use of cost leadership strategy was found to be less emphasized. Although most of the interviewees were in agreement that the bank products prices were quite competitive and slightly cheaper to those of competitors. A spot check of the charge sheet of competitors revealed the prices were not necessarily that cheap as perceived. The bank also takes too long to review the costs.

On the application of market penetration the study found out that, they were also used and word of mouth, advertising through radio and temple were mostly relied upon, in order for the bank to extend sales, by encouraging repeat purchase.

The study revealed that, due to stiff competition in the market in the recent past, the bank has embarked on the use of market development whereby, the bank is set to open four more branches in major towns in the next one year. The study also showed that in the last three years the bank has been able to come up with new products and has embarked on product development to beat the competition and also guard their current customers.

5.3 Conclusion

The essence of formulating a competitive strategy is to relate a company to its environment (Porter, 1985). It has always been argued that competition improves the performance in any industry and at the same ensuring quality of services to its customers. However, from the study it can be concluded that, Bank of India, Kenya has lagged behind the competition, which has become very stiff and competitive. This is due to the bureaucracy of decision making process. This makes the bank to be slow in responding to customers' needs which in effect affect the performance of the bank.

The study showed that the bank used and emphasized on the application of focus/ market niche strategy to a large extend. This strategy has seen Bank of India, Kenya still remain a leader in the banking population of the Indian community.

The study showed that the bank also uses to some extend differentiation, cost leadership and market penetration strategies to compliment the focus strategy. The bank has also started to apply market development to enable it catch up with the stiff competition in the banking industry. The finding of the study showed that in the recent past the bank has made considerable strides in terms of technology advancement. The introduction of the finacle software, the aggressive introduction of the new products and the planned opening of new branches

In conclusion, the finding showed Bank of India, Kenya has been able to blend the mix of Porter' generic strategies and Ansoff growth strategies. The combination of the two sets of strategies was shown to be beneficial as the strategies complement each other. And from the finding Bank of India, Kenya competitiveness can be rated as good and it is expected to improve the ratings in the near future. The research findings also show the research to be in concurrence with other researches done in the sector.

5.4 Recommendations

The researcher recommends that Bank of India, Kenya should consider taking full advantage of the strategies it has over its competitors, especially the focus strategy to the people of Indian origin, this being the fact that it enjoys near oligopoly in the market. It should also consider giving a full budget allocation to those strategies that have proved promising like product and market development which are said to be effective but not yet given full resource allocation. It should also continue working on the expansion of their branch network and product range so as to reap the full benefits

of it. This will help in the continued implementation and operations of other effective strategies.

There is also need for Bank of India, Kenya to work on their organizational structure so as to remove or reduce the bureaucracy experienced in terms of time taken in decision making. The process seems slow and has led to disconnect between the customers and the bank. Also the bank should work on its strategy implementation process because it was noted that there was disconnect between the strategy formulators and the implementers. These were the two challenges that came out clearly during the study. Strategic planning and implementation needs to fully involve all the stakeholders to reduce this disconnect.

5.5 Limitations of the Study

The study was limited to Bank of India, Kenya and as a result, the research findings cannot be used to make generalizations on the industry. In addition, time available for the study was short and since data collection was by use of interview guides, there was a challenge in securing interview appointments with some of those to be interviewed. Hence the process of data collection took longer than expected. Also some interviewees were too busy and had very little time to spare for the interview. This led to the interviewer not being able to probe further on some of the issues that rose in the course of the interview. Some were unwilling to divulge information that they deemed secretive and will affect their competitive nature and these led to no response from some respondents.

The fact that most of strategic decisions are made from their head office based India, with only recommendation from Kenya. This proved a challenge as some of the managers interviewed were unable to extensively answer the questions. They lacked the in-depth understanding of some questions and were forced to refer to manuals.

5.6 Suggestion for Further Research

Further studies should be done on the results of this study so as to enrich the existence of knowledge on the competitive strategies. The study established that the decision making process was bureaucratic and there was a disconnect between decision makers and implementers hence the researcher recommends a study to be done on the impact of the strategy formulation and implementation to performance and on the challenges faced by foreign banks in their operations.

Having carried out this study at Bank of India, Kenya this study should be replicated in many other organizations more so those with Indian touch, so as to compare and to assess the extent to which these strategies are effective to the sector as a whole.

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APPENDICES

Appendix I: Letter of Introduction

PETER N. ACHOKI,

P.O BOX 8880 00200,

NAIROBI.

6TH SEPT, 2013

THE CHIEF EXERCUTIVE,

BANK OF INDIA, KENYA,

P.O BOX 30246 00100,

NAIROBI.

Dear Sirs,

RE: LETTER OF INTRODUCTION

I am a post Graduate student at the School of Business in The University of Nairobi. I am carrying out a research project on ‘the Competitive Strategies adopted by Bank of India, Kenya’ which is a requirement of partial fulfillment of the award of a master degree in Business Administration (MBA).

To complete my study, I will need to collect relevant information from Bank of India, Kenya. This letter is therefore a request for permission to allow me collect and use the company information as per the attached interview guide.

The information collection will be treated confidential and will be used for academic purposes only. A copy of the competed project will be availed to the company for reference upon request.

Thanking you in advance.

Yours Faithfully,

Achoki Peter.

Appendix II: Interview Guide

This interview guide is being presented to the selected Bank managers or their appointees at Bank of India by virtue of their positions. All data collected will be aggregated, and be kept in a strictly confidence. No individual respondent will be identifiable from any published results. Please complete the form by inserting your views where requested.

SECTION A: GENERAL INFORMATION

1. For how long have you worked for Bank of India and in what capacity?
2. What were the approximate sales to;

   i) Bank of India customers

   ii) Non Bank of India customers

SECTION B: COMPETITIVE STRATEGIES

3. How would you compare your product pricing to those of your competitors?
4. How often do you review costs/processes, in terms of elimination unnecessary costs/processes and adding value to your product/service?
5. Is product pricing a source of competitive advantage? Please explain.
6. How long does it take to respond to customer complains?
7. Do you feel that some of your products have extremely high/ exaggerated prices?

8. How different/similar are your products from that of your competitors? What are the unique features that differentiate your products from those of your competitors?
9. Is your products tailored to meet specific market group? In offering your products, do you tailor them to meet unique needs of your customers?
10. What range of products does Bank of India offer and why that range?
11. How often do you introduce new products into the market?
12. How long does it take, when you introduce a new product to reach and be accepted in the market?
13. To what extent can you say your products/brand/ your bank name is known to mass population?
14. What mode(s) of advertising do you employ and why the mode(s)?
15. Over the past 5years how many branches has your organization opened in Kenya?
16. Apart from the main/core banking services, which other products/ services does your organization provide?
17. How fast does your bank respond to introduction of a new technology?
18. What would you comment about your personnel qualifications in terms of technical knowhow?
19. Does Bank of India offer mobile banking and Agency banking, if yes how will you rate them to the market in terms market penetration?
20. Does the bank use ATM services, if yes do you own them, lease or specify any other and give reasons as to why it is so?

21. What can you comment about your growth strategies? Where will Bank of India, Kenya be in the next 5 years?
22. Do you have any alternative strategies to banking business that you have employed?
23. Is the bank in any partnership with other banks or companies in the industries?
24. Please add any specific or general comments on the issues raised in this interview guide that you feel have not been sufficiently addressed?