

**EVALUATION OF COMPETITIVE STRATEGIES IMPLEMENTED  
BY BARCLAYS BANK OF KENYA**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT  
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE  
OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL  
OF BUSINESS, UNIVERSITY OF NAIROBI**

**NOVEMBER, 2014**

## DECLARATION

This research project is my original work and has not been presented for award of degree or any other certificate in any other university or institution.

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D61/75779/2012

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

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## **ACKNOWLEDGEMENT**

I give thanks to the Lord God Almighty who has led, preserved and guided me throughout my academic journey.

My gratitude goes to Kim, Jeremy and Victoria who cheered and encouraged me throughout this degree programme.

I extend my heartfelt appreciation to my Supervisor, Professor Peter K'Obonyo, for his great support and guidance that made this project a success. I also would like to thank all my friends, colleagues and classmates who gave me their support. My gratitude goes to my respondents without whom this study would not have been a success.

Thank you all for giving of yourselves, your time and your resources. God bless you.

## **DEDICATION**

To the Lord God Almighty who has given me good health and ability to study and excel.

To my dad Charles Kariuki for his guidance, encouragement and faith in me.

To my siblings Louis, Esther and Abel and my precious Jeremy and Victoria, all who believed in me and cheered me on. God richly bless you all. You are a treasure to me.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

ATM	Automated Teller Machine
BBK	Barclays Bank of Kenya Limited
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
ICT	Information and Communications Technology
KES	Kenya Shillings
SME	Small and Medium Enterprise
The Bank	Barclays Bank of Kenya
DCO	Dominion, Colonial & Overseas
SACCO	Savings and Credit Cooperative

## **ABSTRACT**

The service sector is expanding at an increasing rate and is becoming intensely competitive. As such, the success of a company's competitive strategy depends on how it relates to its environment. The objective of the study was to evaluate the competitive strategies adopted by Barclays Bank of Kenya and used criteria proposed by Rumelt and focused on Porter's three generic strategies that describe how an organization pursues competitive advantage across its chosen market scope which are differentiation strategy, cost leadership strategy and focus strategy. The research design adopted was a case study which focused on Barclays Bank of Kenya. The data collection tool was an interview guide and seven respondents from the organization were interviewed using a Personal Interview Guide (copy attached as Appendix I). The respondents were drawn from middle and top management. Content analysis was used to analyze the qualitative primary data collected. The study found that the bank used differentiation and cost leadership and did not use focus strategy as a competitive strategy. A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product more efficiently than its competitors. The study established that the bank identifies customer segment and comes up with products which are suitable for customers. The respondents indicated that the bank targets markets that are less vulnerable to substitutes or where competition is weakest. The respondents indicated that the bank targets markets that are less vulnerable to substitutes or where competition is weakest. The bank differentiated itself in terms of product quality and service, unique branding which is the mark of quality, transparency and integrity thus resulting in reduced price elasticity, firm reputation, customer service, price differentiation, categorizing its customers according to their needs, market segmentation and engaging in infrastructure development. Implementation of low cost strategy was achieved through attraction of customers through policies and procedures which enhance the strategy, business plan formulated on low cost strategy and continuous innovation of new customer friendly products. It was recommended that the bank further reduces overhead costs through streamlining operations. It was also recommended that the bank could study market trends on pricing to enable it price competitively.



# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

The service sector is expanding at an increasing rate and is becoming intensely competitive. As such, every organization needs to adopt some strategies which will enable it to have a competitive edge over the others. As competition intensifies, many businesses continue to seek profitable ways in which to differentiate themselves from competitors (Sidorowicz, 2007). The success of a company's competitive strategy depends on how it relates to its environment. Although the relevant environment is very broad, encompassing social as well as economic forces, the key aspect of the company's environment is the industry or industries in which it operates. Industry structure has a strong influence in defining the rules of the competitive game as well as the strategies potentially available to the company. According to Porter (1980), the ability of firms to survive in the business environment is dependent upon their selection and implementation of a strategy that differentiates the firm from competitors. The characteristics of the competitive context are considered to be the factor that most strongly influences the type of strategy a company pursues or can formulate, and the level of profitability.

The study is based on the resource based view. The resource based view theory emphasizes the internal resources of the organization in formulating strategy to achieve a sustainable competitive advantage in its markets (Gibson *et al.*, 2010). If the organization seems to be made of resources which can be restructured to provide it with competitive advantage then its perspective does indeed become inside out. In other words its internal capabilities determine the strategic choice it makes in competing in its external environment. The basis of the resource-based view is that successful firms will find their future competitiveness on the development of distinctive and unique capabilities, which may often be implicit or intangible in nature. Thus, the essence of strategy is or should be defined by the firm's unique resources and capabilities. Resource-based theory (Barney, 1991) proposes that firm activities and performance depend on firm-specific availability

of resources and capabilities to deploy these resources. King (2007) states that building of capabilities derives from initial heavy and risky investments which allow firms to exploit the opportunities available for scale and scope. The foundations of corporate success are distinctive capabilities such as architecture, innovation and reputation.

The banking industry in Kenya has in the recent past witnessed drastic changes. The changes are complex and banks have found it difficult to cope with increasingly competition by relying on the current strategies alone. Barclays Bank of Kenya (BBK) has over the years operated with strategies that ensured that they remain successful, however the uncertain business environment have increased the level of competitiveness, which is putting increasingly greater pressure to the bank to acquire and to increase their competitive advantages. Therefore, to survive and thrive, the bank has to make greater efforts to acquire or improve constantly its competitive advantages, and as a result, their level of competitiveness because it can provide them a higher level of growth and performance ([www.barclays.com](http://www.barclays.com)). The banks' growth and competitive strategies not only include cost cutting measures and better revenue management tools, but also strategic alliances with other institutions, for example Safaricom. The bank has formed alliances to gain access to other business markets curtailed by technology and regulations.

### **1.1.1 Competitive Strategies**

Competitive strategies comprise of all those moves and approaches that a firm implements to attract buyers, withstand competitive pressure and improve its market position (Thompson and Strickland, 2002). It concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (1980) asserts that there are three approaches to competitive strategy. One is striving to be the overall low cost producer, therefore being a cost leader, another is seeking to differentiate one's product offerings from that of one's rivals, which is a differentiation strategy while a third involves focus on a narrow portion of the market, which is focus or niche strategy.

A competitive strategy, from a business level perspective, is the achievement of competitive advantage by a business unit in its particular market. Sidorowicz (2007) views competitive strategies as more skill-based and involving strategic thinking, innovation, execution, critical thinking, positioning and the art of warfare.

Competitive strategies are designed for situations where only partial information is available, whereas an optimal solution would require complete knowledge of all circumstances, or of the future. The extent of market orientation in a firm must be congruent with the competitive strategy adopted. In fact, the importance of the match between business strategy and marketing strategy has been empirically illustrated (Olson *et al.*, 2005). The argument that competitive strategies drive market orientation is founded on the assertion that marketing activities are likely to be influenced by strategic choices at the macro competitive strategy level (Slater and Olson, 2001). The goal of a competitive strategy for a business is to find a position in the industry where the company can best defend itself against competitive forces or can influence them in its favor. Knowledge of underlying sources of competitive pressure highlights the critical strengths and weaknesses of the company, animates its position in the industry, clarifies areas where strategic changes may yield greater pay off and highlights the area where industry trends promise to hold the greatest significance as either opportunity or threat. An effective competitive strategy takes either offensive or defensive action in order to create a defensible position against the five forces and thereby yield a superior return on investment for the firm.

### **1.1.2 Strategy Control and Evaluation**

Strategy control and evaluation is vital in assessing the level of success of the chosen strategy. It is not only concerned with performance and performance measures but also helps to signal when the strategy requires adjustment in light of experience and in the context of a rapidly changing external environment, as strategy is a continuous process rather than a single event (Hill & Jones, 2005). The dominant prevailing view is that strategic evaluation occurs at that point in the strategic planning process when members of the (top) planning team make choices about the major product – market changes that

are to be undertaken. These changes are designed to take account of the opportunities, threats and stakeholder aspirations which have been identified in the earlier, strategic analysis, stage of the planning exercise (Johnson and Scholes, 1989). The organizational strategy outlines broadly how management sees the organization achieving its overall objectives and goals.

The significance of strategy evaluation lies in its capacity to co-ordinate the task performed by managers, groups and departments, through control of performance. Strategic Evaluation is significant because of various factors such as - developing inputs for new strategic planning, the urge for feedback, appraisal and reward, development of the strategic management process, judging the validity of strategic choice (Willis *et al.* 1993). Many firms evaluate strategy through purely quantitative methods, such as financial ratio analysis, time series analysis and operations research models. These methods have been criticized widely on the basis that they evaluate in terms of financial return (comparative or actual) and not in terms of achievement of the mission of the firm. In other words, they measure quantity of earnings but not the quality of earnings.

### **1.1.3 Banking Industry in Kenya**

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. As at December 2012 there were forty five banking and non-bank institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. Over the last few years, the banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The CBK (2013) emphasizes that the banking institutions will need to cope continuously with changing business environment and a continuous flood of new requirement via a robust Information and Communications Technology (ICT) platform, while staying sufficiently agile. Consumers will continue to demand individualized services, and to demand them faster than ever. Hence banks will continue to aggressively design new products that leverage on ICT to remain competitive.

In the coming period, according to the CBK (2009), diversification into other financial services is also expected as consumers increasingly seek “one stop financial supermarket.” These developments are expected to enhance banking products being offered and bring more Kenyans into the banking space. However, the main challenges facing the banking sector today include the Finance Act 2008, which took effect on 1 January 2009 that requires banks and mortgage firms to build a minimum core capital of Kes 1 billion. This requirement, it is hoped, will transform small banks into more stable organization. The implementation of this requirement poses a challenge to some of the existing banks and they may be forced to merge in order to comply with the act.

The Kenyan banking industry has continued to grow both in terms of new local and foreign entrants, customer and deposit base, regionalization and increased scrutiny from the regulators specifically the Central Bank of Kenya. This new shift in the Kenyan banking industry can be attributed to the liberalization of the sector, increased adoption of information technology and improved business environment due to reforms being undertaken in the political, economic, social and cultural fields. With these changes, the level of competition in the banking industry has reached an all level high and coupled with an enlightened customers and increased scrutiny from the regulators, local banks have had to shift their attention to human resource which is the most important asset for any organization and it is the source of achieving competitive advantage.

#### **1.1.4 Barclays Bank of Kenya**

BBK has operated in Kenya for over 90 years. Financial strength coupled with extensive local and international resources have positioned the Bank as a foremost provider of financial services. It has established an extensive network of over 115 outlets with 236 Automated Teller Machines (ATMs) spread across the country. The bank's financial performance over the years has built confidence among the 48,000 shareholders, with a reputation as one of the leading blue chip companies on the Nairobi Stock Exchange. This means that the bank holds a big chunk of the Kenyan market share in providing financial services and is actually a market leader.

Regionally, Barclays Bank Kenya has been considered as one of the most profitable subsidiary in the East and Central Africa market among other branches in the region (Barclays Africa, Annual report, 2013). In the modern world of globalization, Barclays Bank of Kenya has been able to keep pace with the global banking industry scenario by having strategic business associations; associations which add value to the banking industry initiative and which help in meeting the dynamic challenges of the modern banking industry world. BBK popularity led to the need to develop different strategies through which they could transact with customers and this led to the building of a prolific environment through introduction of key strategic customer solutions like the introduction of Investment Banking, bonus savings accounts with interest and salary retrenchment cover for salaried customers. These services ensure that bank is able to support the customers by offering unique products that may not be available in other banks or financial institutions. Competitive strategies that were of interest to this study were differentiation, cost leadership and focus strategies

## **1.2 Research Problem**

Building long-term relationships with customers has become a critical strategy for most financial institutions in today's competitive financial markets. As the current economic environment becomes more competitive and introducing new brands becomes increasingly costly, companies must find new strategies to increase their capacity and competitiveness (Lipponen et al., 2004). Corporates worldwide have been aggressively trying to build new competencies and capabilities, to remain competitive and grow profits (Mantravadi and Reddy, 2008). As organizations seek to enhance their competitive positions in an increasingly global marketplace, they are discovering that they can cut costs, maintain quality and improve their performance by adopting different strategies which will enable them to position themselves favorably and improve their overall performance. The banking sector plays a significant role in the growth of economies all over the world especially in Kenya. The banking industry in Kenya is very profitable. However, due to liberalization, globalization, technological advancement and more enlightened customers, it has been faced with huge non-performing loans, high overhead costs, and difficult operating environment (CBK Publications, March 2014).

Over the past few years, BBK has faced dwindling market share and loss of customers, eventually causing a negative impact on the banks' profitability. Recently, the bank has experienced recession in growth and in an attempt to differentiate itself and capture wide market share, the bank has put several measures in place to evaluate how well its competitive strategies have been implemented and to ensure that they are viable. Robust strategies in place include pursuing operational efficiencies through investment in technology and the introduction of the Investment Banking arm which will increase revenue growth. The bank has put in place mechanisms for understanding the drivers of success, like better utilization of its resources (technology, infrastructure and employees), process of delivering quality service to its customers, strategies to manage its loans effectively and performance benchmarking through restructuring of its operations. At present the strategies adopted by the bank are becoming highly important and critical as the competition in the banking sector has intensified to the extent that banks need to change their strategies in order to survive.

These strategies must enable the bank to be cost effective, quality conscious and highly competitive in the contemporary global market. The studies that have been undertaken on competitive strategies include Ilovi (2008) who undertook a study on competitive strategies employed by firms in the courier industry in Kenya and established that the firms adopted cost advantage, differentiation and focus strategies with majority of the firms adopting cost advantage. Wanyonyi (2011) researched on competitive strategies adopted by Kenyan commercial banks to attract and retain corporate customers. The findings of the study were that the bank adopts different strategies in its efforts to attract and retain corporate customers, namely the competitive strategies and adaptation strategies.

Competitive strategies include cost leadership, differentiation and focus strategies while adaptation strategies include defender, prospector analyzer and reactor. Kosom (2011) researched on competitive strategies adopted by National Oil Corporation of Kenya and established that company uses low cost strategy, differentiation, focus and resource based strategy in order to compete with other oil marketers. Mutisya (2013) undertook a study on competitive strategies applied by small and medium-sized firms in Mombasa County,

Kenya and established that SMEs in Mombasa County applied mostly differentiation strategies as well as innovative cost-reduction strategies to ensure efficiency. None of these studies addressed strategy evaluation. This study therefore seeks to evaluate competitive strategies implemented by the bank by answering the question, Have the competitive strategies implemented by Barclays Bank of Kenya been successful?

### **1.3 Research Objective**

To evaluate the competitive strategies implemented by Barclays Bank of Kenya.

### **1.4 Value of the study**

The management of the Barclays Bank of Kenya will be able to put in place appropriate strategies to enable the bank counter operating challenges emanating from the changing operating environment. In addition, the findings of the study will form part of the action plans that will help the bank to be innovative in order to gain competitive advantage over its competitors as they will be able to make informed decisions on issues that will boost their client base. The study will also create a monograph which could be replicated in other commercial banks in Kenya. Most important, this research is further aimed at offering some practical suggestions on the strategies to be put in place in order to gain competitive advantage.

For the government, the study recommendations and findings can be used to design targeted policies and programs that will actively stimulate creativity, innovation, growth and sustainability of the commercial banks, as well as helping the policy makers to support, encourage, and promote the establishment of appropriate policies to guide the banks and the regulatory bodies such as CBK, National Treasury Ministry to improve on their regulatory framework.

Future scholars may use the results of this study as a source of reference. The findings of this study can be compared with strategic management in other sectors to draw conclusions on various ways an institution can respond to competitive forces in the environment.



It will also benefit consultants who endeavor to provide assistance to successful running of organizations in developing and sustaining a competitive edge in their environment. For academicians, this study will form the foundation upon which other related and replicated studies can be based on.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter covers literature review related to the study. It includes a review of the various studies conducted by researchers on theoretical foundation, competitive strategies, outsourcing and organizational performance and the problems of outsourcing.

#### **2.2 Theoretical Foundation**

According to Kilbourn (2006), the theoretical perspective in a research reflects the researcher's theoretical orientation, which is crucial to interpreting the data in a qualitative study, irrespective of whether it is explicitly or implicitly stated. In other words, theoretical perspectives play a role as the filter for focusing and bounding the data to be collected. Several theories are considered to be underpinning the study and include the resource based view theory and the porter's five forces model of competition.

##### **2.2.1 Resource Based Theory**

The resource-based view stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Peteraf and Bergen, 2003). Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime. The resource-based theory argues that any firm is essentially a pool of resources and capabilities which determine the strategy and performance of the firm; and if all firms in the market have the same pool of resources and capabilities, all firms will create the same value and thus no competitive advantage is available in the industry (Barney, 1991). The basis of the resource-based view is that successful firms will find their future competitiveness on the development of distinctive and unique capabilities, which may often be implicit or intangible in nature. Thus, the essence of strategy is or should be defined by the firm s unique resources and capabilities.

Furthermore, the value creating potential of strategy, that is the firm's ability to establish and sustain a profitable market position, critically depends on the rent generating capacity of its underlying resources and capabilities (Conner, 1991).

The resource based theory suggests that competitive advantage and performance results are a consequence of firm-specific resources and capabilities that are costly to copy by other competitors (Barney, 1991). These resources and capabilities can be important factors of sustainable competitive advantage and superior firm performance if they possess certain special characteristics. They should be valuable, increasing efficiency and effectiveness, rare, imperfectly imitable and non-substitutable. According to resource-based theory, organizations wish to maintain a distinctive product (competitive advantage) and will plug gaps in resources and capabilities in the most cost-effective manner (Krim, 2003). This theory emphasizes that resources internal to the firm are the principal driver of a firm's profitability and strategic advantage (Barney, 1991). It rejects traditional economic assumptions that resources are homogeneous and perfectly mobile. Instead, it argues that resources are heterogeneously distributed across firms and are imperfectly transferred between firms (Barney, 1991).

### **2.2.2 The Porter's Five Forces Perspective**

The theoretical perspective views competitive advantage as a position of superior performance that a firm achieves through offering cost advantages or benefit advantages (Porter, 1980). This model attributes competitive advantage to the external environmental factors that a firm must respond to such as erecting barriers of entry to competitors, product differentiation, capital requirements, and buyer switching costs (Lado *et al.*, 1997).

Industry structure determines who will capture the value, but a firm is not a complete prisoner of industry structure. Firms can influence the five forces through their own strategies. The five forces framework highlights what is important and directs managers toward those aspects most important to long-term advantage. In this framework, gaining competitive advantage is determined primarily by responding effectively to industry specific requirements. The five forces model constitutes a very useful way of thinking about and analyzing the nature of competition within an industry. However, the model

presents a static picture of competition which slights the role of innovation and de-emphasizes the significance of individual company differences while overemphasizing the importance of industry and strategic group structure as determinants of company profit rates (Ghemawat 2010).

## **2.3 Competitive Strategies**

Sidorowicz (2007) views competitive strategies as more skill-based and involving strategic thinking, innovation, execution, critical thinking, positioning and the art of warfare. Firms that engage in strategic planning and have appropriately designed and applied competitive strategies tend to have higher performance than those that do not. He further asserts that competitive strategies can lead to high organizational performance, customer satisfaction, and increased competitiveness in the face of other rival businesses. However, achieving competitive advantage and increased market share in a competitive environment is rather complex in several aspects as businesses would need to operate with distinguished principles and characteristics in order to continually adapt to change. Porter (1980) noted that there are three generic strategies that describe how an organization pursues competitive advantage across its chosen market scope, which are differentiation, cost leadership and focus strategies.

### **2.3.1 Differentiation Strategy**

Differentiation strategy is usually developed around many characteristics such as product quality, technology and innovativeness, reliability, brand image, firm reputation, durability, and customer service, which must be difficult for rivals to imitate. A firm implementing a differentiation strategy is able to achieve a competitive advantage over its rivals because of its ability to create entry barriers to potential entrants by building customer and brand loyalty through quality offerings, advertising and marketing techniques. Thus, a firm that implements a differentiation strategy enjoys the benefit of price inelastic demand for its product or service (Porter, 1980).

The successful implementation of the differentiation strategy requires resources and skills such as strong marketing capabilities, product engineering skills, creative flare, corporate reputation for quality, reliable and durable products and/or technological leadership, and

strong cooperation from distribution channels (Porter, 1980). When using this strategy, a company focuses its efforts on providing a unique product or service (Hlavacka *et al.*, 2001). Since, the product or service is unique; this strategy provides high customer loyalty (Porter, 1985). Product differentiation fulfills a customer need and involves tailoring the product or service to the customer. This allows organizations to charge a premium price to capture market share. The differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after sale support. Firms following a differentiation strategy can charge a higher price for their products based on the product characteristics, the delivery system, the quality of service, or the distribution channels. The quality may be real or perceived based on fashion, brand name, or image. The differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique or quality product and willing to pay a higher price.

According to McCracken, (2002) the key step in devising a differentiation strategy is to determine what makes a company different from a competitor's. Factors including market sector quality of work, the size of the firm, the image, graphical reach, involvement in client organizations, product, delivery system, and the marketing approach have been suggested to differentiate a firm (McCracken, 2002). To be effective, the message of differentiation must reach the clients, as the customer's perceptions of the company are important and suggest bending the customer's will to match the company's mission through differentiation. When using differentiation, firms must be prepared to add a premium to the cost (Hyatt, 2001). This is not to suggest costs and prices are not considered; only it is not the main focus. However, since customers perceive the product or service as unique, they are loyal to the company and willing to pay the higher price for its products.

### **2.3.2 Cost Leadership Strategy**

Cost leadership strategy is usually developed around organization wide efficiency. In order for firms implementing the cost leadership strategy to maintain a strong competitive position and sustain their profit margins for a considerable period of time, they have to

place a premium on efficiency of operations in all functional areas (Porter, 1980). Firms that implement a cost leadership strategy are able to secure a relatively large market share by being the lowest cost producers or service providers in their industry or market. Thus, firms implementing the cost leadership strategy can obtain above-normal profits because of their ability to lower prices to match or even below those of competitors and still earn profits. By pursuing low costs, companies not only operate efficiently, but also become an effective price leader, undermining competitors' growth in the industry through its success at price war and undercutting the profitability of competitors. If the firm's cost of sale or cost of raw material is lower than its competitors, then the firm can offer lower prices, higher quality, or both (Spulber, 2009).

Lower costs and cost advantages result from process innovations, learning curve benefits, and economies of scale, product designs reducing manufacturing time and costs, and reengineering activities. A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product more efficiently than its competitors. The firm may have access to raw materials or superior proprietary technology which helps to lower costs. Firms do not have to sacrifice revenue to be the cost leader since high revenue is achieved through obtaining a large market share (Bauer and Colgan, 2001).

The reason for applying the strategy of cost leadership is to obtain the advantage by reducing the economic costs among its competitors (Barney, 2002). This strategy highlights efficiency. By producing high qualified and standardize products or services, at the same time, with the effects of the economic scale and experience curve, the firm strives to gain a sustainable competitive advantage among its competitors. Basically, the firm has two major ways to main this cost advantage. Either by controlling the cost drivers, which means that a firm can gain an advantage according to the cost drivers of value activities disclosing a profound proportion of total cost; or by reconfigure the value chain, in other words, with the adoption of different and more efficiency way to manufacture, promote, distribute and design the product, a firm can also gain a cost advantage (Porter, 1985).

### **2.3.3 Focus Strategy**

In the focus strategy, a firm targets a specific segment of the market (David, 2001). The firm can choose to focus on a select customer group, product range, geographical area, or service line (McCracken, 2002). Focus also is based on adopting a narrow competitive scope within an industry. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements. A successful focus strategy depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsize and large firms use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms, (David, 2000).

Lahtinen and Toppinen (2006) posits that the focuser selects a segment of group of segments in the industry and tailors its strategy to serving them to the exclusion of others. By optimizing its strategy for the target segments, the focuser seeks to achieve a competitive advantage in its target segments even though it does not possess a competitive advantage overall. The focus strategy has two variants. In cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments. Such differences imply that the segments are poorly served by broadly-targeted competitors who serve them at the same time as they serve others. The focuser can thus achieve competitive advantage by dedicating itself to the segments exclusively. Breadth of target is clearly a matter of degree, but the essence of focus is the exploitation of a narrow target's differences from the balance of the industry. Narrow focus in and of itself is not sufficient for above-average performance.

## **2.4 Strategy Evaluation**

According to David (1991), strategy should not be implemented before a proper evaluation has taken place. Strategy evaluation is a key part of the strategy process, which looks beyond the obvious fact regarding the short term health of a business to the more fundamental factors and trends that govern organizational success. Rumelt (2012) defines strategy as a set objectives, policies and plan that, taken together, define the scope of the enterprise and its approach to survival and success. He proposed an evaluation method that uses four criteria to evaluate strategy which are consistency, consonance, advantage and feasibility. Consistency is useful in evaluating whether the strategies are consistent with or supported by the various internal aspects of the organization. This includes reviewing organizational goals and objectives and ensuring that they align rather than contradict with each other. It is determined through examining all functional and internal management strategies employed by the organization and further comparing them with the external organizational strategy.

Consonance seeks to establish whether the strategies are in agreement with various internal and external factors and influences. Through consonance, Rumelt (1984) identifies two aspects to assess. The first consists of evaluating the company mission or reason for existence and the second requires examining the competitive edge of the organization. The advantage criterion is useful in analyzing the advantages of the business strategy by evaluating how well the organization distinguishes itself from the others in the industry. This is mainly through determining and isolating the products and services that are only offered by the organization (Rumelt 2012). It is of paramount importance to generate and sustain attributes distinctive to the organization through analyzing the organization's strategy to ensure that it allows for cultivation and exploitation of the organization's competitive advantage. The fourth criteria which is feasibility enables the organization to determine the feasibility of the organizational strategy as a whole and further evaluate whether the strategy can be reasonably achieved. The organization must examine the financial resources to define limitations, assess staffing to establish the numbers required to accomplish the strategy and also to determine whether they are sufficiently skilled.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research methodology that was used to carry out the study. The chapter describes the proposed research design, data collection instruments and how data was analyzed.

#### **3.2 Research Design**

The research design used was a case study. A research design is a plan or blueprint of how a person intends to conduct his or her research (Babbie and Mouton, 2004). According to Mugenda and Mugenda (2003), research design is the outline, plan or scheme that is used to generate answers to the research problems. It is basically the structure and plan of investigation. A case study is an in-depth investigation of an individual, institution or phenomenon. Case studies allowed the researcher to collect in-depth information, more depth than in cross-sectional studies with the intention of understanding situations or phenomenon particularly when dealing with one response unit.

The reason for this choice was based on the knowledge that case studies are the most appropriate for examining the processes by which events unfold, as well as exploring causal relationships and also they provide a holistic understanding of the phenomena. Banks (2008) identifies four characteristics of case studies namely, facilitating the clear identification and description of boundaries; representing something that is obviously important so as to determine the unit of analysis; ensuring a specific study focus, which is underscored by the research questions and using multiple sources of data.

#### **3.3 Data Collection**

The study used primary data which were collected using an interview guide. The interview guide was structured using the criteria proposed by Rumelt (1998). The respondents to be interviewed were the head of strategy, customer service manager, head

of corporate banking and corporate service managers. From the operations level the study targeted the head of consumer banking and operations, the operations managers, international services managers, card operations managers and investigations managers. These were considered to be key informants for this research. Key informants are a source of information that can assist in understanding the context of an organization, or clarifying particular issues or problems. The nine respondents chosen for the study were involved in formulation and implementation of strategies in the bank.

The method which was used in this study was that of an interview guide, in which the interviewer had a structured plan of investigation, namely a set of pre-determined questions. The interview focused on obtaining qualitative data. The researcher used the framework developed by Rumelt (1998) using the four criteria of strategy evaluation as a basis of evaluating the effectiveness of competitive strategies implemented by the Bank. The interviewer attempted under all circumstances not to influence the participants either by leading questions or by means of eye contact. A comfortable relaxed atmosphere was kept throughout all interviews, which ensured that the participants were not influenced in answering questions or giving opinions.

### **3.4 Data Analysis**

The data obtained was analyzed using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Hsieh and Shannon, 2005). It involves observation and detailed description of objects, items or things that comprise the object of study.

Content analysis, as a class of methods at the intersection of the qualitative and quantitative traditions, was used for rigorous exploration of many important but difficult-to-study issues of interest to management researchers (Carley, 2003). This approach was more appropriate for the study because it allowed for deep, sense, detailed accounts in changing conditions. Thus the qualitative method was suitable for this research because this research was conducted within the environment where the implementation initiatives occurred.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

The research objective was to evaluate the competitive strategies implemented by the Barclays Bank of Kenya. This chapter presents the analysis and findings with regard to the objective and discussion of the same.

#### **4.2 Respondents Profile**

The respondents comprised middle and top management of Barclays Bank of Kenya. In total, the researcher interviewed seven respondents out of the nine that had been intended to be interviewed. Two of the respondents were not available during the time of the interview. Five of the respondents have worked in BBK for more than four years while the other two indicated that they have worked for less than four years. This indicates that majority of the respondents have worked in BBK for a longer period of time and therefore understand the strategies that have been pursued by the bank in order to achieve competitive advantage. Majority (four) of the respondents held top managerial positions in the bank and were therefore considered to be more versed with the subject matter of the study.

#### **4.3 Analysis of Findings on Competitive Strategies**

Flexibility and adaptability have become key management concepts to develop a sustainable competitive advantage, and successful firms apply them in new organizational strategies that put into question many conventional tenets on organizations and their management. This is a fundamental element used in determining whether activities are being implemented as planned. The study sought to establish factors that were taken into consideration by the bank in the implementation of its strategies. The respondents said that the bank considered customer satisfaction, staff empowerment through knowledge of products offered, introduction of new products, security, ease of use, technology, competitors' strategy and available resources. The issues considered were expected to enable the bank to come up with strategies that would propel the bank to compete effectively as the banking industry has become competitive.

All organizations are environment dependent and the link between any organization and its environment is the strategy it adopts. For organizations to remain competitive in the dynamic, complex and unpredictable environment, strategy is crucial. Respondents noted that the bank uses strategy to determine goals and objectives, identify necessary courses of action and allocation of resources necessary to achieve the set goals. The achievement of the intended strategy however remains one of the most difficult areas of management and this was confirmed by the respondents who noted that the challenges encountered by the bank in the implementation of its strategies were stiff competition, technological changes, lack of resources, lack of support, regulatory constraints, lack of understanding of the strategy and the changing customer needs. These challenges has already stated showing its effects on the bank as it has lagged behind on the recently released financial results which showed that the bank performance has declined compared to other commercial banks.

Effective implementation of strategies by the bank is achieved when the bank's resources and actions are tied to strategic priorities and set objectives achieved, and when key success factors are identified and performance measures and reporting are aligned. Respondents said that bank strategies are consistent with the overall goals and this has enabled the bank to achieve higher performance and competitive advantage in terms of attracting new customers with automated teller machines withdrawal without charges, enhancing its relationship banking and adopting mobile banking. This has been achieved by deployment of resources that are coherent with the bank's competitive needs and a shared understanding of the bank goals and objectives by managers at various levels and employees within the various departments of the bank.

The success of a company's competitive strategy depends on how it relates to its environment. On whether the strategies adopted by the bank were giving the bank a competitive edge in the industry, the respondents noted that it was giving the bank competitive advantage. This was achieved through products that are offered at competitive interest rates, target marketing which enables the bank to concentrate on its customers, emphasis on security of customer information and investment and provision of excellent customer service.

These activities indicate that the bank's competitiveness and strategies result in quality, efficiency and flexibility. It was further revealed that the ability of the bank to compete effectively is dependent upon its selection and implementation of a strategy that differentiates the firm from competitors.

The competitive strategies that are pursued by the bank in order to achieve competitive advantage include approaches intended to attract customers, withstand competitive pressure and improve its market position. Respondents also noted that the pursuit of competitive strategies by the bank has resulted in the achievement of competitive advantages that include good return to shareholders, provision of relevant solutions to customer needs, innovation, global orientation and local solutions and ability of the bank to compete effectively with other banks due to its size and stability. The respondents noted that the competitive strategies adopted have enabled the bank to establish a position in which it can defend its market against competitive forces or influence them in its favor. Effective implementation of customer solution strategies and execution relies on maintaining a balance between preventing failures and promoting success simultaneously.

When there is a proper alignment between strategy, administrative mechanisms and organizational capabilities, it will be easier to implement and execute the strategy and to achieve the desired objectives. It was established that the bank encountered challenges in the implementation of its customer solution strategies. These challenges included staff constraints, low marketing to create awareness about the products and branches, higher account maintenance charges, customer perception towards the bank and poor tools, machines and system.

The implementation of a strategy is difficult and if not done properly, the bank cannot succeed. High among the bank building priorities in competitive strategy implementation is the need to build and strengthen competitive valuable competencies and organizational capabilities. In order to address the challenges encountered, the bank constantly trains its employees, opening of new branches, creating customer awareness through advertising, introduction of new products and emphasis on culture and value improvement.

Successful realization of competitive strategies by the bank was indicated as being determined by the coherence of decisions and actions of all employees at all levels of the bank, and not just by the few people who originally defined the strategy. Effective competitive strategy implementation requires not only adequate staff but also competent staff.

The competition in the industry necessitates diversification by the bank in order to offer services that give the bank competitive advantage. The provision of investment banking services by the bank was necessitated by limited investment banking products offered by other banks, financial solutions to the investment banking sector, assist customers in investment banking, need for a new source of income and increase in demand of investment projects. It was further revealed that introduction of investment banking services was as a result of licensing of other commercial banks to offer the service which drove the bank to offer the service in order to compete effectively with other banks. It was further noted that to ensure the success of investment banking, the strategy was translated into carefully implemented action since the bank strategy is implemented in a changing environment and therefore need for strategic control during the implementation of strategy.

The intensity of competition in the banking industry is rooted in underlying industry economics and goes well beyond the established competitors thus in order for the bank to achieve its goals and objectives, it is necessary to adjust to the environment through strategy. The bank today faces major unpredictable changes that make competitive strategies implementation difficult and complex than in the past and this has necessitated the bank to continuously review its strategies. The changes that has necessitated the banks change of strategy include technological changes like paperless banking, cashless system being adopted in the public transport, internet banking, mobile banking, customer payroll solution and process re-engineering which has been able to address system failure and improve the customer experience.

## **4.4 Generic Competitive Strategies Implemented by Barclays Bank**

Strategy is about ensuring the survival and prosperity of a firm by implementing specific actions to fulfill stakeholder expectations in an uncertain future. Porter (1980) argues that strategic advantage can be gained through differentiation or overall cost leadership. Pursuit of competitive strategies by the bank leads to high organizational performance, customer satisfaction, and increased competitiveness in the face of other rival banks. However, achieving competitive advantage and increased market share in the competitive banking industry is rather complex in several aspects as businesses would need to operate with distinguished principles and characteristics in order to continually adapt to change. Generic competitive strategies implemented by BBK are differentiation strategy through which the bank strives for product ranges that appeal to customers, cost leadership strategy which involves the bank aiming to be the lowest cost producer in the banking industry, and focus strategy.

### **4.4.1 Differentiation Strategy**

This section of the interview guide sought to establish the experience of the bank in implementing differentiation strategy in order to achieve competitive advantage over its competitors. The respondents were asked to illustrate how the bank creates a unique position in the market and the efforts the bank puts on providing uniqueness on its products. The respondents indicated that the bank focuses on providing unique products which other banks have not been providing, for example Zidisha interest earning accounts and these has enabled the bank to create market for their products. The uniqueness of the products has attracted customers mostly through referrals and the marketing campaigns that the bank has embarked on in order to sensitize then public on the products available. The bank creates a unique position in the market through products that are more competitive in terms of value as compared to what is available in the market and ensuring that the bank becomes a one stop shop for all the needs of the customers and these gives the bank a higher attraction rate compared to its competitors.

The bank charges a premium for having differentiated themselves against other banks because the corporate products/services are meant for a certain class of the society, then they are made to pay more to cater for the features which comes along with the products. It was established that the bank has achieved competitive advantage over other banks due to its ability to create barriers by building customer and brand loyalty through quality offerings, advertising and marketing techniques.

The bank has also ensured that the employees are always trained so as to improve service delivery. The use of various differentiation attributes will make the bank customers to perceive it to have properties which make it distinct from other banks products or services. The bank recognizes that the customers are too numerous and are widely scattered with heterogeneous needs and adequate spending power, for all of them to prefer the same product or service the bank has moved products from competing based primarily on price to competing on non-price factors, or promotional variables.

Respondents were also asked about the charges levied by the bank and the basis of the charges and they responded that the bank has been able to create customer loyalty among many customers by making withdrawal free. The bank has also enhanced its marketing strategy especially for newly introduced foreign currency card which has attracted huge customer base from both corporate and individual clients. The bank also engages in corporate social responsibility so as to give back to the society for supporting the bank. The bank ensures successful implementation of differentiation strategy through aggressive marketing on all new products that causes the customer to perceive that the product is unique, customer classification on their needs, continuous training of its staff and continuous improvement/re-engineering of its process, investing in quality technology and equipments in all facilities, working towards surpassing competitors in service delivery and staff involvement so that they can own the various strategies and see them to completion. The successful implementation of the strategy will attract and retain customers and therefore increasing the market share of the bank.



The results indicates that the bank has a differentiated delivery system which they derive from the service charter which is to deliver their products and services as per the promise, delivery of products to customers within twenty four hours irrespective of the distance, dedicated workforce which ensures that customers gets the best services and taking seriously the feedback from the customers on how to improve the bank services.

#### **4.4.2 Cost Leadership Strategy**

The respondents indicated that the bank adopts low cost strategy although they offer similar products. The bank also practices low cost strategy through tight control of costs and overhead, minimization of operating expenses, reduction of input costs, tight control of labor costs, and lower distribution costs. The low-cost leader gains competitive advantage by getting its costs of production or distribution lower than those of the other banks in its market. The respondents indicated that the competition in the banking industry was very high and this therefore calls for the adoption of the strategies which will ensure that the banks compete effectively with other banks. The respondents indicated that they achieve low cost leadership through formulation of policies and procedures which enhances the strategy, business plan formulated on low cost strategy, continuous innovation of new customer friendly products and formation of group based microfinance products to attract low income customers.

The results indicates that the banks employees and the management are committed to low cost strategy which they achieve by working towards costs reduction on all aspects and at the same time they have been trained on the strategy. Respondents noted that the bank has outsourced services like cleaning and security services while at the same time transferring some services to the corporate clients from the common clients as they are expensive but the corporate clients were ready to enjoy the services. The respondents indicated that the adoption of the lowest product or service unit costs by the banks has withstood competition as the banks have gained many new customers through introduction of superior low service costs products.

The respondents indicated that the adoption lowest cost has withstood competition through products like lower cost product personal accounts (Zidisha account). The respondents also indicated that Bank managers should develop effective advertising strategies that enhance the communication channels between customers and their bank and encourage new customers from other banks.

#### **4.4.3 Focus Strategy**

Focus strategy aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. The respondents indicated BBK does not use focus strategy in order to attract customers. The bank however identifies customer segment and comes up with products which are suitable for customers who in these case increases their customer base. The bank pursues both low cost and differentiation strategies once the segment has been identified as the bank will be able to come up with products which fits well to the identified segment and which are different from what is being offered by other competitors and at a lower costs. In order to identify the target markets, BBK use individual net worth, demographic factors, geographic location and psychographic segmentation.

Respondents were asked whether the bank identifies customer segments or geographical markets and use them to get new products. They responded that market development and market penetration were important to the bank as they enable the bank to develop nonexistent markets while at the same time penetrating the markets which have been initially occupied by the competitors thus increasing the market share of the bank. The bank is developing and penetrating markets through; aggressive marketing of products, venturing into the cards market, anchoring the mindset of loyalty to the customers and improving service delivery through centralization in order to attract customers.

The results on what the focus strategy depends upon in the bank were that it depends on the volume of business from the customers which guides the banks to come up with products which suits that particular segment.

The respondents indicated that the bank targets markets that are less vulnerable to substitutes or where competition is weakest as they will be able to introduce their products to the customers and at the same time preparing themselves for competition in case a new competitor enters the target market. The company uses focus, differentiation and low cost strategies in conjunction.

## **4.5 Discussion**

Organizations need to create a customer experience that keeps customers coming back, a strategy which will ultimately separate one's firm from the competition. Building customer loyalty starts with a commitment to deliver excellence at every moment of serving the customers and must extend from upper management to every frontline employee. Strategic fit among organizational activities is fundamental not only to create competitive advantage but also for sustainability. The respondents noted that in order to develop customer solutions the bank considers customer satisfaction, staff empowerment through knowledge of products offered, introduction of new products, security, ease of use, technology, competitors' strategy and available resources.

The results are consistent with Porter (1996), a firm's ability to seek and achieve higher performance as well as competitive advantage rests on its ability to acquire and deploy resources that are coherent with the organization's competitive needs and such alignment process requires a shared understanding of organizational goals and objectives by managers at various levels and within various units of the organizational hierarchy. The pursuit of competitive strategies by the bank has resulted in the achievement of competitive advantages that include good return to shareholders, provision of relevant solutions to customer needs, innovation, global orientation and local solutions and ability of the bank to compete effectively with other banks due to its size and stability.

Barney (2008) noted that the adoption of competitive strategies by an organization will result in higher profits, innovation and reduced costs. According to Porter (1985), a firm can achieve a higher rate of profit (or potential profit) over a rival it can offer a product or service that is differentiated in such a way that the customer is being able to pay a price

premium that exceeds the additional cost of the differentiation advantage. Differentiation by a firm from its competitors is achieved when it provides something unique that is valuable to buyers beyond simply offering a lower price. This is consistent with the findings of the study that BBK pursue differentiation strategy by providing unique products which enables the bank to charge a premium, free automatic teller machine withdrawal and differentiated delivery system.

The use of various differentiation attributes will make the bank customers to perceive it to have properties which make it distinct from other banks products or services. Cost leadership strategy is usually developed around organization-wide efficiency. The study established that the bank uses cost leadership strategy through tight control of costs and overhead, minimization of operating expenses, reduction of input costs, tight control of labor costs, and lower distribution costs. The results are consistent with Spulber (2009) findings that lower costs and cost advantages result from process innovations, learning curve benefits, economics of scale, product designs reducing manufacturing time and costs, and reengineering activities.

A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product more efficiently than its competitors. Focus also is based on adopting a narrow competitive scope within an industry. The study established that the bank identifies customer segment and comes up with products which are suitable for customers. The respondents indicated that the bank targets markets that are less vulnerable to substitutes or where competition is weakest. The results are in line with Davidson (2001) findings that focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms thus achievement of competitive advantage. The strategy enables the firm to react more quickly and behave more flexible than rivals to customer needs, and also helps a firm to attract and retain customers.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes the findings and analysis of chapter four on evaluation of competitive strategies that have been implemented at the Barclays Bank of Kenya. It sets out to discuss the summary of the findings, draw conclusions, and make recommendations.

#### **5.2 Summary of Findings**

The study shows that majority of the respondents have worked in BBK for a longer period of time and therefore they understand the competitive strategies that are being used by the bank in order to be competitive. Firms combine their resources (core competencies and capabilities) to develop a strategic path highlighting the interaction between the industry and the firm, having the foresight to identify which resources or capabilities, as processes, would lead to superior resources and capabilities. In order to develop customer solution strategies, the bank was found to be considered customer satisfaction, staff empowerment through knowledge of products offered, introduction of new products, security, ease of use, technology, competitors' strategy and available resources. The challenges encountered by the bank in the implementation of its strategies were stiff competition, technological changes, lack of resources, lack of support, regulatory constraints, lack of understanding of the strategy and the changing customer needs

The study found out that BBK differentiated themselves against other commercial banks in terms of their product quality and services, unique branding which is the mark of quality, purity and integrity thus resulting in reduced price elasticity, firm reputation, customer service, price differentiation, categorizing its customers according to their needs, market segmentation and engaging in infrastructure development. The findings

indicate that the bank charges premium for services they render to its customers as a result of its differentiation. The results indicates that the bank has ensured successful implementation of differentiation by marketing aggressively on all new products that causes the customer to perceive that the product is unique, customer classification on their needs, continuous training of its staff and continuous improvement/re-engineering of its process, investing in quality technology and equipments in all facilities and working towards surpassing competitors in service delivery and staff involvement so that they can own the various strategies and see them to completion.

The study established that the BBK adopts the low cost strategy in order to attract customers through formulation of policies and procedures which enhances the strategy, business plan formulated on low cost strategy, continuous innovation of new customer friendly products and formation of group based microfinance products to attract low income customers. The management and employees of the bank are committed to ensuring that the costs in the bank are as low as possible and these include outsourcing of services which would otherwise have added costs to the bank. The adoption of the unit costs by the bank has withstood competition as the products introduced by the bank are of high quality thus attracting and retaining customers. The cost reduction measures by the company will ensure that their costs are kept at minimal levels as possible.

The findings indicates that the BBK does not use focus strategy in order to attract customers because that would limit the customers they are going to attract as that implies coming up only with products for the specific customers. The bank however identifies customer segment and come up with products which are suitable for customers who in these case increases their customer base as the products are for all customers. The bank adopts delivery and distribution strategy which involves opening of more branches, installation of ATM networks, adoption of internet and mobile banking. The banks at the same time have embraced technology by enabling the customers to use the availability of technology to perform various transactions without having to visit the bank physically.

### **5.3 Conclusions**

Strategies are essential for effective functioning of any organization. The strategic direction is realized through the ability to evaluate strategies used and achieve competitive advantage than the competitors. It can be concluded that many factors are equally important in producing a position of success. Some of these are industrial factors; others are resources and competencies of the firm. The sum of all these factors results in creating and sustaining a successful competitive advantage. The conclusions from the study indicate that the bank has adopted differentiation, cost leadership and focus strategy in order to be able to compete effectively with other commercial banks.

It can also be concluded that the bank has differentiated themselves from the other commercial banks by use of various strategies which has worked for the bank as it has been able to increase their customers thus resulting in more profits to the company. It has been able to differentiate itself through product quality and services, unique branding which is the mark of quality, firm reputation, customer service, price differentiation, categorizing its customers according to their needs, market segmentation and engaging in infrastructure development. The results from the study indicate that the bank has adopted the three strategies in order to be able to compete effectively with other commercial banks.

From the study it is clear that bank uses low cost strategy which has guided the bank to focus on providing goods or services at a lower cost than the competitors. The bank has achieved the strategy through formulation of policies and procedures which enhances the strategy, business plan formulated on low cost strategy, continuous innovation of new customer friendly products and formation of group based microfinance products to attract low income customers. The bank does not use focus strategy in order to attract customers but rather it identifies customer segment and come up with products which are suitable for customers who in these case increases their customer base as the products are for all customers.

## **5.4 Recommendations**

This study makes several recommendations for policy implementation and also suggest for further research. The study has established that the BBK evaluates strategies in order to ensure that they achieve competitive advantage and it is recommended that the bank should use only those strategies which would ensure that they maximize the advantage in order to reduce costs to manageable level. The study further established that bank differentiates itself from other commercial banks through its innovative products and it is recommended that the bank markets their products so that they can attract more customers.

The findings from the study indicates that the bank uses the low costs strategy in order to gain competitive advantage, however the company has not managed to reduce sufficiently its overhead costs and it is recommended that they work towards streamlining its operations so that they can reduce the costs to manageable levels while at the same time enable the bank achieve the set target.

It is recommended that the bank identifies customer segments and come up with products for that segment and the bank should also provide the services to all customers by not focusing on some specific ones while at the same time targeting those which adds value to them. The bank should in addition ensure that before pricing its products, they should study what the market charges so that they set at a price which is acceptable to the current and potential customers.

## **5.5 Suggestions for Further Research**

The study dwelt on the evaluation of competitive strategies which have been used by Barclays Bank of Kenya, however the competition in the banking industry has become intense and this therefore necessitates the study to evaluate the competitive strategies used by all the commercial banks. This would help identify challenges experienced by other commercial banks in implementation of competitive strategies.



## **5.6 Limitations**

There were limitations in the study which included difficulty in accessing the respondents due to their busy schedules. The responses were purely based on the judgements of the interviewees and this could be skewed as it was a personal view. Strategy evaluation is also a wide area hence not all aspects of strategy evaluation could be covered.

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## **APPENDIX I**

### **Interview Guide to Barclays Bank of Kenya employees**

#### **SECTION A. GENERAL INFORMATION**

1. Name of Respondent (Optional).....
2. Job Title of Respondent.....
3. Duration worked with BBK.....
4. Department.....

#### **SECTION B. STRATEGY EVALUATION**

1. In developing key strategic customer solution strategies, what issues did BBK take into consideration? What challenges has the bank encountered in the process of implementing strategy?
2. Are the strategies adopted by BBK giving the bank a competitive edge in the banking industry? How do they compare with strategies adopted by other banks in Kenya?
3. What are the advantages of BBK's competitive strategies and are they unique?
4. How has BBK addressed challenges encountered in the implementation of the key strategies?
5. In arriving at the decision to introduce Investment Banking, what issues did BBK consider?
6. Has BBK had to change or modify any of the competitive strategies based on the evaluation of implementation? If so, how?
7. Do you think that the strategies implemented by BBK are sustainable, given the dynamic changes experienced in the banking industry lately?

## **SECTION C. COMPETITIVE STRATEGIES ADOPTED BY BBK**

### **a) Differentiation strategy**

1. Has your bank adopted differentiation strategy to attract customers?
2. Does your bank focus its efforts in providing a unique product or service in order to differentiate itself with other banks?
3. How does the bank create a unique position in the market through provision of goods or services that are valued for their uniqueness or fit to the needs of customers?
4. Does the bank charge a higher price for their product based on the product characteristics, the delivery system, the quality of service, or the distribution channels after following a differentiation strategy?
5. Has the adoption of the lowest product or service unit costs by the bank withstood competition?
6. Does the bank advertising persuade the public to use the facilities and products being offered?

### **b) Low cost strategy**

7. Does your bank adopt a low cost strategy to attract customers?
8. How would you rate the state of competition in the banking industry?
9. Does your bank focus on providing goods or services at a lower cost than the competitors, or superior goods or services at an equal cost?
10. How have the management of the bank achieved the low cost-leadership?



11. Has the bank outsourced or discontinued any services which they do not have a low cost strategy?
12. How has the adoption of the lowest product or service unit costs by the bank withstood competition?
13. How has the bank achieved a strategy for continuous search for cost reduction in all aspect of their business?

**c) Focus strategy**

14. Does your bank adopt focus strategy to attract customers?
15. Does your bank identify a particular customer segment or geographical market and come up with products suitable for the segment?
16. Does your bank pursue either cost or differentiation strategies once the segment is identified?
17. What do you use to identify the target segment?
18. What does the organization focus strategy depend upon in your bank?
19. Does the bank target market segments that are less vulnerable to substitutes or where a competition is weakest to earn above-average return on investment?

**THANK YOU FOR YOUR TIME**

**APPENDIX II: Approval Letter to undertake Case Study in BBK.**



**UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
MBA PROGRAMME**

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DATE: 11/09/2014

**TO WHOM IT MAY CONCERN**

The bearer of this letter... KARIUKU MONICA WANJARI

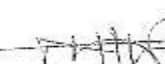
Registration No... DBI/75779/2012

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

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

Thank you.

  
PATRICK NYABUTO  
MBA ADMINISTRATOR  
SCHOOL OF BUSINESS

