ENVIRONMENTAL DIVERSITY, MARKET SEGMENTATION AND PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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DECLARATION

This thesis is my original work and has not been submitted for degree in any other university or institution.

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

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DEDICATION

I dedicate this work to my family, friends and classmates for their assistance and support during this thesis programme.

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ABSTRACT

Diversity management is a strategic approach to human resource management, supported by some programs, activities and tools, directed towards integration and development of diversity, both physical and job-related, and showed by members of organization. In order to manage a multicultural markets, respecting traditions and culture it is indispensable to implement a new approach of marketing strategies which integrates and valorizes the diversity of the market. The study sought to determine the market segmentation strategies suitable for responding to environmental diversity in market access within the banking industry in Kenya. The studywas conducted using the descriptive study design, employing both quantitative and qualitative approaches. The target population was the bank marketing managers in selected international banks in Kenya. The Kenya banking sector is composed of 43 banks. The research applied purposive sampling to identify international banks operating in Kenya. The study sampled 17 banks making a sample size of 17 marketing directors. The main source of primary data was individual questionnaires served to marketing executives of the commercial banks. Descriptive Statistics techniques was used to produce data such as mean, standard deviation, frequencies and percentages. Inferential statistics techniques were used to test the various correlations that exist among variables.The findings of the study indicate that there is a moderate linkage which exists between market segmentation and access to diverse markets in international business environments. The study found that the marketing departments in the banks have a well-educated workforce undertaking their delivery of services in this field. It found that while the banks were recruiting new staff in the marketing departments, they were also keen on maintaining staff for continuity of organization culture. It found that most of the respondents feel that their sales growth is high and that most organizations are doing quite well in growing the revenue from sale of services.The results are also significant for theory, policy and implementation purposes in marketing for services. The study recommended similar studies in other organizations in the service sector.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Diversity management is a strategic approach to human resource management, supported by some programs, activities and tools, directed towards integration and development of diversity, both physical and job-related, and showed by members of organization. Thomas Roosevelt Jr. was the first author studying diversity management. He defines diversity management as the organizational commitment to recruit, retain, reward and promote a heterogeneous mix of customers, as per ethnicity, gender, religion, age and disabled people (1990).

The meaning of diversity management has changed. Some authors say that diversity management is voluntary, because it is not imposed, and diversified approach to marketing to create an inclusive marketing strategy. Diversity management through segmentation promotes the participation of everyone to working activities, it supports the individual customer characteristics of each specific group and it utilizes their characteristics as a strategic lever (Cuomo and Mapelli, 2007).

The managing diversity or the diversity management must respect traditions, culture and educational backgrounds of every member group. The multiethnic society also creates a multiethnic market with diversified necessities. So the firms must think that there is the requirement to diversify the advertising and marketing campaigns. In this context the companies will require diversity workforce as a great competitive advantage. In fact the diversity workforce can create quickly diversified advertising strategies to gratify the multiethnic market and to attract multiethnic and multicultural public's attention (Griggs, 2005). Moreover the diversity workforce can offer better ideas for products and services to a multicultural public (Milliken and Martins, 2006).

In order to manage a multicultural markets, respecting traditions and culture (Iles, 2005), it is indispensable to implement a new approach of marketing strategies which integrates and valorizes the diversity of the market. The Market segmentation and management could answer to these needs. It is an innovative approach to the management of diversities through which it is possible to create an organizational climate of integration, in which people feel themselves integrated and respected for their uniqueness (Barabino, et al., 2001). Thanks to diversity management, each member of organization feels his/herself integrated and valorized and he/she works better and efficiently (Smith, 2008).

Banking Industry is one of the most important service industries which touch the lives of millions of people. Its service is unique both in social and economic points of view of a nation. Earlier the attitude of banking service was that it was not professional to sell one's services and was unnecessary in the sense that traditional relationships and quality of products were sufficient to carry forward the tasks (Norwell 1987). Before the mid 1950's the banks had no understanding or regard for marketing.

1.1.1 Environmental Diversity

The world is turning to a diverse and ever-evolving marketplace that caters to consumers from a variety of socioeconomic and cultural backgrounds (Weyer, 2009). As the world becomes more diverse through its people, tastes, customs and beliefs, companies strive to target demographics using marketing styles that are sensitive to individual attitudes and practices. The importance of diversity in marketing has grown in response to the increasing diversity of the world population.

Starting in the 1980s, Fortune 500 companies, government agencies, universities and nonprofits organizations began to increase marketing efforts around diversity, according to Penn (2006). Some of the historic drivers for diversity in marketing included an increasingly international and global marketplace. As American and foreign business expanded into overseas markets, companies inevitably had to compete with local and national companies. In addition to the cultural and ethnic changes in the global markets, communities began to celebrate their differences rather than striving to fit into the dominant culture. This cultural climate created what media scholars and educational institutions have cited as the "salad bowl" effect, where people live in one country but retain their individual differences (Grover 2002).

1.1.2 Market Segmentation

Effective marketing and business strategy requires a segmentation of the market into homogeneous segments, an understanding of the needs and wants of these segments, the design of products and services that meet those needs and development of marketing strategies, to effectively reach the target segments (Dahan 2000). Thus focusing on segments is at the core of organizations' efforts to become customer driven; it is also the key to effective resource allocation and deployment.

The level of segment aggregation is an increasingly important issue. In today's global economy, the ability to customize products and services often calls for the most micro of segments: the segment of one. Following and implementing a market segmentation strategy allows the firm to increase its profitability, as suggested by the classic price discrimination model which provides the theoretical rationale for segmentation (Dahan 2002).

Since the early 1960s, segmentation has been viewed as a key marketing concept and has been the basic concept of segmentation (as articulated in Frank *et al.*, 1972) has not been greatly altered. Many of the fundamental approaches to segmentation research are still valid today, albeit implemented with greater volumes of data and some increased sophistication in the modeling method. Consider the most compelling and widely used approach to product design and market segmentation – conjoint analysis.

The essence of the approach outlined in Wind (1978) is still evident in recent work by Toubia *et al*. (2007) that uses sophisticated geometric arguments and algorithms to improve the efficiency of the method. Other advances use formal economic theory to specify optimal consumer trade-offs Iyengar *et al*. (2007) for an application to non-linear pricing. Globalization of business expands the scope of operations and requires a new approach to local, regional and global segments. Moreover, businesses that have not traditionally embraced marketing in general or segmentation in particular, see it as imperative for success and even survival.

1.1.3 Organizational Performance

Increasingly, firms find themselves, either by design or circumstances, operating in business environments fraught with unprecedented, unparalleled, unrelenting, and largely unpredictable change. For them, competitiveness is a moving target. In this rough and tumble world, many stumble and a few fall, often because the rate of change in their marketplaces outpaces their organizational capacity to keep up (Foster & Kaplan, 2001).

Naturally enough, this has led a number of firms to experiment with new, and what they hope will be more dynamic, organizational forms. This, in turn, has opened up exciting new theoretical and empirical venues for students of leadership, business strategy, organizational theory, and the like (Child & McGrath, 2011). One domain that has yet to catch the wave, however, is that of strategic marketing segmentation and diversity appreciation.

1.1.4 Banking Industry in Kenya

The origins of commercial banking in Kenya lay in commercial connections between British East Africa and British India at the close of the 19th century. The first two British banks to be established were the National Bank of India in 1896 and the Standard Bank of South Africa in 1910. The former became National and Grindlay Bank and the later became Standard Bank. National Bank of South Africa was established in 1916 but was later merged with Colonial Bank and Anglo-Egyptian Bank to form Barclays Bank (Dominion, Colonial and Overseas) in 1926 which was also based in London.

The post-independence bank developments started with the establishment of the Central Bank of Kenya (CBK) in 1966 after the dissolution of the EACB. Kenya's first national currency - the Kenya Shilling (KShs.) was introduced on 14th September 1966 at the rate of KShs. 20 to the pound (Central Bank of Kenya, 1976).

The 1980s witnessed the growth of a large number of NBFIs which increased from 20 in 1980 to 53 in 1990 (a rise of 165%) and the number of banks grew from 17 to 20 (a growth of 17%).100 The majority of these new financial institutions were owned by local entrepreneurs (Kariuki, 1993). These local banks fulfilled a very useful function as they catered for mainly small and medium sized enterprises, often from their own communities, that the foreign owned banks and the government owned banks did not serve (Nasibi, 1992).

Currently, the Kenyan Banking Sector has registered improved performance with the size of assets standing at Ksh. 2.4. trillion, loans & advances amounting to Ksh. 1.4 trillion, while the deposit base stood at Ksh. 1.8 trillion and profit before tax of Ksh. 28.2 billion as at 31st March 2013. During the same period, the number of bank customer deposit and loan accounts stood at 17.3 million and 2.3 million respectively.

1.1.5 Commercial Banks in Kenya

The banking industry in Kenya was liberalized in 1995 when exchange controls were revoked. The banking industry is comprised of 46 commercial banks, 105 microfinance institutions and 109 Forex bureaus (CBK, 2010).The Kenyan banks have come together under an umbrella body called the Bankers Association of Kenya (KBA) which creates a forum for the Kenyan banks to share information regarding issues affecting the banking industry.The banking industry is experiencing an upward growth trend in the period of five years which has attracted intense competition and changing marketing strategies for the leading banking institutions.

Top banks in Kenya include; Barclays, KCB, Equity, Standard chartered, Cooperative bank, CFC Stanbic, Diamond Trust, Citi Bank Europe, I & M Bank, CBA and National Bank.Kenyan Banks play a traditional and fundamental role in financial intermediation by mobilizing deposits from members of the public and employing such deposits by way of loans and investments. As at March 2012, the total assets of the banking sector in Kenya stood at KShs 608.6 billion Loans and advances comprised 58% of the total assets. A significant proportion of such investments in loans and advances are channeled into manufacturing and service industries (Francis 2006). For instance, as at December 31, 2013, 46% of the total assets of the banking sector were invested in loans and advances. Of the said total loans and advances made by the sector, a proportion of 19.8% was channeled to the industrial sector during the period ended December 31, 2013. This clearly illustrates the need of Kenyan banks to have good learning of the market segmentation for them to survive in the competitive environment.(CBK, 2009)

The Kenyan Banking Sector registered improved performance in the last financial year with the size of assets standing at Ksh. 2.4. trillion, loans & advances amounting to Ksh. 1.4 trillion, while the deposit base stood at Ksh. 1.8 trillion and profit before tax of Ksh. 28.2 billion as at 31st March 2013. During the same period, the number of bank customer deposit and loan accounts stood at 17.3 million and 2.3 million respectively.

The banking sector's aggregate balance sheet expanded by 2.7 percent from Ksh. 2.35 trillion in December 2012 to Ksh. 2.42 trillion in March 2013. The major components of the balance sheet were loans and advances, government securities and placements, which accounted for 55.8 percent, 21.1 percent and 5.5 percent of total assets respectively.

The banking sector profit before tax for the quarter ended March 2013 stood at Ksh. 28.2 billion representing an increase of 14.2 percent from the Ksh. 24.7 billion registered in the first quarter of 2012 (CBK, 2013). Interest on loans and advances, fees and commissions and government securities, which are the major sources of income accounted for 62 percent, 17 percent and 13 percent of total income respectively. On the other hand, interest on deposits, staff costs and other expenses were the key components of expenses, accounting for 42 percent, 24 percent and 20 percent respectively.

1.2 Research Problem

Research evidence by Marquardt (2004) has shown that operating abroad involves many difficulties, such as cultural differences, language, laws and regulations, lack of foreign contacts and business connections. These factors are ever so difficult for banks, since their operations involve a high degree of risk taking. The establishment of banks has generally taken a long time, and very few have attained a strong position on foreign markets.Despite undoubtedly progressing globalization, the world has not at all become one uniform marketplace. According to Gardenswartz and Lowe (2005), diversity can be understood as a scale at three levels: the internal dimensions, external dimensions and organizational dimensions. The internal dimensions are essentially within the person and are very much intrinsic (un-changeable). This denotes the age, gender, race, ethnicity, sexual orientation etc. The external dimensions, in turn, refer to religion, education, personal habits, experience, marital-parental status and so on. Last but not the least, organizational dimensions refer to the function of the individual in the organization, professional affiliation, its unity, division or department, its age, type of management and so on. International firms have to be able to simultaneously cope with a great variety of environmental conditions, such as diversity in these three dimensions. Market segmentation in international markets is an understudied area. Many studies have focused on marketing theory and little has been done on marketing practice in regard to segmentation.

Various studies have been conducted in the field of global market strategy. Alan Roberts in 2012 conducted an assessment of partnership with local firms'strategy on achieving positive customer response for multinational enterprises. Tarun (2011) studied on strategies for entry in global emerging markets. Kolberg, (2010) on her part conducted a survey to assess promotion strategies for banking services. There is however a deficiency in information on the effectiveness of market segmentation as a market access strategy for banks across nations. However little has been studied on environmental diversity in international markets. Little has also been done to brigde the gap that exists to inform the segmentation strategy in diverse international markets specifically for the banking industry. In the Kenyan banking industry, study by Cameron (2006) focused on organizational diversity of the human resources. Martins (2001) focused on understanding the multiple effects of diversity in organizational groups.There is no concrete study that has been conducted in regard to diversity in the market place for the banking industry in Kenya. This prompts the need to conduct this study to assess the effectiveness of market segmentation as a marketing strategy for diverse geographical, social and political environments.

1.3 Objectives of the Study

The broad objective of the study was to determine the market segmentation strategies suitable for responding to environmental diversity in market access within the banking industry in Kenya

1.4 Value of the Study

This study adds knowledge on how market segmentation and environmental diversity the banking industry in Kenya performance. This study's results will have implications not only for academic research, but also for policy and practice with regard to policy and the regulatory environment in Kenya. Most multinational organizations in Kenya focus on embracing diversity at recruitment but little attention to targeting on segments of the diverse markets. The managerial implications drawn from this study again will reflect characteristics of some of the sample organizations for. They mainly identify which are the requirements to implement correctly diversity management through market segmentation in a diverse environment. It is important to embrace organizational culture oriented to diversity integration, integration values, and management competencies oriented to integration of diversities.

The findings of the study will reflect business models applied by foreign banks in Kenya. It will also give insights into the various market characteristics on how to deal with market challenges in foreign markets and how to manage segmentation strategy.

Finally, research on a market like Kenya can assist managers for foreign banks and other Western countries to cope with the difficulties arising from the cultural and geographical distance between Kenya and their country, as well as the existing differences in the social, political and economic systems (Zhao, 2005).

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the review of the literature concerning the marketing segmentation of the banking industry. The chapter looks into depth on relevant literature on all the main objectives of the study. Thus the literature review focused on market segmentation in relation to marketing mix for banking institutions in international markets, external factors that influence market segmentation in the banking industry, adaptation strategies adopted by the banking institutions in foreign markets, relevance of market segmentation in developing new markets and impact of market segmentation on competitiveness for the banking institutions in the foreign markets.

2.2 Theoretical Foundation of the Study

The study discussed the theories that were relevant to this study. Its adopted market orientation theory.

2.2.1 Market Orientation Theory

The study will be informed by the marketing concept as defined in market orientation theory. This is the normative philosophy that underlies modern marketing thought, suggests that to be successful, firms should determine customers' needs and wants, and satisfy them more effectively than their competitors do. Narver and Slater (1990) define market orientation from a cultural perspective as "the organization culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for the business". Market orientation is conceptualized in terms of three dimensions: customer orientation, competitor orientation, and interfunctional coordination. Kohli and Jaworski (1990) define market orientation from a behavioral perspective as the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it.

This study will be based on the theory of market segmentation. The two most important ideas to consider in market segmentation are the following fundamental propositions: markets segmentation as a management strategy and implementation of the strategy of market segmentation as postulates about the characteristics and the behavior of groups, not persons. Smith (2011), expressly included these propositions in his definition of market segmentation. Smith's definition was "market segmentation consists of viewing a heterogeneous market as a number of small homogeneous markets in response to differing product preferences among important market segments. It is attributable to the desires of consumers or users for more precise satisfaction of their varying wants. Segmentation often involves the use of advertising and promotion. Smith’s theory of segmentation uses the two propositions to evade much of the confusion about market segmentation the theory argues that much confusion stems from failure to recognize the two fundamental propositions.

The theory t recognizes that the absence of a satisfactory theory of individual behavior does not necessarily imply the absence of valid propositions about the groups' behavior. For marketing strategy, it is the behavior of groups, not persons, that is primarily important. A hypothetical example illustrates the basic structure of the measurement problem in market segmentation as it applies to quantities purchased or usage rates. The analysis of segmentation considered in this study is restricted to usage rates although the principles generally apply equally well to other segmentation measurements like promotional elasticity and brand loyalty.

2.3 Environmental Diversity and Firms Performance

The concept of "cultural diversity" is both specific and contextual. Many contemporary researchers consider cultural diversity as an important difference distinguishing one individual from another, a description that covers a wide range of obvious qualities and hidden (Gilbert, 2009). To understand the importance of managing cultural diversity, it seems important to grasp the concept of culture. Adler (2004), culture is an acquired behavioral aspect assigned to a person and his group by which the individual is identified, expressed and transmitted through symbols, distinguishing mark, its values and beliefs. Because of the backgrounds, experiences, values and beliefs about each culture, the latter determines the perception of an individual's behavior, his ideas, his way of thinking (Laine, 2004). Culture, in its most widespread, includes a rich set of principles and perceptions which, once expressed, can be juxtaposed with those from a different culture and creates confrontations that lead to constructive learning.

Organizations that cultivate the virtues of diversity are predisposed to better integrate the global dynamics of the markets dominated by increasingly multiethnic and multicultural force of that market (Verma, 2008). Managing the diversity of the multicultural market environments has become an important issue for both governments and private entrepreneurs for public and private organizations. Its importance has increased mainly by the relative liberalization of financial markets due to globalization.

The concept of "managing diversity in the market place" has recently emerged mainly due to fulfill the approach of "equal opportunities" for all. The proactive strategy tends to gradually replace the reactive approaches. It is increasingly accepted that the heterogeneity provided by the cultural diversity can be an engine of growth in the efficiency of the organization in this competitive world (Ruderman, 2005). Organizations that promote diversity within them and are deemed by their diversity management are likely to attract the best talented staff and be able to sell in diverse markets (Carrel et al, 2005). Diversity in this sense is seen as a systematic and planned commitment of organizations to recruit, retain, reward and promote a heterogeneous mix of employees in order to engage the markets according to the diversity that defines them (Gilbert et al, 2009).

2.4 Market Segmentation and Firms Performance

Market segmentation is the process of dividing the target market into groups to better understands their current behaviours, evaluating each segment and selecting target segment(s) and then developing an appropriate marketing mix for those segments which includes developing messages and tailoring programs to meet their specific needs. Segmenting target markets helps us to group those with commonalities as well as gain a better understanding their specific wants, needs, barriers and behaviours (Kotler, & Lee 2002).

There are many variables by which target markets can be segmented; and these are fairly consistently described in basic marketing texts, although the number of categories varies as they are either expanded or collapsed by different authors. The majority of these however fit within the four basic categories of variables: geographic, demographic, psychographic, and behavioural (Armstrong, 2003).

Market segmentation, in its tactical sense, often refers to such things as the use of particular statistical techniques for identifying groups of potential customers who have different needs, wants, tastes, and preferences. In contrast, market segmentation strategy, as used here, is a broad concept that refers to the strategic process that includes (1) identifying bases for segmentation, (2) using the bases to identify potential market segments, (3) developing combinations (portfolios) of segments that are strategic alternatives, (4) ascertaining the resources necessary for each strategic alternative, (5) assessing existing resources, (6) selecting an alternative that targets a particular market segment or segments, (7) securing the resources necessary for the target(s), (8) adopting positioning plans for the market offerings for the segments, and (9) developing marketing mixes appropriate for each segment.

When is a particular segmentation strategy likely to succeed? For a firm, a market segmentation strategy makes sense only if it impacts positively its financial performance. The nine-step process outlined earlier of designing and implementing market segmentation strategies is complex. As a result, successful market segmentation strategies often require substantial amounts of resources. Therefore, particular segmentation strategies will be successful only when the benefits of engaging in such strategies outweigh the costs. As Weinstein (2004) maintains, The objective of segmentation research is to analyze markets, find niche opportunities, and capitalize on a superior competitive position. From an efficiency standpoint, successful segmentation strategies lead to better planning and more effective use of firm resources because they allow firms to focus their resources on segments of consumers that are more likely to purchase their market offerings (Swartz, 2012).

2.5 External Factors Influence on Market Segmentation.

Effective marketing and business strategy therefore requires a segmentation of the market into homogeneous segments, an understanding of the needs and wants of these segments, the design of products and services that meet those needs and development of marketing strategies, to effectively reach the target segments (Dahan 2000). Thus focusing on segments is at the core of organizations' efforts to become customer driven; it is also the key to effective resource allocation and deployment.

The level of segment aggregation is an increasingly important issue. In today's global economy, the ability to customize products and services often calls for the most micro of segments: the segment of one. Following and implementing a market segmentation strategy allows the firm to increase its profitability, as suggested by the classic price discrimination model which provides the theoretical rationale for segmentation (Dahan 2002).

Since the early 1960s, segmentation has been viewed as a key marketing concept and has been the basic concept of segmentation (as articulated in Frank *et al.*, 1972) has not been greatly altered. Many of the fundamental approaches to segmentation research are still valid today, albeit implemented with greater volumes of data and some increased sophistication in the modelling method. Consider the most compelling and widely used approach to product design and market segmentation – conjoint analysis.

The essence of the approach outlined in Wind (1978) is still evident in recent work by Toubia *et al*. (2007) that uses sophisticated geometric arguments and algorithms to improve the efficiency of the method. Other advances use formal economic theory to specify optimal consumer trade-offs Iyengar *et al*. (2007) for an application to non-linear pricing. Globalization of business expands the scope of operations and requires a new approach to local, regional and global segments. Moreover, businesses that have not traditionally embraced marketing in general or segmentation in particular, see it as imperative for success and even survival.

2.6 Market Segmentation Integration with Market Mix in International Market.

Consider the current enormous effort by the leading financial services firms to understand how to segment the global at-retirement market fuelled by the baby boomers in North America and Western Europe. Conceptually any business strategy should be based on understanding, meeting and even exceeding the needs of target segments (Cooper 2000).

At the core is the identification of the existing and potential customer base, an understanding of underlying heterogeneity and the evolving needs and wants of target segments. Next is the response to segmentation, namely guidelines for the development of products and services, and their associated positioning to meet the evolving needs of the target segments.

The international banking institutions, product positioning provides the foundation for the rest of the marketing strategy and the processes, resource allocation decisions and other activities of the firm. Bell *et al*. (1998) show how segmentation of store choice decisions of supermarket shoppers reveals fundamental differences in store attractiveness, conditional on a shoppers preferred shopping style. The model illustrates how one store format can capture market share from another.

In a banking buying setting, Gensch *et al.* (1990) provide compelling evidence of the positive consequences of segmentation of products buyers. In a 1-year test segmentation applied in two of three geographic districts, sales increased 18 and 12 percent – while sales declined 10 per cent in the district in which model-based segmentation was not applied and 15 per cent for the firm. The firm reports continuous market share increases from the application of the segmentation approach.

The popular business press and the conference circuit are full of anecdotal cases in which creative segmentation has paid off. In fact a growing number of firms do use segmentation as the basis of their marketing strategy. The likelihood of a positive response to the firm's offerings is increased, the cost of reaching customers and chances of new product and service failures are reduced. The need to 'rediscover' the centrality of segmentation is made forcefully in an article by Yankelovich and Meer (2006). Effective segmentation requires a good deal of effort and attention.

2.7 Strategies Adapted By Banking Institutions in Foreign Markets

Cognitive effort, financial resources and time commitment from top management are prerequisites to the development of a viable segmentation strategy. A firm with limited commitment is unlikely to simply happen upon an effective strategy (Dahan 2002). The determination of set of variables to use for segmentation of the market is critical. Conceptually, the guiding principle is fairly obvious. A good segmentation variable is one that explains variation in use of the firm's products and services. If a proposed segmentation variable has no correlation to choice or other important behaviors, it is clearly of little value.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Descriptive survey was used for this study and data was collected at one point in time and will thus be cross-sectional. Descriptive research attempts to describe such things as possible behaviour, attitudes and characteristics of population units (Mugenda , 2008; Saunders, Lewis and Thornhill, 2005). Positivism and interpretive philosophical designs also guided the study. The positivism philosophy tends to be more quantitative. Positivism involves interpreting data objectively and this allows the researcher to handle the research independently (Saunders et al, 2005). The researcher neither affects nor is affected by the subject of the research. Positivism philosophy state that the researcher prefers working with an observable social reality and that the end product of such research can be a law-like generalization. The study shall also had qualitative data which was generated through research questions and was used for triangulation and elaboration purposes.

3.2 Research Design

The study was conducted using the descriptive study design, employing both quantitative and qualitative approaches. This method is based on the fact that it best explored variables involved in the study, Gejunda (1981) points out that description depicts the present position of a given situation and that it goes beyond mere collection and tabulation of data. He Further asserts that since description involves elements of comparison and relationship of one kind or another, it is ideal in making interpretation of meaning and significance of what was being described. The study fitted within the descriptive survey design because according to Mugenda nad Mugenda (2003), it is the best method available to researcher who are interested in collecting original data for the purpose of describing a population. The design enables the researcher to gather data from a wide range of respondents (customers, employees and investors).

3.3: Target Population

The study targeted bank marketingexecutives of the commercial banks in Kenya.According to central bank directory (2014), there are 43 commercial banks in Kenya. This made a target population of 43 marketing executives. The study further through purposive sampling selected 17 commercial banks from where 17 marketing executives come from. Those banks who have embraced diversity in their marketing strategy were selected.

3.4 Data Collection

The study used secondary data to collect data from published sources such as newspapers, websites, annual financial statements and the financial performance data available at the Nairobi Stock Exchange.The main source of primary data was individual questionnaires served to marketing executives of the commercial banks. Another primary data source was observation by the researcher during visits to various international Bank outlets.

3.5 Data Analysis

The questionnaire data was checked for accuracy and completeness of recording of the responses, it will be coded and checked for coding errors and omissions. The data was analyzed using SPSS to bring out specific issues about the market segmentation strategies used to respond to unique environment that makes up Kenyan banking market. Quantitative analysis techniques such frequencies and cross tabulations was used to analyze the data. The findings were categorized using the four themes in the questionnaire organized per the objectives.Descriptive Statistics techniques also used to produce data such as mean, standard deviation, frequencies and percentages.

Inferential statistics techniques were also be used to test the various correlations that exist among variables. Pearson's product moment correlation and simple regression analysis are the statistical methods that will be used in this study.The simple and multiple regression analysis techniques were used to establish whether performance could be predicted by market segmentation. The main interest was to isolate important relationships in the study. These statistical measures were successfully used by other researchers in other similar studies.These researchers were such as Kandie (2009), and Kidombo (2007).

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1: Introduction

This chapter presents descriptive data analysis, interview responses and tests of hypotheses. The chapter also presents the profiles of the respondents and the organizations which formed the sample of this study. Four objectives guided this study and these were: To explore market segmentation strategies being employed to integrate the marketing mix for banking institutions in diverse environment in international markets. Second to determine how external factors influence market segmentation in the banking industry, third to explore the adaptation strategies adopted by the banking institutions in foreign markets fourth to assess the relevance of market segmentation in developing new markets and to analyze the impact of market segmentation on competitiveness for the banking institutions in the foreign markets. Percentages, means and standard deviations were computed and presented in frequency tables. The results are presented and interpreted. The descriptive data presented in this chapter have been also used as the basis for testing hypotheses and making inferences.

4.2: Response Rate

The sample size of the study comprised of the 17marketing executives of commercial banks in Nairobi. All the respondents filled and returned all the questionnaires making a response rate of 100 percent. This was made possible since the researcher made personal face to face visits and called respondents reminding them of the questionnaires. This response rate was high and the respondent continued with data analysis.

4.3: Profile of the Respondents

The questionnaire was administered to marketing executives in the targeted banks based in Nairobi. These were the marketing executives and representatives involved with the marketing strategy design and implementation who were approached during the study.

4.3.1 Respondents' Level of Education

The study requested respondents to indicate their level of education in order to understand their level of qualification in the department and the suitability in answering the research questions. Table 4.1 shows the distribution of respondents by level of education.

Table 4.1: Highest Level of Education completed

	Frequency	**Percent**
Bachelor's Degree	10	57.60%
Master's Degree	3	16.90%
PHD Degree	1	5.10%
Diploma	3	20.30%
Total	**17**	**100**

Source: Research Data, 2014

The study found that 57.6 percent of the respondents had bachelor's degree, 20.3 percent had diploma, and 16.9 percent had Master's Degrees while 5.1 percent had PHD degree. The findings indicates that the marketing departments in the banks have a well-educated workforce undertaking their delivery of services in this field.

4.3.2 Years worked in the Organization

The study requested respondents to indicate the years worked in the organization in order to understand their level of experience. Table 4.2 shows the distribution of respondents by level of education.

Table 4.2: Years worked in the Organization

	Frequency	**Percent**
3-Jan	10	59%
6-Apr	4	22%
9-Jul	1	3%
10-above	2	12%
N/A	1	3%
Total	**17**	**100**

Source: Research Data, 2014

According to the study, majority of the respondents (59%) had worked in their respective banks for less than 3 years while 22% of the respondents have worked for a period ranging between 4-6 years and 12% of the respondents have worked for a period exceeding 10 years. This shows that while the banks were recruiting new staff in the marketing departments, they were also keen on maintaining staff for continuity of organization culture.

4.3: Organizational Profile

The study in this section sought to determine the organizational profile of the banks.It requested respondents about the characteristics of the banks.

4.3.1 Age of the Organization in Kenyan Market

Respondents were asked to indicate the number of years the corporation was in operation in Kenya.Figure 4.1 presents the findings.

Figure 4.1:1 Age of the Organization in Kenyan Market

Years	Frequency	Percent	Cumulative Percent
Less than 5 years	1	9%	9%
5 - 10 years	3	27%	36%
11 - 15 years	4	36%	73%
16 - 20 years	2	18%	91%
More than 20 years	1	9%	100%
Total	**11**	**100%**	

Source: Research Data, 2014

The study found that 9% of the firms had been in operation for less than 5 years, 27% had been in operation for between 5–10 years, 36% had existed for between 11-15 years while 18% had only been in existence for 16-20 years. However, 9% percent of the firms have indicated to have been in operation for more than 20 years. This shows that the majority of the legal firms are old and well established.

4.4.2 Number of Employees

The study sought to establish the number of employees in each firm. majority of the respondents (71.2%) had less than 100 employees while 28.8% had over 100 employees. This has an implication that service firms require low labor input as is the case with most service firms in other fields. However the market target for most banks is both local and international clients as is shown by 57.6% of the respondents interviewed. Banks that amounted to 42% of the respondents acknowledged their focus on local clients only. In this the strategy for getting the diversified market of the Kenyan population was found to be relevant to market segmentation strategies.

4.5 Reliability and Validity

The study used Cronbach statistics to test for reliability. In Cronbach, any alpha of more than 0.7 shows that data was reliable. The findings shows Cronbach alpha of 0.809 which is more than 0.7 indicating that data was reliable.

4.6Banks' Performance

The study sought information on the level of performance of commercial banks. Table 4.4 presents the firm performance measurement scale.

Table 4.7: Contribution of Market segmentation to the firm's performance

	Mean	Std. Deviation
The organization has been making profits	1.9412	1.14404
The organization has a substantial market share in the industry	2	0.96609
Sales have grown substantially in our organization	2.0588	0.82694
The firm has diversified and come up with new services	1.9412	0.74755
The organization's services are superior in quality compared with our competitors	1.7059	0.77174
The client numbers have increased in the last two years	2.5294	0.94324
Overall performance of our organization over the last two years compared to our competitors has been very good	2.5882	1.22774
Increased shareholder value	1.7647	0.83137
Increased total return for each portfolio	1.5333	0.63994
Expanded market share	2.25	0.88641
Increased annual turnover	2.8125	1.32759
Increased the firm's efficiency in undertaking its operations	2.625	1.08781
The organization has been making profits	2.5	1.09545
The organization has a substantial market share in the industry	2.4706	1.17886

Source: Research Data, 2014

As shown in Table 4.4, most of the respondents were in agreement that increased annual turnover was a good measure for performance. This had a mean score of 2.8125. Respondents also agreed on increased the firm's efficiency in undertaking its operations (2.625), Overall performance of our organization over the last two years compared to our competitors has been very good (2.5882) and The client numbers have increased in the last two years with a mean score of 2.5294. The study, on low means also found that few respondents agreed on increased total return for each portfolio and the organization's services are superior in quality compared with our competitors with mean scores of 1.5333 and 1.7059 respectively. This suggests that most of the respondents feel that their sales growth is highland that most organizations are doing quite well in growing the revenue from sale of services.

4.8 Strategies to Market Segmentation

The study sought information about strategies to market segmentation. A market can be divided according to where consumers are located. Understanding cultural differences between countries is pivotal for business success; consequently marketers will need to tailor their strategies according to where consumers are. This form of segmentation provides the marketer with a quick snapshot of consumers within a delimited area. Table 4.5 presents the findings.

Table 4.11: Strategies Applied By Kenyan Banks to embrace segmentation in the markets

	Mean	Std. Deviation
External Characteristics		
Multi-linguist	2.647	1.272
Owning to the nature of the environment, wide-ranging acts are necessary to achieve the business objectiveness	2.412	1.417
Openness to Multi-linguism	2.765	1.251
Spontaneity	2.824	1.334
Internal Characteristics		
Internal Characteristics	2.765	1.437
Racial Diversity	2.941	1.600
Imagination	2.529	1.281
Cultural Intelligence	2.706	1.312
Joy and pride of living	3.313	1.138
Positive thinking	3.706	1.047
Organizational Characteristics		
Collaboration	3.706	0.849
Multi-culturalism	3.294	0.985
Stigmatization	3.824	1.015
Conflicts	3.313	1.138
Ethnic Diversity	3.706	1.047
Exchange	3.706	0.849
Org. environment Multicultural practices and capacities are friendly	3.294	0.985
Managing multi-cultural teams		
Cultural Synergies	4.059	0.659
Inter-cultural Cooperation	4.118	0.600
Comprehension of sense	4.118	0.697
Intercultural competence	4.177	0.728
Strategies of addressing environmental diversity		
Strategies of addressing environmental diversity	3.941	0.748
Shared Managerial Cognitions	4.059	0.966
Technology- Related Efficiencies	4.294	0.772
Production- Related Efficiencies	4.059	0.659
Market- Related Efficiencies	4.118	0.600
Efficient Strategy Implementation	4.118	0.697
Efficient Strategy Formulation	4.177	0.728
Efficient Strategy Control	3.941	0.748

Source: Research Data, 2014

As shown in Table 4.5, majority of the respondents agreed on technology- Related Efficiencies with a mean score of4.294. It found that respondents agreed thatIntercultural competence, Efficient Strategy Formulation,Inter-cultural Cooperation and Comprehension of sense are strategies used by marketers in banks. Few respondents agreed that owning to the nature of the environment, wide-ranging acts are necessary to achieve the business objectiveness, Imagination, and Multi-linguism are strategies less used in banks. However, half of the respondents agreed that Org. environment Multicultural practices and capacities are friendly with a mean score of 3.294.

4.9 Enabling Factors for Market Segmentation

The study requested respondents to rate the extent to which they agree with the statements on Enabling Factors for Market Segmentation.

Table 4.7: Enabling Factors for Market Segmentation

Enabling factors for diversification	Mean	Std. Deviation
Relations between employees and management are good	3.82	1.015
The firm retains good employees over a long period	3.31	1.138
The speed of making decision in the firm is fast	3.71	1.047
The firm contributes towards social responsibility	3.71	0.849
The firm's customer service is good	4.12	0.600
New products/services have been introduced by our firm in the market in the last 2years	4.12	0.697
Employees ability to use gained knowledge in developing new products/services is high	4.18	0.728
Employees are involved by the management in decision making	3.94	0.748
Employees have a well-defined career path within the organization	4.06	0.966
Employees are fully equipped in terms of resources/skills to facilitate new services/products innovativeness	4.29	0.772
Reduced risk on investment	4.06	0.659
The staff in the firm have undergone training on innovativeness/diversification strategies in the recent past	3.94	0.748

Source: Research Data, 2014

As shown in Table 4.6 The study found that most of the respondents agreed on the statement, employees are fully equipped in terms of resources/skills to facilitate new services/products innovativeness, Employees ability to use gained knowledge in developing new products/services is high and the firm's customer service is good with mean scores of 4.29, 4.18 and 4.12 respectively. Few respondents also agreed that the firm retains good employees over a long period and the firm contributes towards social responsibility with mean scores of 3.31 and 3.71 respectively.

The area under training of employees' sought to measure the relationship between training and diversification outputs and is shown above in table 4.7.

Table 4.3: Employee training and its Benefits Related to Market segmentation

Training benefits related to market segmentation	Mean	Std. Deviation
Training has contributed to innovativeness in the firm	4.32	0.74
Training leads to increased market share and revenues	4.28	0.743
Training on marketing aspects leads to better focus on market segments	4.14	0.881
Overall, training just like other factors, caters for long term and short term business needs	4.28	0.729

Source: Research Data, 2014

As shown in Table 4.7, the findings found that majority of the respondents agreed that training has contributed to innovativeness in the firm with a mean score of 4.32. Few respondents agreed that overall, training just like other factors, caters for long term and short term business needs with a mean score of 4.28. This shows that the majority believe that training on needs of differentiation leads to innovation and creativity, training on marketing initiatives leads to larger market share. It also established that training: leads to development of superior products compared with those of competitors, the majority of respondents also believe that training also increases aspects like market share and sales and that training gives better focus on market segments. The majority also believe that at an overall level training just like other factors, also caters for long and short term business needs of the banking firms.

Table 4.4: Benefits of Market segmentation to banks

	Frequency	**Percentage**
Increased client base	2	9%
Increased profit returns	2	9%
Increased turnover	11	64%
Average turnover	2	9%
Decreased in turnover in first years due to diversification	2	9%
Total	**17**	**100%**

Source: Research Data, 2014

As shown in the table 4.8 and chart 4.1 above a majority (64%) of the respondents cited increased turn over as the eventual result of segmentation while 9%, 9%, 9% and 9% mentioned increased profit returns, increased client base decrease in turnover in first year due to segmentation and average turnover respectively. This has an implication that segmentation has positive impact on the performance of banking institutions.

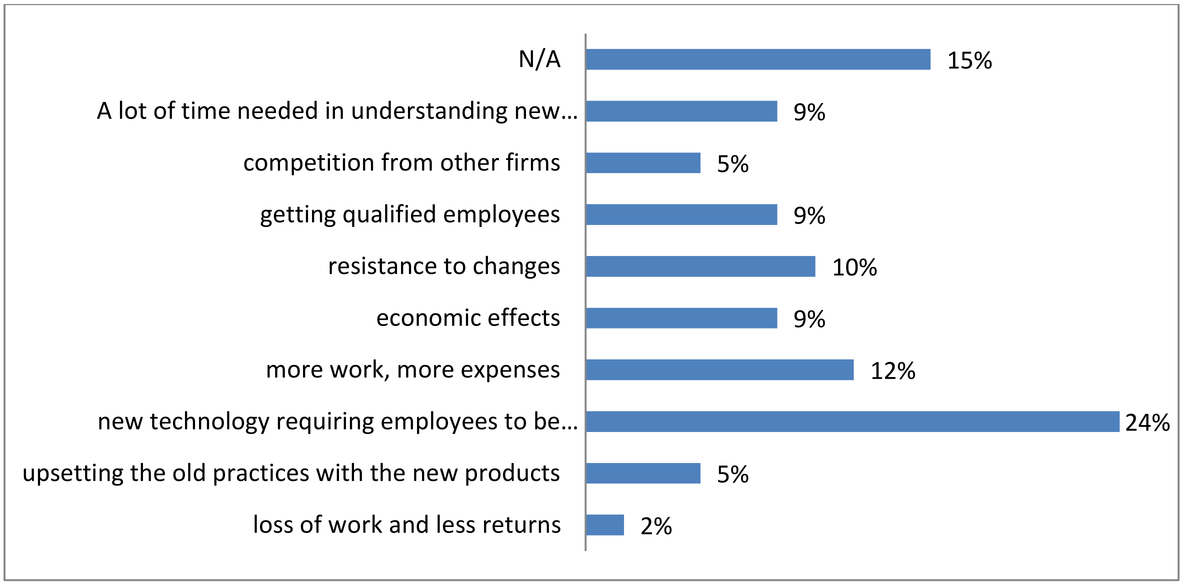
Table 4.5: How segmentation has changed operation procedures

	Frequency	Percentage
Less time taken to deliver to clients	3	18
More solution oriented services	6	36
Increase of employees	2	9
Changes in operation due to new technology	3	18
Quick decision making	2	9
Increase in number of clients	2	9
Total	**17**	**100%**

Source: Research Data, 2014

Table 4.9 displays the responses on the ways in which segmentation have changed the operation procedures in the banking institutions. According to the study, 36% of the respondents mentioned more solution oriented services. Other changes mentioned were less time taken to deliver to clients, changes in operation due to new technology, Increase of employees, Quick decision making and Increase in number of clients.

Figure 4.2: Challenges of Segmentation



Source: Research Data, 2014

With the many advantages and benefits got from diversification, the study sought to establish if there were challenges involved in segmentation. Some of the challenges highlighted were; loss of work and less returns, upsetting the old practices with the new products, new technology requiring employees to be further trained hence high cost more work, more expenses, economic effects resistance to changes, getting qualified employees, competition from other firms and a lot of time needed in understanding new methods. The percentages for mention of these challenges were 1.7%, 5.1%, 23.7%, 11.9%, 8.5%, 10.2%, 8.5%, 5.1% and 8.5% respectively.

4.8 Regression Analysis

Pearson correlation was used to examine if there is any correlation between variables as shown in table 4.11.

Table 4.6: Pearson Correlation

	Performance	Environmental Diversity	Market Segmentation
Performance	1		
Environmental Diversity	-0.472	1	
Market Segmentation	0.561	-0.038	1

Source: Research Data, 2014

The study shows a positive correlation of 0.561 between Market Segmentation and Performance and performance. The results also shows a negative correlation of -0.472 between Environmental Diversity and performance. The correlation test shows that Market Segmentation will lead to an increase in performance of banks in Kenya.

The regression model; $Y=\beta_0+\beta_1X_1+\beta_2X_2$ where Y represents performance, X_1 represents Environmental Diversity, X_2 represents Market Segmentation and β represents model coefficients indicate that $R^2=0.518$ and $R=0.719$ is an indication that there is a linear relationship between Environmental Diversity and Market Segmentation of banks in Kenya as shown in table 4.12.

Table 4.7: Model Summary and ANOVA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.719a	0.518	0.437	0.76572

a Predictors: (Constant), Environmental Diversity Market Segmentation

Source: Research Data, 2014

Table 4.13 presents the results of ANOVA test which reveal that Environmental Diversity Market Segmentation have significant effect on performance of banks in Kenya. Since the P value is actual 0.013 which is less than 5% level of significance. This implied that the model was significant.

Table 4.8: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.548	2	3.774	6.437	.013b
	Residual	7.036	12	0.586		
	Total	14.584	14			

a Dependent Variable: Performance

b Predictors: (Constant), Environmental Diversity Market Segmentation

Source: Research Data, 2014

Table 4.9: Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.245	1.839		1.221	0.246
	Entrepreneurial orientation	-0.709	0.315	-0.451	-2.247	0.044
	Innovations	0.931	0.344	0.544	2.709	0.019

a Dependent Variable: Performance

From the regression model, the regression equation is:

$Y=2.245 -0.451X_1+ 0.544X_2$

The constant = 2.245 implies that Environmental Diversity and Market Segmentation all rated as zero, bank performance would be 2.245. The coefficient of innovations is -0.709 which means that the relationship between Environmental Diversity and performance is negative. The coefficient of Market Segmentation is 0.931 which means that the relationship between 0.931 and performance is positive.

4.9 Discussion

The study found that the marketing departments in the banks have a well-educated workforce undertaking their delivery of services in this field. It found that while the banks were recruiting new staff in the marketing departments, they were also keen on maintaining staff for continuity of organization culture. Narver and Slater (1990) define market orientation from a cultural perspective as "the organization culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for the business". Market orientation is conceptualized in terms of three dimensions: customer orientation, competitor orientation, and interfunctional coordination. Adler (2004), culture is an acquired behavioral aspect assigned to a person and his group by which the individual is identified, expressed and transmitted through symbols, distinguishing mark, its values and beliefs. Because of the backgrounds, experiences, values and beliefs about each culture, the latter determines the perception of an individual's behavior, his ideas, his way of thinking (Laine, 2004). Culture, in its most widespread, includes a rich set of principles and perceptions which, once expressed, can be juxtaposed with those from a different culture and creates confrontations that lead to constructive learning.

The study found that most of the respondents feel that their sales growth is high and that most organizations are doing quite well in growing the revenue from sale of services. The emphasis was on whether Segmentation influences performance of the banking institutions in Kenya. The indicators were identified as benefits and practices as a way of avoiding biasness in studies by the respondents. Best and Kahn (1998) states that one of the best ways of avoiding biasness in studies is by indirectly focusing on what is being measured.

The literature review, the objective and the conceptual framework led to the belief that segmentation would be associated with performance of banking institutions in Kenya. Empirical findings and literature shows that market segmentation leads to a significant and positive relationship with various non–financial and financial performance aspects of banking institutions. It was established that market segmentation has a strong, positive and significant relationship with the performance of banking institutions.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The general objective of the study was to examine the Market segmentation as a marketing strategy in the banking industry. Moderating effects of firm characteristics and employee factors on segmentation was also focused on. The research questions were for eliciting additional information for elaboration and triangulation purposes. The present chapter summarizes the research problem and discusses the broader implications of the findings for theory, practice, policy and further research in the field of education.

5.2 Summary

The first objective of the study was designed to establish the relationship that exists between segmentation and performance of banking institutions in Kenya.

The study found that the marketing departments in the banks have a well-educated workforce undertaking their delivery of services in this field. It found that while the banks were recruiting new staff in the marketing departments, they were also keen on maintaining staff for continuity of organization culture. It found that most of the respondents feel that their sales growth is high and that most organizations are doing quite well in growing the revenue from sale of services. It found a positive correlation of 0.561 between Market Segmentation and Performance and performance. The results also show a negative correlation of -0.472 between Environmental Diversity and performance. The R^2=0.518 is an indication that there is a linear relationship between Environmental Diversity and Market Segmentation of banks. It also shows that Environmental Diversity and Market Segmentation explain 51.8% bank performance.

The emphasis was on whether Segmentation influences performance of the banking institutions in Kenya. The indicators were identified as benefits and practices as a way of avoiding biasness in studies by the respondents. It was established that market segmentation has a strong, positive and significant relationship with the performance of banking institutions.

5.3 Conclusion

Segmentation in banking industry in Kenya is changing from rare trend to a common trend. Some of the benefits of segmentation are increased annual turnover, expanded client base and reduced risk on investment just to mention but a few. However segmentation does not come without challenges, some of the challenges could be; loss of work and less returns, upsetting the old practices with the new products, new technology requiring employees to be further trained hence high cost more work, more expenses, economic effects resistance to changes, getting qualified employees, competition from other firms and a lot of time needed in understanding new methods of approaching new market segments.

The study concludes that the marketing departments in the banks have a well-educated workforce undertaking their delivery of services in this field. It concludes that while the banks were recruiting new staff in the marketing departments, they were also keen on maintaining staff for continuity of organization culture. It concludes that most of the respondents feel that their sales growth is high and that most organizations are doing quite well in growing the revenue from sale of services. It concludes that there is a positive correlation of 0.561 between Market Segmentation and Performance and performance. The results also shows a negative correlation of -0.472 between Environmental Diversity and performance. The R2=0.518 is an indication that there is a linear relationship between Environmental Diversity and Market Segmentation of banks. It also shows that Environmental Diversity and Market Segmentation explains 51.8% bank performance.

5.4 Recommendations

The study sought to establish the general remarks from the respondents on the way forward towards diversification in legal service firms. The remarks were both positive and others posed on need for improvement on diversification strategies. The remarks were that more segmentation of the markets should be encouraged, segmentation should be done cautiously in order to strike a balance in retaining traditional values of the legal profession, corporate training is vital in running a business in diverse environments, Changes should be gradual as firms embrace segmentation, segmentation of markets in international market is vital for making higher profits and more clients, and offering services of maximum perfection to the clients in order to maximize good will in the market.

5.5 Suggestion for Further Research

The study found that Environmental Diversity and Market Segmentation explains 51.8% bank performance living out 48.2% unexplained. This shows that there are other variables not in this study that explains the change in bank performance. The study therefore suggests that further study be done on other variables that affect bank performance.

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Appendix I: Questionnaire

The questionnaire has brief sections and will only need ticking or circling the right answers.

Section A: BIO-data

Name of the organization (**Optional)** ____________________

Please tick the most appropriate answer.

1. Your highest level of education

Bachelors degree [ ]

Masters degree [ ]

PHD degree [ ]

Other (specify) ____________________

2. Number of years worked in the organization

1-3 [ ]

4-6 [ ]

7-9 [ ]

10- above [ ]

3. Your gender: Male [ ] Female [ ]

4. Your age: Less than 30 [ ]

- 40 [ ]

41 – 50 [ ]

More than 50 [ ]

Section B: Information on the organization

5. How long has the organization been operating in Kenya?

Less than 5 years [ ]

5-10 years [ ]

11-20 years [ ]

More than 20 years [ ]

6. Has how many employees?

Up to 100 [ ]

101 and above [ ]

7. Which market does it target?

Export [ ]

Local [ ] Both [ ]

Section C: Information on Performance

Please tick the most appropriate answer.

No	**Performance Statements**	**To a very great extent**	**To a great extent**	**To a moderate extent**	**To a small extent**	**Not at all**
9	Our organization has been making profit					
10	Our organization has a substantial market share in the industry					
11	Sales have grown substantially in our organization					

12	Our organization has diversified and come up with new products.					
13	Relations between employees and management are good.					
14	Our organization retains good employees over a long period.					
15	Our organization's products are superior in quality compared with those of competitors					
16	The speed of making decisions in our organizations is fast.					
17	Our organization contributes towards social responsibility.					
18	Our organization has a good image in the industry.					
19	Our organization takes care of its customers.					
20	Our customers are satisfied with our products/services					

21	The overall performance of our organization over the past two years compared to our competitors has been very good.					

Section D: Market segmentation strategies

		Definitely true	**Mostly true**	**Don't know**	**Mostly false**	**Definitely false**
	External Characteristics					
	Multi-linguism					
	Openness to Multi-linguism					
	Spontaneity					
	Internal Characteristics					
	Racial Diversity					
	Imagination					
	Cultural Intelligence					
	Joy and pride of living					
	Positive thinking					
	Organizational Characteristics					

	Collaboration Multi-culturalism Stigmatisation					
	Conflicts					
	Ethnic Diversity					
	Exchange					
	Org. environment Multicultural practices and capacities are friendly					
	Managing multi-cultural teams					
	Cultural Synergies					
	Inter-cultural Cooperation					
	Comprehension of sense					
	Inter-cultural Apprentissage bythe intercultural competence					
	Strategies of addressing environmental diversity					
	Shared Managerial Cognitions					
	Technology- Related Efficiencies					

	Production- Related Efficiencies					
	Market- Related Efficiencies					
	Efficient Strategy Implementation					
	Efficient Strategy Formulation Efficient Strategy Control					

Section E: Challenges in diverse market environments

	Are these issues some of the challenges that you face due to environmental diversity?	**Definitely true**	**Mostly true**	**Don't know**	**Mostly false**	**Definitely false**
	Understanding the market context					
	Stakeholder analysis					
	Socialization					
	Integrated action and practice in the market					
	Building Firm level culture					
	Ethnic Diversity					

	Organizational barriers					
	Language					
	Cultural traits					
	Government regulation and policy					

Section F: Segmentation Competitive advantages in Diverse environments

Independence and motivation,	Definitely true	Mostly true	Don't know	Mostly false	Definitely false
Policy evaluation,					
Challenges					
Overseeing,					
Cultural audit,					
Coherence					
Shared Managerial Cognitions,					
Production- Related Efficiencies,					
Technology- Related Efficiencies,					

Market- Related Efficiencies,					
Efficient Strategy Control					
Efficient Strategy Implementation,					
Efficient Strategy Formulation,					

Appendix 2 List of Banks

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank Kenya
6. CfC Stanbic Holdings
7. Chase Bank Kenya
8. Citibank
9. Commercial Bank of Africa
10. Consolidated Bank of Kenya
11. Cooperative Bank of Kenya
12. Credit Bank
13. Development Bank of Kenya
14. Diamond Trust Bank
15. Dubai Bank Kenya
16. Ecobank Kenya
17. Equatorial Commercial Bank
18. Equity Bank
19. Family Bank
20. Fidelity Commercial Bank Limited
21. First Community Bank
22. Giro Commercial Bank

23. Guaranty Trust Bank Kenya
24. Guardian Bank
25. Gulf African Bank
26. Habib Bank
27. Habib Bank AG Zurich
28. Housing Finance Company of Kenya
29. I&M Bank
30. Imperial Bank Kenya
31. Jamii Bora Bank
32. Kenya Commercial Bank
33. K-Rep Bank
34. Middle East Bank Kenya
35. National Bank of Kenya
36. NIC Bank
37. Oriental Commercial Bank
38. Paramount Universal Bank
39. Prime Bank (Kenya)
40. Standard Chartered Kenya
41. Trans National Bank Kenya
42. United Bank for Africa
43. Victoria Commercial Bank