STRATEGIC POSITIONING AND GROWTH OF COMMERCIAL BANKS IN KENYA

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This project has been submitted for examination with my approval as University supervisor.
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ABSTRACT
Growth is one of the major goals any organization. Companies strive to rise from one level of operations to the other within a certain period of time as observed by Cosby (1990). For organizations to grow, appropriate strategies need come up with a strategic mix that will ensure they achieve their growth targets. Therefore positioning strategically of the organizations will lead to growth. The study sought to establish the strategic positioning of commercial banks in Kenya and how this has affected their growth. The study established that most commercial banks in Kenya have strategically positioned themselves to achieve high growth rate amid dynamic environmental factors characterized by tightening regulatory framework, high competition, technological advancement as well as changes in customers’ tastes and preferences. From the study the banks have applied a strategic mix to suit every challenge in their operation as well as maximize on the opportunities available in the market. Some of the key positioning strategies identified with the banks include diversification, customer focus, market and products development, market and penetration. The degree of application and effectiveness of these tools vary from one bank to the other. A census of all the 43 commercial banks in Kenya was conducted and the findings analyzed. The study had a 77% response rate. A descriptive survey design was used to achieve the objective of the study. Semi-structured questionnaires were used for data collection. Descriptive statistics were used to summarize the findings of the study while statistical package for social sciences (SPSS) and Ms Excel were used to perform the analysis of quantitative data. The findings reveal that commercial banks in Kenya have applied as number of strategies that have worked for them to ensure sustainable growth of their business. They have chosen a strategic mix that has to improved growth rates since the year 2001. Market segmentation, market development and product development are the major strategies the banks have applied in exploiting their potential to ensure growth. Other strategies include market penetration, asset management and regional expansion among others. From these findings therefore strategic positioning is inevitable for any organization that needs to achieve growth.