ENHANCING CORPORATE PERFORMANCE THROUGH THE ADOPTION OF PORTER'S COMPETITIVE MODEL IN EQUITY BANK BRANCHES IN KENYA

By:

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DECLARATION

THIS MANAGEMENT RESEARCH PROJECT IS MY ORIGINAL WORK
AND HAS NOT BEEN PRESENTED FOR A DEGREE IN ANY OTHER
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ABBREVIATIONS
EABL - East African Breweries Limited
EBS - Equity Building Society
KCB - Kenya Commercial Bank
MBA - Masters in Business Administration
NSE - Nairobi Stock Exchange
SME - Small Medium Enterprises

ABSTRACT
The banking industry in Kenya has undergone a lot of changes since the early 1990s from a high level of regulation to a more liberalized environment with less government interference. Consequently, there have been changes in the political and socio-economic environment which is threatening the status quo and to which the banks must respond in order to sustain their profitability. Globalization describes the ongoing global trend towards the free flow of trade and investment across borders and resulting integration of the international economy. Globalization brought about the convergence of markets whereas liberalization of economies of various countries encouraged free markets. This poses a challenge to managers to ensure that organizations adopt the best strategies for survival in such a competitive environment. As a result, organizations have to continuously adapt their activities in order to survive in the current turbulent environment that is constantly changing. This implies that organizations should formulate and implement strategies that will enable them beat competition and sustain growth.

The study sought out to establish whether the various branches of Equity bank have adopted Porter’s competitive model and also to establish whether the various branches of Equity bank in different regions of the country have enhanced the overall performance of the bank through the adoption of Porter’s competitive model. The data was collected through questionnaires administered through drop and pick later approach as well as mailed questionnaires approach to 25 branches. 3 questionnaires were sent to each branch giving a total of 75 respondents.

The findings of the study indicate that the most popular type of strategy was on the basis of differentiation. The approach that was mainly used at the branch level was targeting a specific market segment and offering many product lines with strong emphasis on the unique feature for each type of product made for each segment of customers. This shows that the focus is on giving a unique and distinct product or service hence the differentiation strategy was mainly narrow focus in relation to broad focus differentiation strategy. Differentiation aspects such as use of corporate image of the firm as a selling point, building features that meet specific needs of customers and strong cooperation from channels were ranked
highest as the most commonly used differentiation aspect by respondents from various branches. Cost leadership was a less popular strategy at the branch level due to the fact that most cost control activities are centralized and more so due to the nature of the industry. In the banking industry, very low cost services are mainly associated with poor quality service. This is because if adequate resources are not dedicated in those activities then the corporate performance of the bank cannot be enhanced taking into account the competitive nature of the industry where every firm is working its level best and putting in place the best strategies that can enhance the quality of products and services that it provides to its customers in order to attract and maintain its clientele. The study was constrained by time available for data collection hence it was not possible to reach all the branches. However information gotten from the branches that the researcher was able to reach was adequate.

Key words: Corporate performance, Adoption, Competitive model and Equity Bank.
CHAPTER ONE: INTRODUCTION

1.1 Background Of The Study

Contemporary business environments are characterized by ever-increasing uncertainty. Businesses are facing changing regulatory environment with continued threats to their markets from new entrants, uncertain demand from customers, disruptive changes in technology, transformation of relations with stakeholders and political instability. Globalization and liberalization have brought major environmental changes. Globalization describes the ongoing global trend towards the free flow of trade and investment across borders and resulting integration of the international economy. Globalization brought about the convergence of markets whereas liberalization of economies of various countries encouraged free markets (Johnson and Scholes, 2002). These environmental changes have increased competition in the business environment hence threatening the survival of most organizations. This poses a challenge to managers to ensure that organizations adopt the best strategies for survival in such a competitive environment. As a result, organizations have to continuously adapt their activities in order to survive in the current turbulent environment that is constantly changing (Mitra, 2001) The success and survival of any organization depend on how well it relates with the challenges and how it position itself to the external environment.

Porter (1985) has noted that business strategy is all about competition. He defines competitive strategy as the ability of a firm to meet and beat the performance of its competitors. Mkewa C.M (2005) has noted that firms are implementing strategies to cope with competition hence they are merging, restructuring or shrinking selectively to consolidate their position in the market while others are using marketing strategies to survive in the market Ansoff (1998) notes that a firm that does not improve its performance over time sooner or later, it will lose its competitive advantage and eventually drop out of the market.
The banking industry has not been spared either. The banking industry in Kenya has undergone a lot of changes since the early 1990 from a high level of regulation to a more liberalized environment with less government interference. Consequently, there have been changes in the political and economic environment which is threatening the status quo and to which the banks must respond in order to sustain their profitability. This implies that organisations should formulate and implement strategies that will enable them beat competition and sustain growth.

1.1.1 Porter’s Competitive Model

Pearce and Robinson (1997) define strategy as a company’s game plan. A strategy reflects a company’s awareness of how, when and where it should compete; against whom it should compete; and for what purpose it should compete. A Strategy is an executable plan of action that describes how an organization will achieve a stated mission or goal. Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson and Strickland, 2002). It concern what a firm is doing in order to gain a sustainable competitive advantage. Sustainable competitive advantage is born out of core competencies that yield long term benefits to the company. Prahad and Hamel (1990) defined a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. A core competence has three characteristics; first, it provides access to a wide variety of markets, it increases perceived customer benefits and lastly it is hard for competitors to imitate. A firm can be at a competitive edge / advantage through various ways which include; offering high quality products, superior customer service, differentiating its market offering or achieving lower costs than its rivals.

According to Porter (1985) developing a competitive strategy is developing a broad formula for how a business is going to compete, what its goals should be and what policies will be needed to carry out those goals. Competitive strategy is a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there. Porter (1998) states that the goal of a
competitive strategy for a business unit in an industry is to find a position in the industry where the company can defend itself against the five competitive forces which include ease of entry, threat of substitute products, bargaining power of buyers and suppliers and rivalry among current competitors. These forces constitute the industry structure and from the analysis of the structure a firm determines its competitive strategy. The five competitive forces jointly determine the intensity of industry competition and profitability. Competitive strategy is taking offensive or defensive actions to create a dependable position in an industry to cope successfully with the five competitive forces (Porter 1998).

Porter (1980) outlines three approaches to competitive strategy which lead to the Porters competitive model. In this model Porter unveiled three generic competitive strategies that can enable a firm to gain a sustainable competitive advantage in the ever changing business environment. These strategies are cost leadership strategy; where a firm strives to be the overall low cost producer, differentiation strategy; where a firm seeks to differentiate its product offering from that of its rivals and focus strategy which can either be cost focus strategy or differentiation focus strategy; where a firm focuses on a narrow segment of the market/industry. Differentiation and cost leadership strategies seek competitive advantage in a broad market or industry.

The notion underlying the concept of generic strategies is that competitive advantage requires a firm to make a choice (Porter, 1998) Porter continues to say that the goal of a competitive strategy is to achieve competitive advantage by creating a product/service that is perceived to be unique in some important way. He emphasizes that competition is at the core of the success or failure of firms hence every competing firm should have a competitive strategy which will relate the firm to its environment.

Porter (1985) argues that the key to successful competitive strategy is to establish a position which is less vulnerable to attack from competitors and to erosion from buyers, suppliers and sustainable products. He further argues that businesses must
respond to the five basic competitive forces that drive industry competition. The collective strength of these forces determines the ultimate profit potential of the industry and thus its attractiveness. Porter’s generic strategies provide viable routes to superior performance.

1.1.2 The Banking Sector in Kenya

In Kenya, the banking industry is governed by the banking act, the companies act, the central bank of Kenya act and various prudential guidelines that are set out by the central Bank. All Banks have come together under the umbrella of Kenya Bankers association to lobby for the interests of the banks. The central bank is the overall regulator of the financial system in Kenya including major banks and quasi financial institutions. At the moment, there are 46 banks in Kenya, most of which are owned either partially or wholly by locals. The banking sector was liberalized in 1995 and exchange controls lifted. since then there has been cut throat competition in the banking industry resulting to competitively priced products and services that has seen a surge in the overall profitability of the banking sector. More Kenyans have access to financial services with bank branch networks expanding day in day out. Some banks have satellite branches and mobile centers to reach out to clients in remote places.

The banking industry has continued to achieve high profit margins. However, there have been several changes on the environment which are threatening the status quo and to which the banks must respond in order to sustain their profitability. Some of these changes are not as much new policies as strict implementation of already existing policies on the banking act. For instance According to a report on the Kenya monthly economic review (January 2004), the C.B.K over the past years continued to restructure the stock of government debt in favor of the long term treasury bonds. This has led to general decline in interest rates. As a result, over the past year the banking sector saw a marked decline in interest rates on government securities. The low interest rate regime is expected to
have a major impact on the banks profitability. Consequently, the re-enactment of section 44 of the banking act which states that ‘no institution shall increase its rate of banking or other charges except with the approval of minister in order To enhance transparency on bank charges has also affected the banks profitability. This implies that when operation cost increases, organizations should formulate and implement strategies that will enable them beat competition and sustain growth.

1.1.3 Equity Bank Ltd

Equity Bank has its roots from Equity Building Society formed in 1984. The initial focus was to offer mortgage services but in the early 1990s Equity Building Society changed its focus to micro-finance services. EBS grew to become a leading micro finance institution providing a wide range of products and services. The growth in business volume and outreach necessitated the conversion to a commercial bank. On 31st December 2004 Equity Building Society was registered as a public limited company known as Equity Bank Limited.

Equity Bank is registered under the Companies Act cap 486 and licensed under the Banking Act Cap 488 laws of Kenya. It is a public company listed in the Nairobi Stock Exchange. Its main shareholders are Britak Investment Company Limited, Africap (a consortium of international development investors, principally International Finance Corporation - a private arm of the World Bank and European Investment Bank) and Equity Bank employees through the Employee Share Ownership Plan (ESOP).

In the N.S.E, Equity Bank is ranked the biggest Bank in Kenya in terms of market capitalization bank’s .“Think Business” A Kenyan magazine that rates banks, awarded Equity 6 awards in 2007, three among them being number one awards. It also awarded the bank Kenya’s overall second best bank. These awards included Best Bank in Microfinance, Best Bank in Retail banking, Fastest growing bank, 1st runner’s up-Overall Best Bank in Kenya, 1st runners up - Best Bank in Product innovation and 2nd runners up -Best bank in SME Banking. Euro money
also voted Equity as the best bank in Kenya for both years 2007 and 2008. Equity Bank defied the challenges of both domestic and global economic recession to grow its assets base in 2009 by 28% to over Kshs 100 billion. In spite of its massive growth, driven by its regional expansion and growth in range of financial services offered, Equity Bank announced a profit of Kshs 5.27 billion before tax reflecting a growth of 5% over 2008 results. Currently the bank has over 110 branches spread in various regions of the country as well as over 30 branches in Uganda and another branch in Juba. To remain in the competition, there have been various changes in the strategy employed by banks ranging from employing thousands of retainers plus commission based sales staff, extensive sales promotion and various offers. Indeed, the former small players in the banking industry like Family finance, Equity building society and K-Rep among others have become a formidable force and have forced the market leaders like Barclays, KCB and Standard chartered to seek to woo retail customers to remain with them.

With the banks performance improving every year in various aspects, the study will seek to test whether the various branches of the bank have adopted Porter’s competitive strategy and if the strategy has been a major contributor to the performance of the bank as a whole.

1.2 Statement Of The Problem

The dynamic nature of environment implies that organizations have to formulate and implement viable strategies that will enable them to remain competitive. With the advent of liberalization in the early 1990’s. This brought intensive competition within the banking industry. Banks resulted largely to the use of generic strategies namely cost leadership and differentiation. Consequently the banks engaged in extensive marketing in an effort to reposition themselves. This research is therefore motivated by the need to establish whether Equity bank branches have adopted Porter’s competitive model to enhance the overall corporate performance of the bank given the intensive competition in the banking sector. A number of studies have been carried out on adoption of Porter’s competitive strategy by organization with changes in the business environment.
Karanja (2002) undertook a study on competitive strategies of real estate firms, Gitonga (2003) undertook a study on application of Porter’s generic strategies framework in hospitality establishments in Nairobi, while Ogolla (2005) undertook a study on application of Porter’s generic strategies by insurance companies in Kenya. These researchers found out that the organizations had adopted Porter’s competitive strategies in an attempt to build sustainable competitive advantage. They found out that differentiation narrow focus strategy was the most popular strategy followed by differentiation broad focus strategy whereas cost leadership was a much less preferred strategy. These studies were carried out in firms based in Nairobi. The review of these studies clearly demonstrates that there are gaps in knowledge especially on whether the location of a business unit has an influence on the specific generic strategy to be employed taking into account the differences in the macro environment of different regions which consists of economic, social-cultural, political, technological and legal factors.

Although a lot of research has been done on application of Porters competitive model by organizations, none has focused on finding out whether the application of specific generic strategies which include; cost leadership strategy; where a firm strives to be the overall low cost producer, differentiation strategy; where a firm seeks to differentiate its product offering from that of its rivals and focus strategy which can either be cost focus strategy or differentiation focus strategy; where a firm focuses on a narrow segment of the market/industry, is dependent on the location of the specific business unit or establishment given the differences in the macro environment of different regions which consists of economic, social cultural, political, technological and legal factors. These factors constitute the external business environment of a firm and might have an impact on a firm’s decision and performance. Therefore given the role banks play as well as the need to grow and prosper in the ever changing business environment, this study attempts to establish whether the various branches of Equity bank have adopted Porter's competitive model to enhance the performance of the bank and if the application of a specific generic strategy depends on the locality or geographical region where a specific branch has been established taking into account the
widespread number of branches of the bank in various parts of the country and even outside the country and the differences in the macro environment in various regions. The study will therefore aim to address the following question: Have the various branches of Equity Bank Ltd enhanced the overall corporate performance of the bank through the adoption of Porters competitive model?

1.3 Objectives of the Study

The objectives of the study are;

i. To determine whether the various branches of Equity bank in Kenya have adopted Porter’s competitive model

ii. To determine whether the various branches of Equity bank Ltd have enhanced the overall corporate performance of the bank through the adoption of Porter’s competitive model.

1.4 Value of the Study

Organizations can adopt Porter’s competitive model in a context of increased competition and a fast changing environment with the aim of differentiating their products and services, applying cost control measures as well as being more customer focused.

The findings of this study can be used by other organizations as a tool for strategic planning and implementation. It will be of value to the management as reference point for strategy being put in place both present and future. The findings of the study can be used by researchers as a basis of existing literature for further research.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
This chapter reviews literature guided by the objectives of the study. These objectives are to establish whether Equity bank branches have adopted Porter’s competitive model, to determine whether branch location has an influence on the specific generic strategy adopted, considering the differences in the macro environment of various regions where the branches are located and if the bank has enhanced its performance through the application of Porters competitive model. The chapter begins with a review of on the concept of strategy, then a review on competitive strategy followed by a review on Porter’s generic strategies and a summary on general requirements for each generic strategy.

2.2 The Concept Of Strategy
Bracker (1980) stated that the word strategy comes from a Greek word strategeo, meaning to plan the destruction of one's enemies through effective use of resources. The concept of strategy was developed purely in relation of the successful pursuit of victory in war. The concept remained a military one until the nineteenth century when it began to be applied to the business world.

Pearce and Robinson (1997) defined strategy as a company’s game plan. A strategy reflects a company’s awareness of how, when and where it should compete, against whom it should compete and for what purpose it should compete. Thompson and colleagues (1998) define business strategy as concerning the actions and approaches crafted by management to produce successful performance in one specific line of business with the central issue being how to build and strengthen the company’s long term competitive positions in the market place. Business strategy is essentially concerned with how the firm competes within a particular market /industry. If the firm is to prosper within an industry, it must establish a competitive advantage over its rival’s also known as competitive strategy. Business strategy focuses on improving the competitive position of the company’s services/products within the specific market segment of the company or the businesses which it serves (Hunger, 1996). Business strategy addresses how
a firm/ its units can compete in its business and its industries. In single business firms however, there is no distinction between corporate and business strategy.

Pearce and Robinson (1997) argue that decision making hierarchy of a firm contains three levels. These are corporate, functional and business level. Corporate levels reflect the concerns of stock holders and society at large. Corporate level executives determine the businesses in which the firm should be involved, set objectives and formulate strategies that span the activities and functional areas of this business. Hence Corporate strategy outlines the nature and scope of the enterprise as a whole. Corporate level strategic managers attempt to exploit their firms distinctive competencies by adopting a portfolio approach to the management of its businesses and by developing long term plans. In the middle of decision making hierarchy is the business level. Managers at this level translate the statements of direction and intent generated at the corporate level into concrete objectives and strategies for individual business divisions or SBUS. i.e. they determine how the firm will compete in the selected product/market arena. Functional strategy is the elaboration and implementation of business strategies through individual functions such as production, research and development, marketing and human resource (Grant, 1998) At the bottom of the decision making hierarchy is the function level, managers at this level develop annual objectives and short term strategies in areas such as production, operation, research and development, marketing, human relations, finance and accounting. They execute the firms’ strategic plans. Business strategy addresses how a firm or its unit can compete in its business and industries.

Strategy is the direction and scope of an organization over a long term which achieves advantages for the organization through configuration of the resources within the changing environment to meet the needs of the market and fulfil stakeholders expectations (Johnson and Scholes, 2001). These scholars argue that there are three levels of strategy which includes; corporate level strategy which is concerned with the future direction of the company, business level strategies that are concerned with sustainability of different portfolios and operational level strategies concerned with delivery system and procedure. Strategy is the
establishment of long term goals and objectives of the organization, including the taking of actions and allocation of resources for achieving these goals (Chandler, 1962)

Porter (1980) states that strategy is basically about competition and the means by which an organization fights to gain a competitive advantage. This implies that for an organization to remain competitive in the market it must formulate and implement competitive strategies.

2.3 Competitive strategy

Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson and Strickland, 2002). It concern what a firm is doing in order to gain a sustainable competitive advantage. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than compared to the rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product that is worth paying for even if a premium has been charged or a fairly priced product capable of satisfying the buyers needs.

Coulter (2002) argues that a competitive strategy comprises of both offensive and defensive moves. An offensive move is an action taken when an organization tries to exploit and strengthen its competitive position for instance being ahead of a competitor in pricing, promotion, product features and distribution channels. On the other hand, a defensive move is any action that gives a firm a competitive advantage such as patents or exclusive contracts with suppliers.

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Sustainable competitive advantage is born out of core competencies that yield long term benefits to the company. Prahad and Hamel (1990) defined a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. A core competence has three characteristics;
first, it provides access to a wide variety of markets, it increases perceived customer benefits and lastly it is hard for competitors to imitate.

According to Porter (1988), formulating competitive strategy involves the consideration of four key factors i.e. strengths, weaknesses, threats and opportunities that determine the limits of what a company can successfully accomplish. The company’s strength and weaknesses are its profile of assets and skills relative to competitors, including financial resources, technological postures and brand identification. Strength and weaknesses combined with values determine the internal limits to competitive strategy a company can successfully adopt. The internal limits are determined by industry and the broader environment. Industry opportunities and threats define the competitive environment. Threats and opportunities are external to the firm. A threat could be a new entrant that poses stiff competition or availability of cheap substitutes on the other hand an opportunity could be a market left by a failing firm, emerging new markets or favourable political environment or government policies. Porter (1985) states that the goal of a competitive strategy for a business unit in an industry is to find a position in the industry where the company can best defend itself against the competitive forces or can influence them in its favour. The strength of competitive forces in an industry determines the intensity of industry competition and profitability.

Thompson and Strickland (1992) argue that competitive strategy is the narrower portion of business strategy dealing with the company’s competitive approaches for achieving market success. Its offensive moves to secure a competitive edge over rival firms and its defensive moves to protect its competitive position. It consists of all the moves and approaches a firm has taken and is taking to attract buyers, withstand competitive pressure and improve its market position. Managers tailor strategies of their own company situations and market environment thus there can be as many competitive strategies as there are company’s trying to compete.
Competitive strategy is about being different and it means deliberately choosing a different set of activities to deliver a unique mix of values (Porter, 1996). According to Porter (1998), rivalry among existing competitors makes a firm apply tactics that are different from those of competitors such as price competition, advertising battles, product introduction, increased customer service or warranties. Price cuts are easily matched by rivals and once matched they lower revenues for all firms unless industry price elasticity of demand is high enough. Advertising battles may expand demand or enhance the level of product differentiation in the industry for the benefit of all firms. Competitive strategies are therefore aimed at having an edge over the competitors in the market place. Developing a competitive strategy is developing a formula for how a business is going to compete, what its goal should be and what policies will be needed to carry out those goals (Porter, 1979).

Porter (1980) outlines the three approaches to competitive advantage. These includes striving to be the overall low cost producer i.e. low cost leadership, striving to differentiate one’s product offering from that of its rivals i.e. differentiation and lastly focusing on a narrow portion of the market/industry i.e. focus or niche. These strategies constitute what is referred to us Porter’s generic strategies.

2.4 Porter’s Competitive Model
The notion underlying the concept of generic strategies is that competitive advantage requires a firm to make a choice (Porter, 1998) Porter continues to say that the goal of a competitive strategy is to achieve competitive advantage by creating a product/service that is perceived to be unique in some important way.

The aim of any firm should be to develop a distinctive competence that is greater than its competitors. Porter (1985) identifies three generic strategies for achieving the above average performance in an industry. Each of the strategy is a different approach to creating and sustaining competitive advantage (Lowes et al, 1998). To be an average performer a firm must generally make a choice amongst them rather than attempt to address all of them at once.
Porter (1980) outlines three approaches to competitive strategy which lead to the Porters generic strategies model. In this model Porter unveiled three generic competitive strategies that can enable a firm to gain a sustainable competitive advantage in the ever changing business environment. These strategies are cost leadership strategy; where a firm strives to be the overall low cost producer, differentiation strategy; where a firm seeks to differentiate its product offering from that of its rivals and focus strategy either cost focus strategy or differentiation focus strategy, where a firm focuses on a narrow portion of the market/industry. Differentiation and cost leadership strategies enable a firm to achieve competitive advantage in a broad market or industry. The generic strategies is illustrated by the appendix I

2.4.1 Cost leadership strategy
Under this strategy, a firm sets out to become the lowest cost producer in the industry. The lowest cost producer in the industry enjoys the best profits. Cutting down costs is a strategy that can be used by firms so as to have a significant cost advantage over the competition and have a higher market share since low costs will lead to low pricing. A firm can achieve this through cutting down on production cost, overhead cost, proper planning and management in order to avoid waste, outsourcing to cut down on fixed costs or employment on temporary or contractual basis. Low cost provides defence against powerful suppliers and buyers. Low cost defends the firm against powerful buyers since the buyers can only drive prices to the level of the next efficient competitor. This strategy is associated with large business offering standard products that are clearly different from competitors who may target a broader group of customers. Isaboke (2001) in his study on the strategic responses by major oil companies found that the oil companies identified cost leadership as a critical factor to their continued competitiveness.

Cost leadership strategy is a powerful competitive approach in markets where buyers are price sensitive. Businesses ensure that they operate with the lowest costs possible. Cost leadership requires aggressive construction of efficient scale facilities, tight cost curve control and cost minimization in various functions.
Managers must take care to include features and services that buyers consider essential and worth paying for, since the value of a cost advantage depends on its sustainability. Cost advantage will be sustainable if it’s not easy for the competitors to imitate. This strategy benefits the firm that is able to withstand intense price competition and buyers may appreciate the offer for low prices (Thompson and Strickland, 1998). New entrants are also deterred by low cost capabilities taking into account that they incur many fixed costs. On the other hand, cost leadership strategy has its risk in that in case competitors find ways of producing at a lower cost the cost leader in this case loses at his own game. Hence the firm must keep its cost leadership position through investing in modern equipment and being alert for technological advancement and ready to embrace changes that comes along with improvement in technology. Technological advancement consequently involves learning cost which increases cost. Desire to reduce costs may also result to loss of sight of changes in customers tastes and preferences due to lack of innovations. This will consequently affect the demand for the product if it fails to meet the needs of the customers keep on changing.

2.4.2 Differentiation strategy
Differentiation involves being unique in ways that are valuable to customers and that can be sustained (Thompson Scholes and Whittington, 2005). The key ingredients of a successful differentiation strategy are that the difference added to the product/ service should be highly valued by the customer and should be unique enough to distinguish an organization’s offering from that of competitors. Johnson and Scholes (2002) argued that differentiation strategy seeks to provide products and services unique/ different from those of competitors in terms of dimensions widely valued by buyers with an aim achieving high market share than competitors by offering better products/services.

According to Enew Watkins and Writes (1995) the uniqueness of and the associated customer loyalty are as a result of differentiation and can protect firm from its competitors, threat of entry and substitute products. The goal of a successful differentiation strategy is to gain competitive advantage for the
organization. Lowes (2004) identifies creation of a distinctive and superior customer experience, development of one to one relationships with consumers, adding value to the product/service, ability to differentiate according to customer relationship and provision of a unique experience for each customer as key in differentiation. Firms that adopt differentiation enjoy benefits that may include brand loyalty which creates higher switching costs and results in insulation from competitive pressures. Differentiation too reduces direct competition, reduces customers’ sensitivity for other features offered by competitors, resulting in the brand being the first and only choice for the consumers. In such a situation the firm remains better placed reducing the buyers and suppliers bargaining power. Differentiation chooses to segment its market in to many niches and/or decides to be a broader differentiation. The company might choose to serve the niches where it has specific differentiating advantage. Differentiation provides insulation against competitive rivalry as a result of brand loyalty due to lower sensitivity to price. This therefore reduces competition. The firm is also better placed against substitute than its competitors due to the perceived uniqueness. Muturi (2002) noted that there was an effort by east Africa breweries limited (EABL) to differentiate the company’s product in view of the threat posed by increased liberalization.

Through differentiation a firm seeks to be unique in its industry along some dimensions that are valued by the buyers with an aim of meeting their needs and uniquely positions itself to meet these needs. A firm selects one or more attributes that many buyers in the industry perceive as important such as delivery system, marketing approach, technology and customer service among others and the firm seeks to be unique in a manner that is perceived to be more valuable compared to the others players in the industry. The firm practicing differentiation strategy concentrates on creating a highly valued product line and marketing program so that it can be the leader in the industry (Kotler and Armstrong, 2001). According to hill and Jones (2001), differentiation can be achieved in three principle ways namely; innovation, quality and responsiveness to customers.
Generally the differentiation chooses to segment its market into many niches and decides to be a broader differentiation. The company might choose to serve the niches where it has specific differentiating advantage. Companies tend to add value to their products and services through differentiating products and lowering costs coupled with more competitive efforts to improve linkages between the various functions that contribute to the creation and delivery of products and services (Beer, 1987). Tracy and Wiersma (1994) proposed three ways in which a firm can differentiate itself from its competitors. These includes; Operational excellence where a firm differentiates itself by providing high quality, standard products efficiently and in the shortest time possible with the lowest total cost, Product leadership where a firm differentiate itself by rapidly researching, developing and moving to production of new products, services and features and best total solution where a firm can differentiate itself by working closely to its customers to determine and provide them with the optimum product and service for their particular needs. Tracy and Wiersma (1994) argued that a company must excel in one of these three areas to differentiate itself from its competitors.

Differentiation can be achieved through various dimensions such as Product differentiation. Products are differentiated when the products of different companies are not perfect substitutes, instead, every company has a monopoly of its own products. According to Porter (1998) a company can identify and select appropriate new features by asking recent customers how they like the product with the motive of making the product just different to appeal to a different market niche and not necessarily to make the product better than the competitor. Business that are most likely to succeed in the development and launch of new products are those that implement a co-specific approach, driven by business objective and strategies with a well defined new product strategy at its core.

Another way of achieving differentiation is by Service differentiation. Kotler (2004) found that when products cannot be easily differentiated, the key to competitive success lies in adding value to services to improve their quality. He identified the following as areas that can be enhanced to add value; ordering ease/delivery, customer training and customer consultancy.
Differentiation can be achieved through price differentiation. This is charging different prices for the same product to different social/geographical sectors of the market. Differentiation strategy calls for the development of a product/service that offers unique attributes that are valued by customers and that customers perceive to be better than/ different from the products of competitors (Porter 2002). The value added by the uniqueness of the product may allow the firm to charge a premium price for it in order to cover the extra costs incurred in offering the unique product. According to Tracy and Wiersman (1994) firms need to take caution when differentiating on the basis of price since potential customers might expect a lower price from a firm than that of a large competitor because they perceive it as having fewer overheads. Cheaper prices may create a perception of lower quality and less stable business.

Image differentiation is another dimension of differentiation. Kotler (2004) defines image as the way the public perceives the company or its product and services. A company may differentiate itself from its competitors by image. The particular image/personality it acquires is created by its logo and other symbols, its advertising, its atmospheres, its events and personalities. Identity of the company should be conveyed to every available vehicle of communication and brand contact. Kotler (2004) notes that differentiation can be communicated through company annual reports, brochures’, catalogues, packaging and business cards. Identity of a company can also be built by strong symbols and slogans. An image must convey a singular message in a distinctive way with emotional power. Kotler (2004) notes that a company can further differentiate its image using its special attributes such as companies heritage, its being the first to enter the market or oldest or its being performed according to the opinion polls.

Business organization that participates in organizing and sponsoring social events benefit from positive image in the public eye. Such organizations are viewed by the public to be mindful of the environment and are likely to have good will in the market. He also argues that events can create an atmosphere in the minds of customers but the quality of the product/service itself and its execution will
determine the success of initiative. The choice of the event/activity must be done carefully to avoid imitation by competitors.

Another aspect of differentiating is through Channel differentiation. Porter (2004) notes that companies can achieve competitive advantage through the way they design their distribution channels. Each of these channels may offer different coverage, expertise, performance. They may also realize economies of large scale that channels of distribution often offer.

Consequently differentiation can be achieved through Personnel differentiation. Kotler (2004) argues that companies can gain a competitive advantage through having better trained people. Personnel differentiation is secured by a hiring retention policy that attracts high quality staff. Employees that add real value can justify higher prices and can create a strong competitive advantage. Proper management within an appropriate corporate policy is important to avoid frustrating high quality personnel. The main competitive strategies are price, cost and differentiation.

Differentiation provides insulation against competitive rivalry because of brand loyalty resulting in lower sensitivity to price. This loyalty provides entry barriers hence insulating the firm from competition from new entrants and provide higher returns. The firm is also better placed against availability of substitute products than its competitors due to the perceived uniqueness. On the other hand in case a firm differentiate its products on a feature that the buyers do not perceive important or charge a price premium that buyers perceive to be too high may fail to place the firm on a competitive advantage.

The advantages of differentiation are numerous and they include the following: rivalry is reduced when a business successfully differentiate itself since buyer sensitivity to price is substantially reduced when product are differentiated and brand loyalty is hard for new entrants to overcome. Because customers see the product/service offered as unlevelled, the price elasticity of demand tends to be reduced and customers tend to be more loyal to the brand hence providing insulation from competition, the strategy leads to higher margins, which helps in
dealing with bargaining power of supplier. Bargaining power of buyers is also mitigated since the buyers lack comparable alternatives to choose from hence they are less sensitive to price. On the other hand, differentiation may have a number of pitfalls which include: Trying to differentiate on a feature buyers do not perceive important, overcharging a price premium that buyers perceive is too high. Identifying the customers of existing and potential sources of differentiation, choosing the value activities that creates the most valuable differentiation for the buyer and testing the chosen differentiation strategy for sustainability have cost implication. When a premium price is charged because of the high cost of differentiation, buyers who are price sensitive may fail to hold the brand loyalty in order to enjoy the opportunity cost. The strategy centres on the company’s long term ability to maintain its perceived uniqueness in customers’ eyes. Competitors easily move in to initiate and once they are able to do so successfully, the perceived uniqueness is lost as well as chances to charge a premium price. To maintain this strategy the firm should ensure it has personnel with strong research and development skills, strong product engineering skills, incentive based largely on subjective measures and should be able to communicate the

Porter (1985) summarizes the application of differentiation strategy by asserting that firms whose differentiation strategies succeed have some internal strength which includes: Access to leading scientific research, highly skilled and creative production, research and development team, strong sales team with ability to successfully communicate the perceived strength of the product and corporate reputation for quality and innovation.

2.4.3 Focus Strategy
This strategy rests on a narrow competitive scope within an industry. It involves selecting a segment or a group of segments in an industry and tailoring a strategy to serving them to the exclusion of others. Focus strategy presumes that the firm is able to serve its narrow strategic target more efficiently or efficiently than competitors who are competing broadly. It may be cost focus or differentiation focus. In cost focus, a firm seeks a cost advantage in its target market while in differentiation focus, a firm seeks a differentiation in its target segment. Cost
focus focuses on a particular buyer gap or geographical market and attempts to serve only this niche for instance charging premium price to corporate customers. Differentiation focus concentrates on a particular buyer gap or geographic market product line segment while seeking differentiation in its target segment. In differentiation focus a firm aims to differentiate within just one or a number of target market segments. The special customer needs of the segment mean that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers. It involves recognizing that customers do really have different needs and wants.

The position of low cost and high differentiation gives a firm a competitive advantage and provides a defence against the firm competitive forces. Through focus strategy a firm is able to concentrate on its strength and at the same time working on its weaknesses. On the other hand focus strategy has its risk in that the focus niche can suddenly disappear because of technological change or change in costumers’ tastes.

A firm that does not assume any of the three strategies is said to be stuck in the middle. According to Porter, such firms will compete at a disadvantage since the cost leaders, differentiators and focusers will be better positioned to compete in their respective segments. A research by Karanja (2002) found that there was a percentage of firms stuck in the middle hence low profitability. There are requirements that need to be in place for a company to be able to adopt a given generic strategy. The appendix II summarizes these requirements.

The generic strategies are not without inherent risk. For example depending on the industry, all strategies may have the risk of imitation by competitors. For most firms if not all, the ultimate aim is to make profit. For this to be achieved taking in to account the competitive environment in which firms operate, a firm must develop distinctive competence greater than its competitors. The profit potential in an industry depends on the collective strength of the five competitive forces that determine industry attractiveness (Porter, 1980). These forces influence prices, costs and required investment of firms in an industry. A proper analysis of
the five forces should lead a firm in to determining its competitive advantage. Competitive strategies pursued by companies enable them to gain competitive advantage that allows them to outperform their rivals and achieve above average profitability. According to Porter (1985), the target market segment must either have buyers with unusual needs or else the delivery system that best serve the market segment must differ from that of other industry segments. Focusing is attractive where the segment has good growth potential and the focusing firm has the capabilities and resources to serve the targeted niche effectively. Porter’s generic strategies provide viable routes to superior performance; this forms the basic conceptual framework of the study.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter outlines the research methodology that was used in the study. It covers the description of research design, data collection procedure and the technique for data analysis.

3.2 Research Design
A case study was used to meet the objectives of this study. According to Yin (1984), a case study research method is an empirical enquiry that investigates a contemporary phenomenon within its real life context; when the boundaries between phenomenon and the contexts are not clearly evident, and in which sources of evidence are used. This method was chosen because it enables the researcher to probe and obtain in-depth information of a case such as the Equity Bank Branches in Kenya. Case study is also valuable for detailed analysis. Young, (1960) and Kothari, (1990) concur that a case study often provides focused and valuable insights to a phenomenon that may be vaguely known and less understood.

3.3 Data Collection
Both primary and secondary data was collected. Primary data was collected by use of a questionnaire. Questionnaire was administered to head of key departments at the head office, branch managers of various branches across the country as well as the staff members. To ensure balanced representation, questionnaires were administered to 30 branches in various regions of the country. The questionnaires have both closed and open ended questions. Drop and pick later approach was used for the branches within reach whereas mailed questionnaire approach was used for branches out of reach to administer the questions which were used to analyze strategies used by the various branches. Secondary data was obtained from information posted in Equity's corporate website.
3.4 Data Analysis

Content analysis technique was used to analyse the data. Content analysis is the systematic and qualitative description of the composition of subject of study. Nachmias and Nachmias (1996) state that content analysis assists in making inferences by systematically and objectively identifying specific messages and then relating them with their occurrence trends.
CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction
This chapter covers data analysis and findings of the research. It seeks to analyze the data that was obtained from the questionnaires handed out to 30 Equity bank branches in Kenya and to which response was received from 25 branches.

4.1.1 Product/services offered
The researcher wanted to establish the various kinds of products/services offered at the branch level. This is important in order to establish whether the various branches offered similar products/services or not. It was established that most of the branches offered similar products/services. Majority of the respondents from various branches indicated that similar products/services were offered. This shows that the organization enjoys the aspect of economy of scale to a great extent hence enabling it to compete successfully due to its ability to cater for the needs of its clients in various regions of the country.

4.1.2 Features for the products/services offered
The researcher also wanted to establish the specific features for the products/services offered at the branch level. It was established that though most of the branches offered similar products these products had differentiated features. The researcher established that most of the branches sampled offered highly differentiated products. This shows that the various products/services have been tailored in order to meet the differentiated needs of the customers in various regions.

4.2 Level of competition and Application of The Competitive Strategy
Considering the ever changing environment in which firms operate in, firms need to respond to these changes appropriately for them to remain competitive. A firm that responds to changes in the environment will be able to formulate and implement appropriate strategies that will enable it deal with environmental threats and take advantage of any emerging opportunity.
4.2.1 State of competition

The research findings showed that there was a considerable high level of competition in the banking industry. Majority of the respondents indicated that there was stiff competition in the banking. This shows that Equity bank needs to respond appropriately to the high level of competition for it to remain competitive in the banking industry.

4.2.2 Market segment and product range

Competitive scope is also known as focus strategy and involves identifying a particular market segment or geographical market and developing products geared towards satisfying the specific needs of that particular market.

To establish whether the various branches of Equity bank adopted the aspect of identifying a particular segment or geographical market and developed products for that market, the respondents were asked to choose a statement that best described the products that were offered at the branch level as well as state whether the products offered at the branch level were similar to the products offered at other branches. The research findings showed that various branches offered a variety of highly differentiated products that were quite unique and targeted a specific class of people.

Majority of the respondents indicated that the products offered at the branch level were targeted to a particular segment. Similarly majority of the respondents indicated that the branch offered a variety of products with unique features for each type product made for each segment of customers. This shows that most of the products of the bank are highly differentiated to meet the specific needs of customers at a certain geographical region/segment hence enhancing the banks capability of meeting the differentiated needs of its clientele. Hence narrow focus differentiation was highly employed across the branches.
4.2.3 The influence of macro environment on the type of product/service offered.

Generally the performance of the firm is largely dependent on how effectively and efficiently it responds to the external environment. A firm should be able to take advantage of the opportunities in the external environment as well as deal with the threats for it to remain competitive.

The researcher wanted to find out to what extent the macro environment influenced the type of services and products offered in various branches of Equity Bank taking into account that the branches are located in various regions whose external environment is quite diverse.

The highest number of the respondents indicated that both social cultural and economic factors greatly influenced the type of products and services offered at the branch level.

4.2.4 Extent Of Use of Cost Control Strategies

The researcher wanted to find out to what extent the strategy of cost leadership was employed at the branch level. Cost controls taken into account were customer service, office overhead costs, research and development, advertising and number of staffs employed. Due to the nature of the organization whereby some aspects such as number of staffs employed, research and development as well as advertising are centralized it was established that some aspects such as cost controls in number of staffs employed and research and development were not very practical at the branch level whereas cost controls in marketing and advertising, cost controls in customer service as well as granting incentives based on cost reduction targets to employees were rarely employed at the branch level whereas cost controls in outsourcing of support staff were used to a great extent and cost controls in office overhead costs were the main cost control strategies employed at the branch level.
4.2.5 Extent of use of differentiation strategy

The researcher wanted to find out to what extent the strategy of differentiation strategy was employed at the branch level. Aspects such as Use of corporate image of the firm as a selling point, Continuous staff training, employment of highly skilled labour, building features that meet specific needs of customers, strong cooperation from the channels and charging a premium price to cover the cost of providing more benefits than what is usually available in a products were used. Due to the nature of the organization whereby some aspects such as employment of highly skilled labour and continuous staff training are centralized, it was established that these aspects of differentiation were not employed at the branch level in order to enhance performance whereas an aspect such as charging a premium price to cover extra costs of providing more benefits than what is usually available in a product was rarely employed at the branch level. Consequently, use of the corporate image of a firm as a selling point and building features that meet specific needs of customers and strong cooperation from channels were the differentiation aspects that were commonly used at the branch level.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
The aim of this study was to establish whether the various branches of equity bank have enhanced the overall performance of the bank through the adoption of Porter’s competitive strategy. This chapter contains a summary of the results of the study, discussion of the findings conclusion, limitations of the study and suggestions for further research.

5.2 Summary Of The Results
According to the research findings, it was established that equity bank was facing a very stiff competition. This can be attributed to the increase in the number of firms in the banking industry as a result of liberalization of the economy. This implies that the appropriate strategies must be employed for the organization to thrive in the competitive business environment. To remain competitive in the industry the organization has to constantly respond by providing the desired products and services with features that fully meet the needs of the customers.

This study established that economic and social cultural factors greatly influenced the type of products and services that were offered at the branch level. It can therefore be concluded that the location of the firm is vital in regard to the type of products and services the firm intends to provide to its customers due to the fact that various localities experience different macro environments which mainly entails economic, social cultural, political and technological factors. These factors constitute the external business environment of a firm and might have an impact on a firm’s decision and performance. The findings of the research showed that various branches offered products and services that catered for the needs of their clients mainly based on the economic and social cultural activities of a given region where the branch is located.
5.3 Discussion Of The Findings
From the findings of the study, it was established that the most popular type of strategy was on the basis of differentiation mainly targeting a specific market segment and offering many product lines with strong emphasis on the unique feature for each type of product made for each segment of customers. This shows that the focus is on giving a unique and distinct product or service hence the differentiation strategy was mainly narrow focus in relation to broad focus differentiation strategy. This narrow focus differentiation strategy greatly enabled the bank to remain at competitive edge given the differentiated needs of its clients. Cost leadership was a less popular strategy at the branch level due to the fact that most cost control activities are centralized and more so due to the nature of the industry. In the banking industry, very low cost services are mainly associated with poor quality service. This is because if adequate resources are not dedicated in those activities then the corporate performance of the bank cannot be enhanced taking into account the competitive nature of the industry.

5.4 Conclusion
From the above discussion the following conclusions can be made: The overall choice of the specific strategy derived from the choice of competitive advantage and the scope of operations puts differentiation narrow focus as the most popular strategy. This implies that the various branches of the bank employs differentiation narrow focus in the provision of the organizations products and services hence enhancing the overall corporate performance of the bank as it focuses on provision of highly differentiated products in order to capture the large market/ enhance its Clientele base which has different needs. Hence in provision of products and services based on the needs of the customers, use of corporate image of the firm as a selling point, research and development, advertising and marketing the bank’s products and services the institution is able to remain at a competitive edge. Overall cost leadership was a less preferred strategy at the branch level. This may be attributed to the fact that most cost control aspects are centralized hence not employed at the branch level and more so very low cost services may not enhance the corporate image of the institution.
5.5 Limitations Of The Study
Most of the respondents were reluctant and non-committal in filling the questionnaires due to the busy schedules of the firm irrespective of the continuous follow ups with telephone calls and visits to respective branches. For those who respondent extra time had to be taken explain the questionnaires.

Taking into account time available for data collection, it was not possible to reach all the branches. However information gotten from the branches that the researcher was able to reach was adequate.

5.6 Areas for Further Research
A similar study should to be carried out on other firms that have different branches/outlets in various regions of the country that experience varying macro environments. In addition a study should to be carried out on the industry analysis of the banking industry based on Porter’s five forces model.

5.7 Implication On Policy And Practice
To enable Equity bank retain its clientele base, the Equity bank management team should strive to maintain the customer focussed culture by continually differentiating its products according to the needs of its clients or the segments that the bank serves. with the stiff competition in the banking industry and the turbulent macro environment this will in some occasions call for some drastic actions if the bank is to thrive and sustain its client focussed culture.

With an increase in the number of clients, the bank should seek to improve on the quality of services it offers to its clients in order to sustain growth and success. The staff should therefore be continually trained on the aspect of good customer service and be equipped with adequate knowledge on the bank’s products and services. The management as well as the staff should be innovative.

Equity bank should improve on its marketing strategy in order to continually create awareness on the bank’s products and services. It should ensure that it offers competitive products and services. The marketing team should be very
aggressive and the marketing strategy evaluated continuously in order to determine its effectiveness.

As the bank provide credit facilities, it should aim at maintaining a quality loan portfolio and at the same time satisfy the needs of all its Provision of credit facilities entails credit risks such as default cases. The bank should improve on its risk management. This calls for adequate training to the entire staff and management team on risk management practices and skills.

The bank should put in place efficient systems that accommodate growth and changes. Adequate staffing should be done to enable provision of the desired customer service. Proper mechanisms to enhance employee retention should also be put in place since experience enhances performance.
REFERENCES


APPENDICES

APPENDIX I: COMPETITIVE STRATEGY MODEL

<table>
<thead>
<tr>
<th>Competitive Scope</th>
<th>Competitive advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad Focus</td>
<td>Differentiation</td>
</tr>
<tr>
<td></td>
<td>cost leadership</td>
</tr>
<tr>
<td>Narrow Focus</td>
<td>Differentiation focus</td>
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<td></td>
<td>Cost focus</td>
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</table>

Differentiation | Overall cost leadership

APPENDIX II: REQUIREMENTS FOR APPLICATION OF COMPETITIVE STRATEGY MODEL

<table>
<thead>
<tr>
<th>Generic strategy</th>
<th>Commonly required skill and resource</th>
<th>Common organization requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall cost leadership</td>
<td>Substantial investment and access to capital.</td>
<td>Tight cost control</td>
</tr>
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<td></td>
<td>Process engineering skills</td>
<td>Frequent, detailed control reports</td>
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<tr>
<td></td>
<td>Intense supervision of labour</td>
<td>Structured organ and responsibilities</td>
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<td></td>
<td>Products designed for ease in manufacture</td>
<td>Incentive based on meeting strict quantitative targets</td>
</tr>
<tr>
<td></td>
<td>Low cost distribution system</td>
<td></td>
</tr>
<tr>
<td>Differentiation</td>
<td>Strong marketing abilities</td>
<td>Strong coordination among functions in research and development, product development and marketing.</td>
</tr>
<tr>
<td></td>
<td>Product engineering</td>
<td>Subjective measurement and incentives instead of quantitative measurements.</td>
</tr>
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<td></td>
<td>Creative fair</td>
<td>Amenities to attract highly skilled labor, Scientists/creativity</td>
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<td></td>
<td>Strong capability in basic research</td>
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<tr>
<td></td>
<td>Long tradition in the industry/Unique combination of skills drawn from other businesses</td>
<td></td>
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<tr>
<td></td>
<td>Strong cooperation from channels</td>
<td></td>
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<tr>
<td>Focus</td>
<td>Combination of the above policies directed at the particular strategic target.</td>
<td>Combination of the above policies directed at the particular strategic target.</td>
</tr>
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</table>

APPENDIX III: LETTER OF INTRODUCTION

TERESIA KALEKYE MUTISYA

P. O. Box 4660 00100

NAIROBI

30th June 2010

THE MANAGING DIRECTOR

EQUITY BANK LTD

P.O. Box 75104 00200

NAIROBI

Dear sir,

RE: REQUEST FOR CASE STUDY AT EQUITY BANK BRANCHES

I am an MBA student at the University of Nairobi carrying a study on enhancing corporate performance through the adoption of Porters competitive model at Equity Bank Branches. This study is a partial fulfilment of the award of Master of Business Administration degree. I am requesting to be allowed to conduct the study at Equity Bank Branches.

Information provided by the respondents will be treated as confidential and will be used purely for academic purposes. A copy of final project report will be availed to you upon completion.

Yours faithfully,

Teresia Kalekye Mutisya
APPENDIX IV: QUESTIONNAIRE

Section I: General and Organizational Information

1. What is your current role/position in the company

2. Kindly indicate the number of years you have worked for the organization.

3. Does your organization have the following?
   
   (a) Vision Statement       yes (    )      No (      )
   
   (b) Mission Statement     Yes (     )    No (      )

4. If your answer for the question (3) above is yes. Kindly state the vision and the mission statement.

5. Kindly state the specific location of the branch where you work.

6. (a) Indicate products and/or services offered at the branch.

   (b) Kindly indicate the features for the products and services that you have mentioned in question 6 (a) above
Section II: Level of Competition and Application of The Competitive Strategy

7. How would you rate the state of competition in the banking industry? Stiff or not stiff? Tick appropriate

8. Which one of the following best describe the market segment approach used in the branch that you work for?

   a) Targeting a market segment or a specific class of customers

   b) Dealing with all segments of the market without taking into account specific class of customers

9. Which one of the following best describes the products that are offered in the branch that you work for?

   (a) One basic product with only the essential requirements for the whole range of customers.

   (b) Many product lines/variety of products, wide selection with strong emphasis on the unique features for each type of product made for each segment of customers.

   (c) One tailor made product produced and offered to only one market segment to meet specific needs at a price equal or lower than for the other segments.

10. Generally would you consider the products and services you offer to the customers at your branch to be:

    (a) Similar to products and services offered in other branches of your organization.

    (b) Unique or highly differentiated compared to products and services offered by other branches of your organization.
11. Which of the following factors mainly influence the type of products and services offered at your branch? Give at least two of the factors stated below.

(a) Political factors
(b) Economic factors
(c) Social-Cultural factors
(d) Technological factors

12. Which of the following aspects of cost control are employed at the branch you work for? Tick where appropriate.

(a) Customer Service
(b) Research and Development
(c) Overhead office costs
(d) Number of staff employed
(e) Marketing and advertising
(f) Outsourcing of support staff
(g) Granting incentives based on cost reduction targets to employees

13. Which of the following aspects are mainly emphasized at the department/branch you work? Tick where appropriate.

(a) Use of corporate image of the firm as a selling point
(b) Continuous staff training
(c) Employment of highly skilled labour
(d) Building features that meet specific needs of customers
(e) Strong cooperation from channels
(f) Charging a premium price to cover extra costs of providing more benefits than what is usually available in a product
**APPENDIX IV: LIST OF EQUITY BANK BRANCHES IN KENYA**

<table>
<thead>
<tr>
<th></th>
<th>Branch Name</th>
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<th>Branch Name</th>
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<tbody>
<tr>
<td>1</td>
<td>Head office</td>
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<td>Thika 2 Branch</td>
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<tr>
<td>2</td>
<td>Corporate Branch</td>
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<td>Knut House Branch</td>
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<td>3</td>
<td>Fourways Branch</td>
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<td>Narok Branch</td>
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<td>Kangema Branch</td>
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<td>Nkubu Branch</td>
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<td>5</td>
<td>Karatina Branch</td>
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<td>Mwea Branch</td>
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<td>Kiriaini Branch</td>
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<td>Matuu Branch</td>
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<td>Murarandia Branch</td>
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<td>Kangari Branch</td>
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<td>Mombasa 2 Branch</td>
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<td>Nakuru Branch</td>
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<td>Moi Avenue Branch</td>
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69. Mumias Branch
70. Limuru Branch
71. Kitengela Branch
72. Githurai Branch
73. Kitui Branch
74. Ngong Branch
75. Loitoktok Branch
76. Bondo Branch
77. Mbita Point Branch
78. Gilgil Branch
79. Busia Branch
80. Voi Branch
81. Enterprise Branch
82. Equity Centre Branch
83. Donholm Branch
84. Mukurwe ini Branch
85. Eastleigh Branch
86. Kajiado Branch
87. Ruiru Branch
88. OTC Branch
89. Kenol Branch
90. Tala Branch
91. Ngara Branch
92. Nandi Hills Branch
93. Githunguri Branch
94. Tea room Branch
95. BuruBuru Branch
96. Mbale Branch
97. Siaya Branch
98. Homabay Branch
99. Lodwar Branch
100. Mandera Branch
101. Marsabit Branch
102. Moyale Branch
103. Wajir Branch
104. Meru- Makutano Branch
105. Malaba Branch
106. Kilifi Branch
107. Kapenguria Branch
108. Mombasa road Branch
109. Eldoret Market Branch
110. Kimende Branch

Source; Equity Bank Intranet;

www.equity bank.co.ke 2010.05.28’