COMPETITIVE STRATEGIES ADOPTED BY CHASE BANK IN SME BANKING TO DEVELOP COMPETITIVE ADVANTAGE

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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ABBREVIATIONS AND ACRONYMS

NGOs:	Non-Governmental Organization
R&D:	Research and Development
RBV:	Resource-Based View
SACCOs:	Savings and Credit Cooperatives Societies
SMEs:	Small and Medium Enterprises
VRIO:	Value, Rareness, Imitability and Organization

ABSTRACT

The study was sought to establish the competitive strategies adopted by Chase bank in SME banking to develop competitive advantage. The study adopted a descriptive survey research design. The study was done at the Chase bank head office. The population of the study was all the departmental heads who were 54 in total. The study utilized primary data which was collected through a semi-structured questionaire. The data collected in closed ended questions was analysized quantitaively through descriptive analysis. The data collected in open ended questions was analysized qualitatively through content analysis. Data was presented inform of tables and graphs. The study established that Chase Bank has adopted SME banking in developing competitive advantage. The strategy adopted by the bank is generic competitive strategies. The generic competitive strategies include: cost leadership; differentiation and focus strategy. Cost leadership strategy emphasizes efficiency; differentiation strategy is aimed at the broad market that involves the creation of a product or services that is perceived throughout its industry as unique and Focus Strategy concentrates on a select few target markets. The study recommends that the top managment should be positive and supportive to the competitive strategies adopted by the bank; the firm should also have the necessary infrastructure to facilitate the innovation of competitive strategies and that the bank should be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Globalization and its consequences have opened doors of competitiveness borderless business transactions and trade globally. Firms are focusing more on modern methodologies of relationship marketing practices, customer retention, customer care and priorities being given to customer research, all these are current strategies pressures to edge out the competition in each sector of business today (Bintiomari, 2010). In an ever changing competitive global arena (Rastogi, 2008) businesses are dynamically structuring their strategies towards survival and success despite a huge onslaught from competitors, mere strategies will not make the firm a success but the uniqueness in the products and service plus unique position strategy will spell success for the firm. Competitive advantage is no longer a guarantee for success. It must be coupled with a high degree of innovation and compatibility with the market environment and this makes the critical issue in success (Kleen, 2001). This has resulted in each firm adapting and enhancing unique strategies which will deliver results and enable the firm to achieve its targets, obligations and reflect its overall mission and vision. All these will be possible through adoption of most profitable methods to differentiate the firm from industry players who pose the greatest threat to its survival and prosperity (Kimutai, 2010).

The study is anchored on the agency theory and resource based view theory. Agency theory that rests on the assumption that agents will act in opportunistic ways; therefore, appropriate contracts and monitoring necessary to reduce agency costs. In short, agency theory argues that the first is agency problem that arises when; the desires of the principal conflict, it's difficult or expensive for the principal to know what the agent is doing. This is also as defined by Hill & Jones (1992). The problem here is that the principal cannot verify that the agent have behaved appropriately. The second is the problem of risk sharing that arises when the principal and the agent have different attitude towards risk. The problem here is that the principal and the agent may prefer different actions because of the different risk preference. With this in mind Eisenhardt (1989) indicated that agency theory provides a unique realistic and empirically testable perspective on problems of cooperative effort. Resource based view theory stipulates that resources are key to superior firm performance. If a resource exhibits VRIO (Value, Rareness, Imitability and Organization) attributes, the resource enables the firm to gain and sustain competitive advantage (Rothaermel, 2012). Barney (1995) introduced the VRIO framework as a tool to analyze a firm's internal resources and capabilities, as a source of sustained competitive advantage. The resource-based view (RBV) argues that valuable, rare, inimitable resources and organization (VRIO) lead to competitive advantage (Nuno, Cardeal, 2012). Thus, although the resource may be valuable, rare and difficult to imitate, if there are any strategically equivalent resources that are not rare or difficult to imitate, then the focal resource cannot be the source of competitive advantage (Barney, 2001).

The banking sector was always deemed to be one of the most vital sectors for the economy to be able to function. Its importance as the lifeblood of economic activity, in collecting deposits and providing credits to states and people, households and businesses is undisputable (Ghemawat, 2010). In all economic systems, banks have the leading role in planning and implementing financial policy. The difference lies with prioritizing goals and their way of achievement. Based on the neo-liberal model, achieving greater profits by using all means is an end in itself, while in the socialistic systems bank operations also aim at improving economy in general and at satisfying social needs. Ensuring the proper operation of banks must be a first priority for all governments. The bank's role is to raise and safely keep the deposits of the households, of the businesses and institutional organizations, and to finance real economy. The banking system must be governed by a clear and austere legal and regulatory framework (Kimutai, 2010). Kenya's financial sector has expanded rapidly over the last decade and lending to businesses including small and medium size-enterprises has played a big part. As the Kenyan economy is enjoying a period of relatively high growth, the financial sector's ongoing ability to channel credit affordably and efficiently to SMEs will be needed to underpin inclusive and sustained economic development (Mulaa, 2004).

In Kenya today, competition in the banking industry has become so intense that banks are facing pressure of doing business. This is due to customers becoming more affluent, informed and as a consequence, more financially sophisticated (Munyoki, 2010). Also the economic environment has changes significantly due to liberalization of businesses, efficient information flow and political stabilization. Kenyan banks have had to develop strategies to respond to competition, to both safeguard their niches and to enlarge their market share through SME banking. SME had led to high income growth in Chase bank which motivated me in creating an interest to know how SME operates in the bank.

1.1.1 Concept of Competitive Strategies

According to Jones (2004) strategy is the basic long term goals and objectives of an enterprise and determination of relevant course of action and resource allocation to meet the goals. Strategy of a corporate entity defines the way business will compete through focusing on resources to convert distractive competence into competitive advantage (Robinson, 1998). Competitive advantage arises out of skills and processes which makes it unique in the business arena. Competitive advantage is created, localized and nurtured towards the business goals of the firm. It always involves investment in skill and knowledge as well as in physical assets and brand reputations (Porter, 1985).

Rumelt (2000) describes competitive strategy as an art of creating or exploiting those advantageous that are most telling, enduring and most difficult to copy or terminate. He attributes competitive advantage to one of the three roots, superior resources, superior skills or superior position The concept of competitive strategy has been developed in depth by Porter (1980), he emphasized the need to analyze the nature of competition and market structure in the industry in question and the likely reaction of competitors to a firms strategic moves. Porter seeks to explain differences in returns between industries in terms of five factors leading to divergences from economists classical concept of free competition, these are as follows, the barriers to entry (and exit) the degree of comparison among existing firms, the pressure from substitute products, the bargaining power of buyers and bargaining power of suppliers.

1.1.2 Chase Bank

In 1995, several business people acquired a 60% stake in United Bank (Kenya), after paying approximately US$1.23 million (Kenya Shillings 95 million). At that time the bank's headquarters were located in the western town of Kisumu, approximately 340 kilometers (210 mi), by road, northwest of Nairobi, Kenya's capital and largest city (www.chasebank.com).

At that time, United Bank (Kenya) was in receivership and was under statutory administration by the Central Bank of Kenya, the country's banking regulator. Its paid-up capital, then, was approximately US$970,000 and it had an asset base valued at approximately US$1.9 million. In 1996, the bank opened for business under the new owners who rebranded to its present name. In 1997, a decision was made to relocate the bank's only branch at the time, from Kisumu to Nairobi. Over the years, Chase Bank (Kenya) has progressively improved its bottom line by growing its customer base and increasing its profitability with a branch network of 57 branches (www.chasebank.com).

Chase Bank (Kenya) Limited provides banking products and services in Kenya. The company offers various accounts for youth, women, and individuals. It provides banking services for diasporas, professionals, business people, elite customers, institutions and corporations, educational institutions, agribusiness, asset finance companies, NGOs, churches, SACCOs, and SMEs. The company also offers online and mobile banking, money transfer services, and cards. Other than the banking business, Chase Bank has the following subsidiaries: RAFIKI Microfinance Bank Limited and Chase Insurance Agency Limited (www.chasebank.com).

1.1.3 SME Banking

Small and medium enterprises (SMEs) are critical for the economic and social development of emerging markets (Davidson, 2008). They play a major role in creating jobs and generating income for low income people; they foster economic growth, social stability, and contribute to the development of a dynamic private sector. As such, access to financial services is vital in developing a vibrant SME sector in any economy. In many emerging markets, however, access to financial services for SMEs remains severely constrained (Gathoga, 2011). SME banking is an industry in transition. SME banking appears to be growing the fastest in emerging markets in low and middle-income countries. More and more emerging market banks are developing strategies and creating SME units. In the developed world, banks have made significant strides in serving the SME market in recent decades. However, in emerging markets, many banks have only recently started to expand their operations into the sector, and the market is a long way from saturated. Many banks are still experimenting with different approaches toward SMEs, but the success stories thus far are highlighting a number of key principles for profitably banking the SME sector (Ghemawat, 2010).

Small Medium Enterprise has been perceived in the past by banks as risky, costly, and difficult to serve. However, mounting evidence suggests that banks are finding effective solutions to challenges such as determining credit risk and lowering operating costs, and are profitably serving the SME sector. For these banks, unmet SME demand for financial services has become an indicator of opportunity to expand their market share and increase profit (Torre, Pería & Schmukler, 2009). Many banks report that they perceive significant opportunities in the SME sector. Survey data from multiple studies show that rather than overlooking or avoiding the market, banks have begun to target SMEs as a profitable segment. For example, a survey done by Beck, Kunt and Peria (2008) of 91 banks in 45 developed and developing countries, bank financing for SMEs around the World found that these banks overwhelmingly perceived the SME sector as a large market with good prospects. The increase in banks' commitment to the SME sector has been tested by the 2009 global financial crisis. However, even in Latin America, a region that has expressed some uncertainty about the future for SMEs, a 2008 survey of banks found that about three-quarters of large and midsize banks, and half of small banks, still consider SMEs to be a strategic part of bank business. In addition, about 90 percent of large and midsize banks report having an active policy to finance SMEs (IIC/MIF, IDB and Feleban, 2008). While these numbers represent a slight decrease when compared with a 2006 version of the survey, they indicate that targeting SMEs has become the rule, rather than exception, for most banks.

1.2 Research Problem

Competitive strategy has immensely changed the way firms are competing in the global market place. Products and services, technologies, management and business approaches have all been largely witnessed and have caused profound impact on organizational strategies and plans. Firms globally have embarrassed strategies enabling them to be competitive, strategies and responsible to business demands in the environment (Rostagi, 2008). Organizational assets and capabilities becomes the cornerstone of success for a modern organization. These competencies enable the firm to be a performer in the industry leading to efficiency and affordability, a higher level of quality of service and subsequent customer satisfaction. Strategies need to match with organizational resources, both human and financial, hence compliance with every organizational systems becomes a priority (Johnson & Scholes, 2002).

The commercial banks in Kenya are currently operating in a more dynamic business environment than before, since the market has been liberalized. Due to the liberalized economy, there has been intense competition in the banking industry and this has led to the banks responding to the competitive environment, otherwise they become irrelevant. The importance of competitive strategies cannot be ignored, because it determines how organizations respond strategically to competition and other business environmental challenges (Wambui, 2012). In Kenya today, competition in the banking industry has become so intense that banks are facing pressure of doing business. These is due to customers becoming more affluent, informed and as a consequence, more financially sophisticated (Munyoki, 2010). Also the economic environment has changes significantly due to liberalization of businesses, efficient information flow and political stabilization. Kenyan banks have had to develop strategies to respond to competition, to both safeguard their niches and to enlarge their market share.

Smith (1990) asserts that the main aim of making an assessment of the capabilities of the firm is to use the same to determine the directions which the new strategy would take. Firms have to make the move as objective as possible, consider the implications of the same on the future strategy and environmental trends and changes and investment in new facilities acquisition of another company, in order to be competitive through product/service expansion programme(s). This can be achieved through diversifications strategy. Competitiveness can also be achieved through this methodology as the firms company product mix is to include products differing significant from the current one(s) or original product lines.

Local studies have been undertaken on the field of Competitive strategies on different firms. Odhiambo (2008) under took a study on Competitive strategies at standard chartered bank (K) limited and the results of his study indicated that in order to be competitive, there is need to be creative in the learning process, so that creativity can lead to value addition in service and tangible level of quality. Mwikali (2011) studied on Competitive strategies/processes within insurance firms in Kenya. The findings of the study revealed that insurance companies have similarities in innovation processes within the industry. Gathai (2009) researched on Competitive strategies adopted by Equity bank; he found that to be competitive as a firm top level management philosophy towards innovation should be positive and supportive; the firm should also have the necessary infrastructure to facilitate the innovation. From the above research no scholar has undertaken a study on competitive strategies adopted by Chase bank in SME banking to develop competitive advantage. The study consequently seeks to bridge this important knowledge gap, by addressing the following research question, what competitive strategies have Chase bank adopted in SME banking to develop competitive advantage?

1.3 Research Objective

The objective of this study is to establish the competitive strategies adopted by Chase bank in SME banking to develop competitive advantage.

1.4 Value of the Study

To the management of respective individual firms the research will enable these firms to understand their competitive strengths in the market. The study will highlight specific strategies responses which could be adopted to strengthen the firm’s ability to capitalize on opportunities in the market.

The study will enable the industry participants, stakeholders, and even clients to understand the influence of environmental and other controllable and non-controllable factors leading to a firm success through strategies approaches. This will enable them undertake elaborate decision making framework to enrich their business and operations.

To the scholars/academicians the study will facilitate further research and development of knowledge, in pursuit of deeper understanding of the general and specific strategic responses which could be incorporated to decision making processes. Further research could lead to extensive publishing of guidelines, and policy papers for the government, stakeholders, and the general industry.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter outlines the relevant literature review on the competitive strategies adopted in SME banking. The chapter reviews the theoretical underpining of the study and an empirical review where the focus is on related studies.

2.2 Theoretical Foundations of the study

The study will be grounded on the agency theory and the resource based view theory.

2.2.1 Agency Theory

Agency theory was established by Eisenhardt (1989). The theory is concerned with resolving two problems that occur in agency relationships. The first is agency problem that arises when; the desires of the principal conflict, it is difficult or expensive for the principal to know what the agent is doing. This is also as defined by Hill and Jones (1992). The problem here is that the principal cannot verify that the agent have behaved appropriately. The second is the problem of risk sharing that arises when the principal and the agent have different attitude towards risk. The problem here is that the principal and the agent may prefer different actions because of the different risk preference. With this in mind Eisenhardt (1989) indicated that agency theory provides a unique realistic and empirically testable perspective on problems of cooperative effort.

Agency theory is defined as the relationship between the principals, such as shareholders and agents such as the company executives and managers. In this theory, shareholders who are the owners or principals of the company, hires the agents to perform work. Principals delegate the running of business to the directors or managers, who are the shareholder's agents (Clarke, 2004). The shareholders expect the agents to act and make decisions in the principals' interest but on the contrary, the agent may not necessarily make decisions in the best interests of the principals (Padilla, 2012).

Agency theory suggests that listing status may affect the disclosure of information since corporations can reduce the shareholders' monitoring costs by disclosing information (Hadani & Schuler, 2013). Harrison and Wicks (2013) used agency theory as a way to address problems of control between agents and principals, which arise because of information asymmetry. They defined the relationship between principals and agents as a contract under which the principal engages the agent to perform some service on their behalf.

According to Kim and Gao, (2013) CG has traditionally been associated with the principal-agent or agency paradox. A principal-agent relationship arises when the person who owns a firm is not the same as the person who manages or controls it. The shareholders expect the agents to act and make decisions in the principal's interest but the agents may make contrary decisions. The agency model of corporations is the implicit presumption that the conflicts are between strong entrenched managers and weak dispersed shareholders. This is translated into the forms of the organization of the board structure, rules on strategy-setting and strategic decision-making processes, reporting and controlling mechanisms, and the management of risk as an inseparable element of business (Zahra, 2008).

Organizations can only be learnt or understood through various methods like observing, interviewing; there is need to have linkage between hard and soft elements. Organization differs in many ways others have bureaucratic cultures, where power is welded on specific levels at the top. Or soft elements of model are presumed difficult to be altered or change and then cases a challenge to any organizational management. People attitude and difficult in managing change, culture issues and rigidity of hierarchies becomes difficult to manage. Its presumed that if they are changed they can influence the organizations strategies systems and structure (Ansoff, 1990).

2.2.2 Resource Based View Theory

Resource based view theory, (Wernerfelt 1984; Barney 1991; Teece et al., 1997) is based on the assumption that firms undertake deliberate managerial efforts steered towards attaining a sustainable competitive advantage. Resource-based theory aspires to explain the internal sources of a firm's sustained competitive advantage (Kagendo, 2012). Initially developed by Birge Wenefelt is a version / approach of assessing the firms strategy advantages based on its specific district combination of Assets, skills, capabilities, and intangibles as an organization. Rastogi (2008) asserts that core competences on a firm can be identified on these basis criteria, first a core competence can provide potential access to a wide range and variety of markets competency on specific areas enables firms to excel. Secondly core competence should make a significant contributions to the perceived customers' benefits of the end products; finally a core competence should be difficult for the competition to copy or imitate in so far a competency should possess complex harmonies of different technologies and production skills, it cannot duplicated easily. A competing firm may acquire some of the Technologies that comprise the core comprehensive patterns of their coordination and harmonization may be required for reproducing the competence or its functionality.

In RBV school of thought as indicated by Pearce and Michael (2006), a firms competitive advantage lies in mainly on the bundles of and resources which it commands and the way the firm can manage the same to achieve competitive advantages. Core competencies powerful /influence the strategic Hamking of firms (Rostogi, 2008). The latter has first to conceive of itself as a portfolio of business or strategic business units. Conceiving the company in terms competencies wideness the domain of innovation leads to a constituent conceptualization of its strategic architecture. The latter becomes a road map of the future that identifies which core competencies a firm needs to build and their constituent technologies.

The resource based approach sees the organization as one with very superior resources systems and structures which are profitable because they competitively outran the competitor in those market segments the firm as operating. Teece (2007) applies the concept of the theory interns of the firms' ability to cope up with environmental challenges. In today dynamic environment such issues like recession and severe competitive pressures, the idea of dynamic capabilities explains why explain reasons why other firms prosper while others are driven out of business in the same industry .Strategic responses is the reaction of a firm or an organization to environmental changes of turbulence (Dwevi, 2001) the tactics and resources and activities of the firm to the environment which it operates.

Pearce and Robison (2005) asserts that through strategic responses the firm is able to position and reposition its self to ensure it continued existence and sustainable success despite the challenges and environment turbulence(s). The destiny, success, survival of the firm depends on how the organization creates, and maintains match between its strategy and environment also its internal capability and its strategy (Grant, 2002).

2.3 Types of Competitive Strategies

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

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

2.3.1 Cost Leadership Strategy

This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Porter, 1987, 1996; Cross, 1999). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy (Malburg, 2000). The organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Malburg, 2000). For an effective cost leadership strategy, a firm must have a large market share (Hyatt, 2001). There are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale, technology, product design, input cost, capacity utilization of resources, and access to raw materials (Malburg, 2000).

Cost leadership strategy seeks to achieve above-average returns over competitors through low prices by driving all components of activities towards reducing costs. To attain such a relative cost advantage, firms will put considerable effort in controlling and production costs, increasing their capacity utilization, controlling materials supply or product distribution, and minimizing other costs, including R&D and advertising.

2.3.2 Market Focus Strategy

The focuser’s basis for competitive advantage is either lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on selecting a market niche where buyers have distinctive preferences. The niche is defined by geographical uniqueness, specialized requirements in using the product or by special attributes that appeal to members, (Stone, 1995).

Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements. A successful focus strategy (Porter, 1980) depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsize and large firms use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms (David, 2000).

2.3.3 Differentiation Strategy

Differentiation strategies are marketing techniques used by a firm to establish strong identity in a specific market; also called segmentation strategy. Using this strategy, a firm will introduce different varieties of the same basic product under the same name into a particular product category and thus cover the range of products available in that category. Differentiation strategy can also be defined as positioning a brand in such a way as to differentiate it from the competition and establish an image that is unique, (Davidow and Uttal, 1989). Differentiation strategy aims to build up competitive advantage by offering unique products which are characterized by valuable features, such as quality, innovation, and customer service. Differentiation can be based on the product itself, the delivery system, and a broad range of other factors. With these differentiation features, firms provide additional values to customers which will reward them with a premium price.

Differentiation tends to reduce rivalry, increasing the possibility of building competitive advantages, whereas conformity improves the social support of stakeholders and therefore the legitimacy of the firm. Differentiation reduces competitiveness and the fight for scarce resources, thereby improving performance; but on the other hand, conformity makes all organizations similar and, therefore, the competitive pressures are stronger.

2.3.4 Corporate Growth Strategy

To portray alternative corporate growth strategies, Igor Ansoff presented a matrix that focused on the firm's present and potential products and markets (customers). By considering ways to grow via existing products and new products, and in existing markets and new markets, there are four possible product-market combinations.

Ansoff's matrix provides four different growth strategies: Market Penetration - the firm seeks to achieve growth with existing products in their current market segments, aiming to increase its market share, market development - the firm seeks growth by targeting its existing products to new market segments, product development - the firms develops new products targeted to its existing market segments and diversification - the firm grows by diversifying into new businesses by developing new products for new markets, (Porter, 1996).

The development of new markets for the product may be a good strategy if the firm's core competencies are related more to the specific product than to its experience with a specific market segment. Because the firm is expanding into a new market, a market development strategy typically has more risk than a market penetration strategy, (David, 2000). A product development strategy may be appropriate if the firm's strengths are related to its specific customers rather than to the specific product itself. In this situation, it can leverage its strengths by developing a new product targeted to its existing customers. Similar to the case of new market development, new product development carries more risk than simply attempting to increase market share, (Bourgeo, 1980).

Diversification is the most risky of the four growth strategies since it requires both product and market development and may be outside the core competencies of the firm. In fact, this quadrant of the matrix has been referred to by some as the suicide cell.

2.4 Empirical Review

Kamau (2013) studied the competitive strategies adopted by private universities in Kenya. In this study, the researcher sought to determine the various competitive strategies that private universities in Kenya adopt in order to gain a competitive advantage over other players in the same industry. The study established that private universities in Kenya have adopted various competitive strategies to remain competitive in the market. These were: product differentiation, cost leadership, customer focus, use of internet to market, offering e-learning, online registration and release of results, strategic alliances, horizontal integration such as acquiring other colleges to ease competition, product development such as introduction of new courses, concentrated growth, diversification, market development, and vertical integration.

Achoki (2013) focused on competitive strategies adopted by the Bank of India, Kenya. The study showed that the bank used and emphasized on the application of focus/ market niche strategy to a large extend. It also uses to some extend differentiation, cost leadership and market penetration strategies to compliment the focus strategy. The bank had also started to apply market development to enable it catch up with the stiff competition in the banking industry.

Kung'u, Desta and Ngui (2014) assessed the effectiveness of competitive strategies by commercial banks using a case of Equity bank, Kenya. The purpose of the study was to assess the effectiveness of competitive strategies adopted by Commercial Banks in response to demand for banking services in Kenya and employed a descriptive research design. The study found that equity bank uses different competitive strategies among them the combination strategy, cost leadership strategy, differentiation strategy, and focus strategy. The main source of competition for equity bank is external. The study also found that equity bank possesses various strengths that make it survive in the market or compete favourably against other firms. The research established that equity bank is exposed to opportunities that would enable it to compete favourably against other banks in future. The study found that equity bank makes organizational changes that make it to remain competitive in the banking industry in Kenya. The study found that there was a positive correlation between competitive strategy effectiveness; and innovation, customer focus, bench marking and differentiation which were found to be statistically significant.

Other studies that have been conducted have examined the competitive strategies adopted in private universities; international banks and commercial banks using a case study of Equity banks. This study therefore focused on the competitive strategies adopted by Chase Bank in SME banking to develop competitive advantage. The study is anchored on the Resource based view theory that makes the assumption that firms undertake deliberate managerial efforts steered towards attaining a sustainable competitive advantage.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology which was utilized in the study. It highlights on the research design, population of the study, data collection methods & instruments, it also incorporates data analysis.

3.2 Research Design

According to Kerlinger (1973) the research design is the plan, structure and strategy of investigation conceived so as to obtain answers to research question and control variances. The study adopted a descriptive survey research design. Cooper and Emory (1985) content that the surveys are more efficient and economical than observations. It allowed for comparative analysis in order to achieve rational conclusions.

According to Cooper and Schindler (2000) descriptive research design allowed the researcher to study the elements in their natural form without making any alterations to them. The design also allowed the researcher to come up with descriptive statistics that can assist in explaining the relationship that exists among variables. The design is deemed appropriate because the main interest is to explore the viable relationship and describe how the factors supported matters under investigation. According to Hopkins (2000) quantitative research was all about quantifying various relationships between variables using statistics and other scientific applications.

3.3 Population of the Study

A population of study is the total number of subjects or the total environment of interest to the researcher. This study was done at the Chase bank head office. The population of the study was all the departmental heads who were 54 in total.

3.4 Data Collection

The study utilized primary data which was collected through a semi-structured questionaire. This entailed both open ended and closed ended questions. Kothari (2004) indicates that primary data is information gathered directly from respondents. The questionnaire was divided into two sections. Section A is the background information of the respondents and section B entailed the competitive strategies adopted by Chase bank in SME banking in Kenya. The questionnaires were dropped and picked up at a later date.

3.5 Data Analysis

The data collected in closed ended questions was analysized quantitaively through descriptive analysis. The data collected in open ended questions was analysized qualitatively through content analysis. Data was presented inform of tables and graphs.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the interpretation and presentation of the research findings drawn from the research instrument by way of data analysis. This chapter presents the analysis and findings of the study as set out in the research methodology. The research data was obtained through primary data by use of a questionnaire and secondary data obtained from Chase bank Headquarters. The questions were set to attain the objective of the study which was to establish the competitive strategies adopted by Chase bank in SME banking to develop competitive advantage.

4.2 Response Rate

Out of the 54 questionnaires administered to respondents at Chase bank Headquarters, 45 were filled and returned to be used in the study. This represented a 83.3% response rate, which was considered satisfactory to make conclusions for the study. According to Bailey (2000) a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertion; the response rate in this case of 83.3% is very good.

Table 1: Response Rate

Category	Frequency	Percentage
Returned questionnaire	45	83.3%
Unreturned questionnaire	9	16.7%
Total	**54**	**100%**

4.3 Background of Respondents

This section examined the gender distribution; how long the respondents have worked with Chase bank Kenya; ownership of the bank; how long the bank has been in operation; involvement in strategy formulation and services and products offered by the bank.

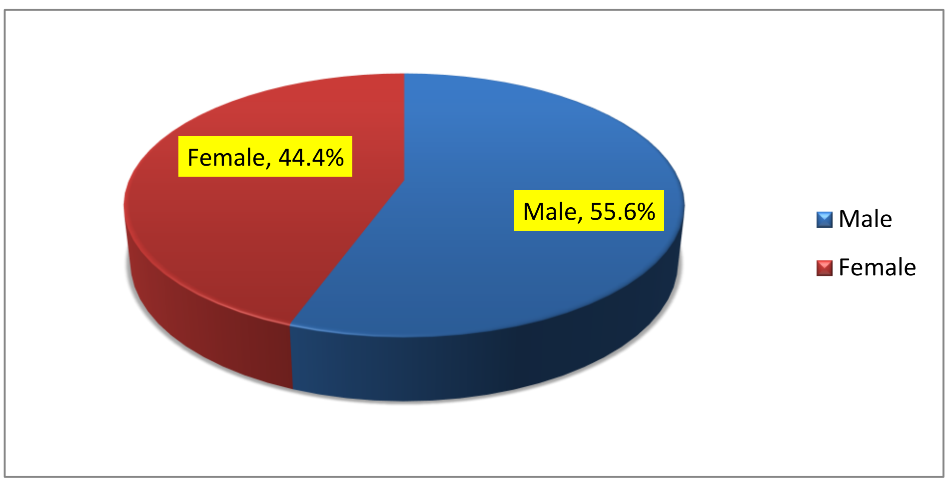
4.3.1 Gender Distribution of the Respondents

The study set to find out the gender ditribution of the respondents. The findings were illustrated as follows:

Table 2: Gender Distribution of the Respondents

Category	Frequency	Percentage
Male	25	55.6%
Female	20	44.4%
Total	**45**	**100%**

Figure 1: Gender Distribution of the Respondents



The finidngs in figure 4.1 show that the males were 55.6% while 44.4% of the respondents were females. This showed that there was slight gender disparity with the males being majority in the organization but the difference in number was not great.

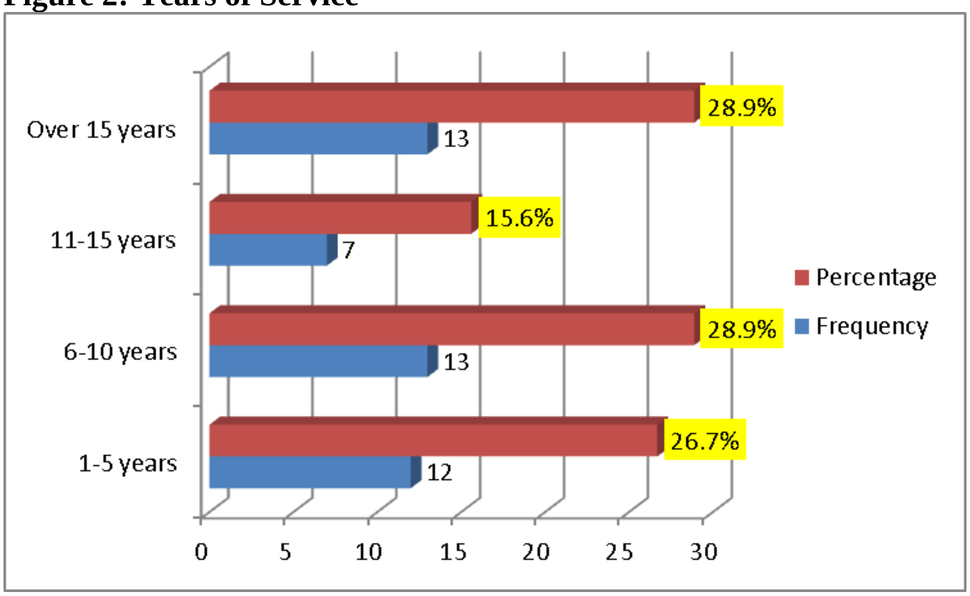
4.3.2 Years of Service

The study sought to determine how long the respondents have worked with Chase Bank Kenya. The findings were presented in figure 4.2.

Table 3: Years of Service

Category	**Frequency**	**Percentage**
1-5 years	12	26.7%
6-10 years	13	28.9%
11-15 years	7	15.6%
Over 15 years	13	28.9%
Total	**45**	**100**

Figure 2: Years of Service



The findings in figure 4.2 illustrates that majority of the respondents had served in the organization for over 15 years and between 6 and 10 years. This accounted for 28.9% of the respondents respectively. This was followed by 26.7% of the respondents who had served in the organization between 1 and 5 years while 15.6% of the respondents had served in the organization between 11 and 15 years. The study findings established that the respondents had served in the organization for a long period and therefore the respondents were in a position to provide insight to establish the competitive strategies adopted by Chase bank in SME banking to develop competitive advantage.

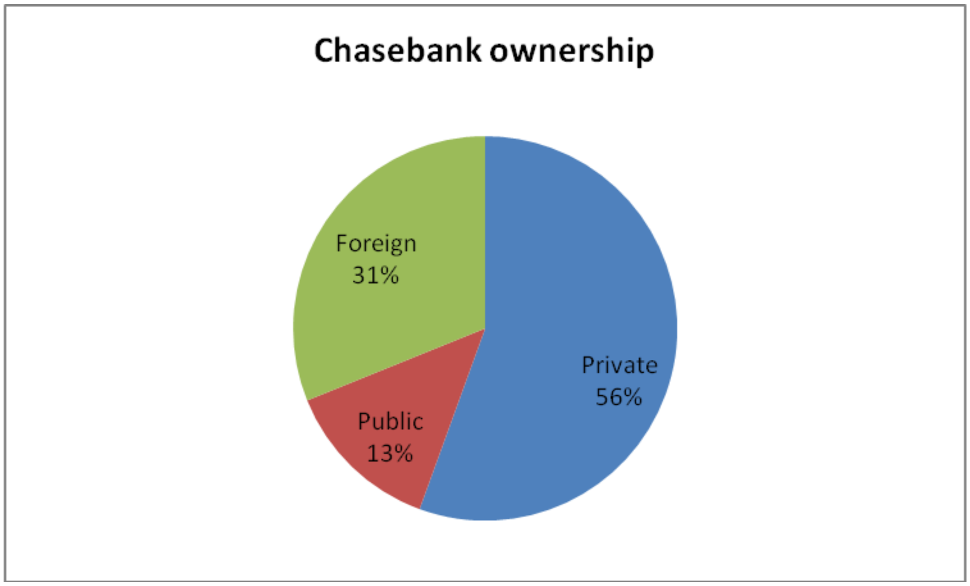
4.3.3 Ownership of Chase Bank Kenya

The study sought to determine the ownership of Chase Bank Kenya. The findings of the respondents revealed that Chase Bank Kenya is a private bank. The bank is a foreign owned bank.

Table 4 : Chase bank Ownership

Category	**Frequency**	**Percentage**
Private	25	56%
Public	6	13%
Foreign	14	31%
Total	**45**	**100.0**

Figure 3 : Chase bank Ownership



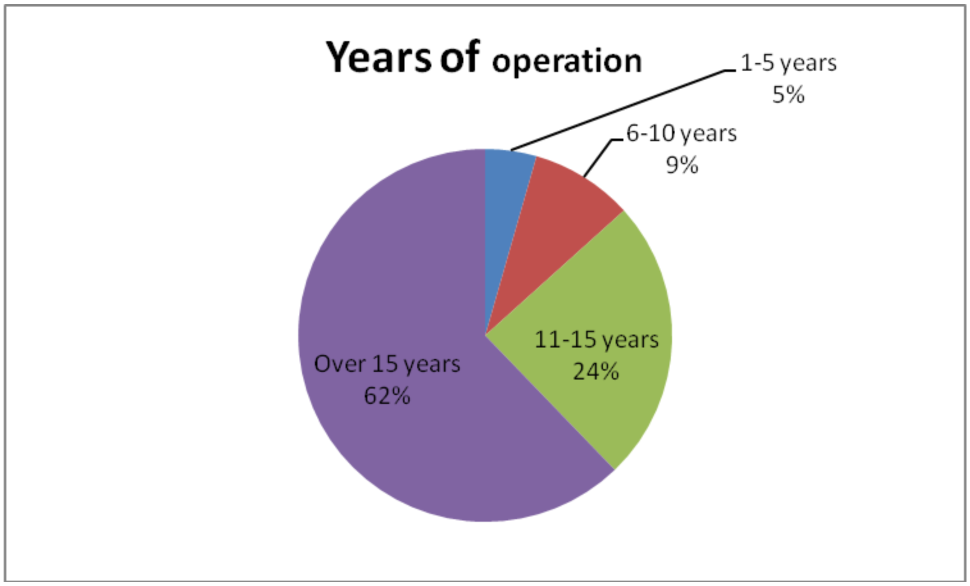
4.3.4 Years of Operation for the Bank

The study sought to determine how long the bank has been in operation. Chase bank has been in operation for over 15 years. According to Chasebank records, the bank was founded in the year 1996. Therefore, the bank to date has been in operation for 20 years.

Table 5: Years of Operation

Category	Frequency	Percentage
1-5 years	2	5%
6-10 years	4	9%
11-15 years	11	24%
Over 15 years	28	62%
Total	**45**	**100**

Figure 4: Years of Operation



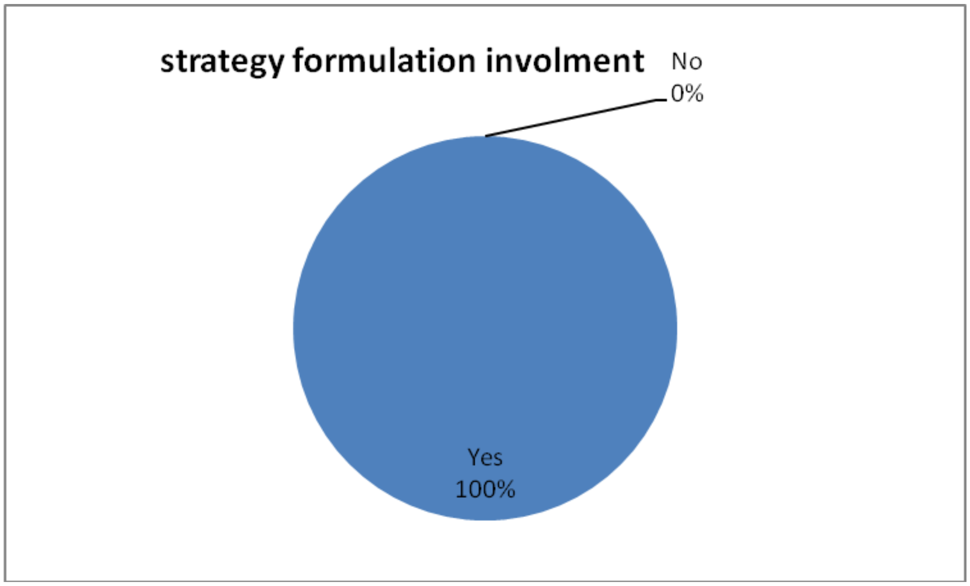
4.3.5 Involvement of Strategy Formulation

The study sought to investigate the role of involvement on strategy formulation. The findings revealed that the heads of departments at Chase Bank Kenya were involved in strategy formulation in the organization. All the respondents (100%) indicated that their role involve strategy formulation.

Table 6: Strategy Formulation involvement

Category	Frequency	Percentage
Yes	45	100%
No	0	0
Total	**45**	**100**

Figure 5: Strategy Formulation involvement



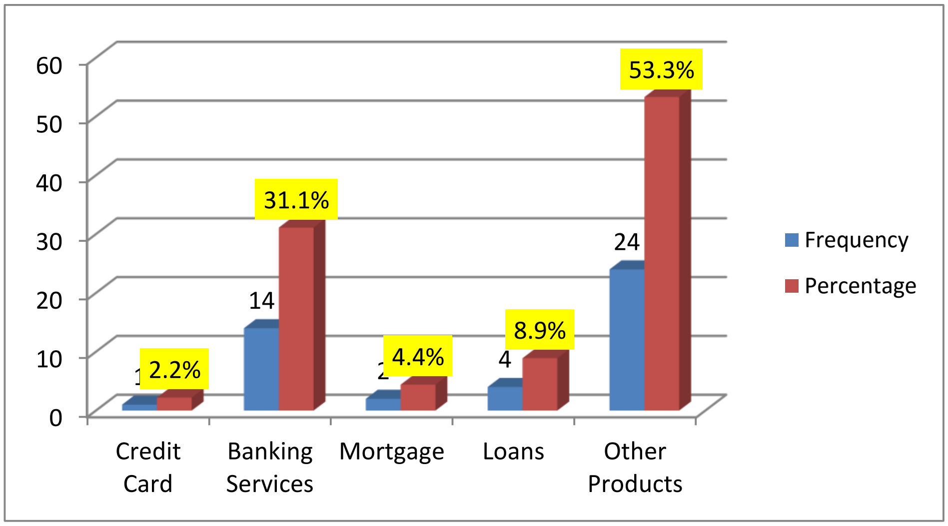
4.3.6 Services and Products Offered at Chase Bank

The study sought to find out the services and products that are offered at Chase Bank. The findings were presented in table 4.4.

Table 7: Services and Products Offered at Chase Bank

Category	Frequency	Percentage
Credit Card	1	2.2
Banking Services	14	31.1
Mortgage	2	4.4
Loans	4	8.9
Other Products	24	53.3
Total	**45**	**100.0**

Figure 6: Services and Products Offered at Chase Bank



The finidngs in table 4.4, reveal that 53.3% of the respondents agreed that Chase bank provides other products besides credit cards; banking services; mortgage and loans.

According to Chase bank Kenya Limited, they provide banking products and services in Kenya. The company offers various accounts for youth, women, and individuals. It provides banking services for diasporas, professionals, business people, elite customers, institutions and corporations, educational institutions, agribusiness, asset finance companies, NGOs, churches, SACCOs, and SMEs. The company also offers online and mobile banking, money transfer services, and cards. Other than the banking business, Chase Bank has the following subsidiaries: RAFIKI Microfinance Bank Limited and Chase Insurance Agency Limited.

4.4 Competitive Strategies

4.4.1 Competitive Strategies adopted by Chase Bank in SME banking

The study sought to examine the competitive strategies adopted by Chase Bank in SME banking. The findings were presented table 4.5.

Table 8: Competitive Strategies adopted by Chase Bank in SME banking

Strategies	Frequency	Percentage
Cost leadership	3	6.7
Market focus	10	22.2
Differentiation	10	22.2
Corporate growth	6	13.3
Resource based	2	4.4
Generic	14	31.2
Total	**45**	**100**

Figure 7: Competitive Strategies adopted by Chase Bank in SME banking

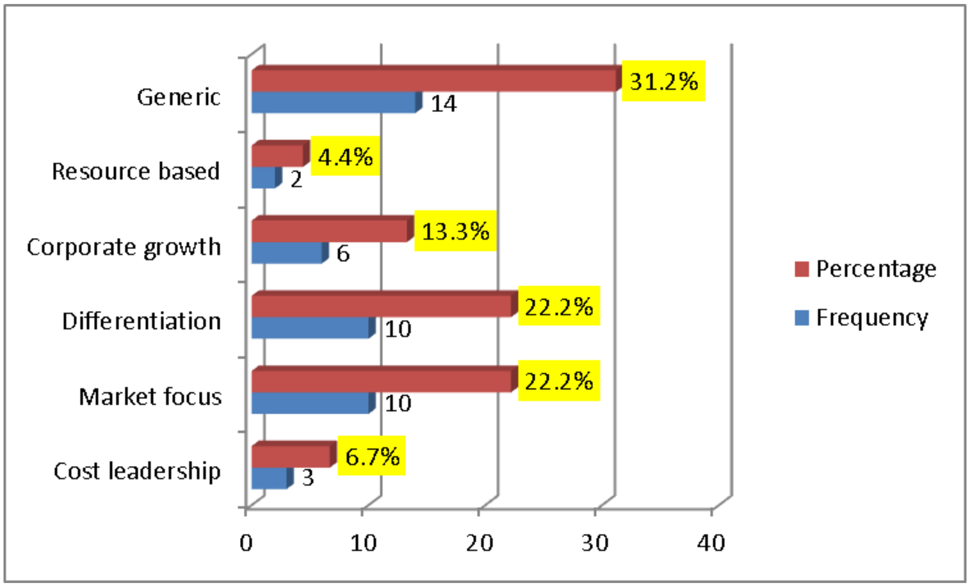


Table 4.5 reveals that the competitive strategies adopted by Chase Bank in SME banking. It shows that 31.2% of the respondents indicated that they adopted generic competitive strategies. The generic competitive strategies include: cost leadership; differentiation and focus strategy. Cost leadership strategy emphasizes efficiency; differentiation strategy is aimed at the broad market that involves the creation of a product or services that is perceived throughout its industry as unique and focus strategy concentrates on a select few target markets. It is also called a focus strategy or niche strategy.

According to Michael (1996), generic strategies can help the organization to cope with the five competitive forces in the industry and do better than other organization in the industry. Maintaining cost leadership strategy, requires a continuous search for cost reductions in all aspects of the business. The associated distribution strategy is to obtain the most extensive distribution possible. Differentiation is a viable strategy for earning above average returns in a specific business because the resulting brand loyalty lowers customers' sensitivity to price.

4.4.2 Implementation of Competitive Strategies at Chase Bank

The study sought to determine who is responsible for implementation of competitive strategies at Chase bank. The finidngs were presented in figure 4.5.

Figure 8: Implementation of Competitive Strategies at Chase Bank

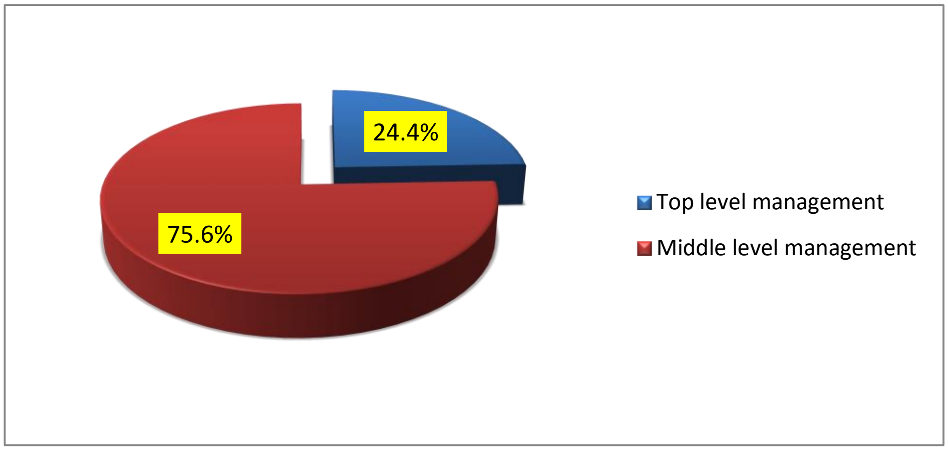


Table 9: Implementation of Competitive Strategies at Chase Bank

Category	Frequency	Percentage
Top level management	11	24.4%
Middle level management	34	75.6%
Total	**45**	**100**

The findings in figure 4.5 revealed that the middle level management is responsible in implementation of competitive strategies at Chase Bank. This accounted for 75.6% of the respondents. 24.4% of the respondents indicated that the top level management is responsible in overseeing the implementation of the competitive strategies in the organization. According to the Human resource at Chase bank Kenya, the middle level management are responsible for implementation of competitive strategies at the organization while the top level management are responsible to oversee the implementation of the strategies in place in the organization.

According to Floyd and Wooldridge (2007), Middle managers' main duty is to implement company strategy in the most efficient way. Their duties include creating effective working environment, administrating the work process, making sure it is compliant with organization's requirements, leading people and reporting to the highest level of management.

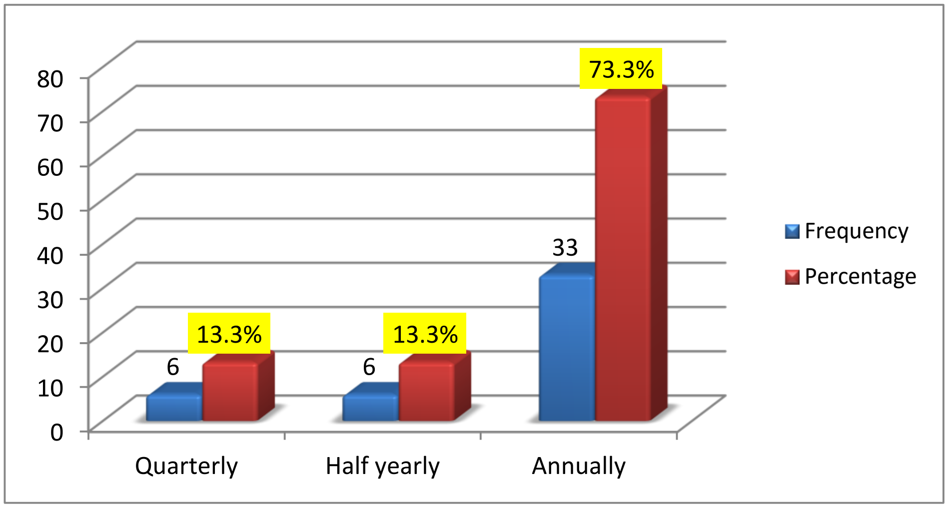
4.4.3 Review of Competitive Strategies

The study sought to determine how often Chase bank reviews its competitive strategies adopted in SME banking. The findings were presented in table 4.7.

Table 10: Review of Competitive Strategies

Category	Frequency	Percentage
Quarterly	6	13.3
Half yearly	6	13.3
Annually	33	73.3
Total	**45**	**100.0**

Figure 9: Review of Competitive Strategies



The findings in table 4.7, revealed that competitive strategies at Chase bank is reviewed anually. This accounted for 73.3% of the respondents.

4.4.4 Does Chase Bank enjoy competitive advantage in SME banking?

The study sought to determine whether Chase bank enjoy competitive advantage in SME banking. The respondents overwhlmingly responded that the bak does enjoy competitive advantage in SME banking. This accounted for 100% of the respondents who agreed that they bank does enjoy competitive advantage in SME banking.

Table 11: Sources of Competitive Advantage

Category	Frequency	Percentage
Pricing strategy	7	15.6%
Distribution strategy	12	26.7%
Promotion strategy	11	24.4%
Target market	15	33.3%
Total	**45**	**100%**

Figure 10: Sources of Competitive Advantage

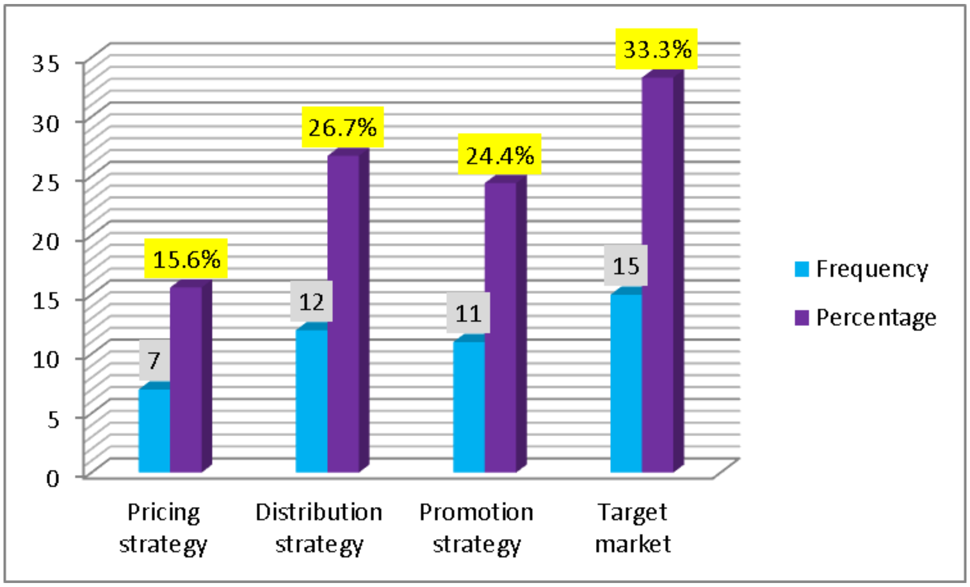


Figure 4.7 reveals that 33.3% of the respondents indicated that the source of competitive advantage is from target market; 26.7% indicated that the source of competitive advantage is from distribution strategy; 24.4% indicated that the source of competitive advantage is from promotion strategy while 15.6% indicated that the source of competitive advantage is from pricing strategy.

According to Harmsen, Grunert, and Declerck (2000) product innovations are products that are perceived to be new by either the producer or the customer; the latter includes both end-users and distributors. Process innovation refers to new processes which either reduce the cost of production or enable the production of new products. In spite of the increasing importance of innovation and the role played by technological capabilities in a firm's growth trajectory, little is known how technological innovation in different organizations is driven by their technology strategy, the plan that guides the accumulation and deployment of technological resources and capabilities (Dasgupta, Sahay and Gupta, 2009). Human resources are a term used to describe the individuals who comprise the workforce of an organization, although it is also applied in labor economics to, for example, business sectors or even whole nations. Firms can develop this competitive advantage only by creating value in a way that is difficult for competitors to imitate (Jackson and Schuler, 1995). Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual (Petison & Johri, 2006).

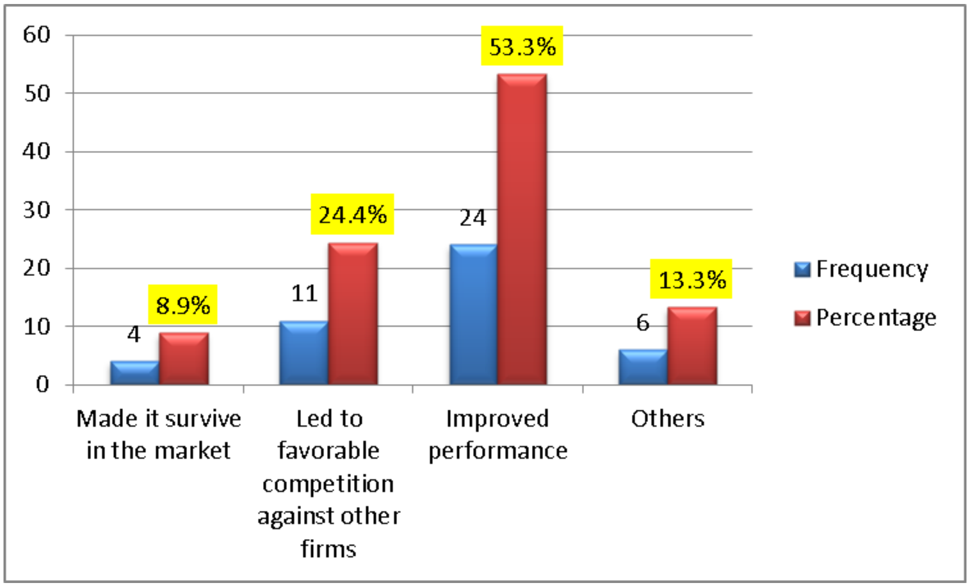
4.4.5 Strategies Contributed Towards Achieving Competitive Advantage

The study sought to determine the strategies that have contributed towards achieving competitive advangate in SME banking. The findings were presented in table 4.9.

Table 12: Strategies Contributed Towards Achieving Competitive Advantage

Category	**Frequency**	**Percentage**
Made it survive in the market	4	8.9
Led to favorable competition against other firms	11	24.4
Improved performance	24	53.3
Others	6	13.3
Total	**45**	**100.0**

Figure 11: Strategies Contributed Towards Achieving Competitive Advantage



The findings in table 4.9 reveal that 53.3% of the respondents, indicated that the strategies have contributed towrds achieving competitive advantage by improved performance. 24.4% of the respondents, indicated that the strategies have contributed towrds achieving competitive advantage because it led to favorable competition against other firms. 13.3% of the respondents, indicated that the strategies have contributed towrds achieving competitive advantage because it made it survive in the market.

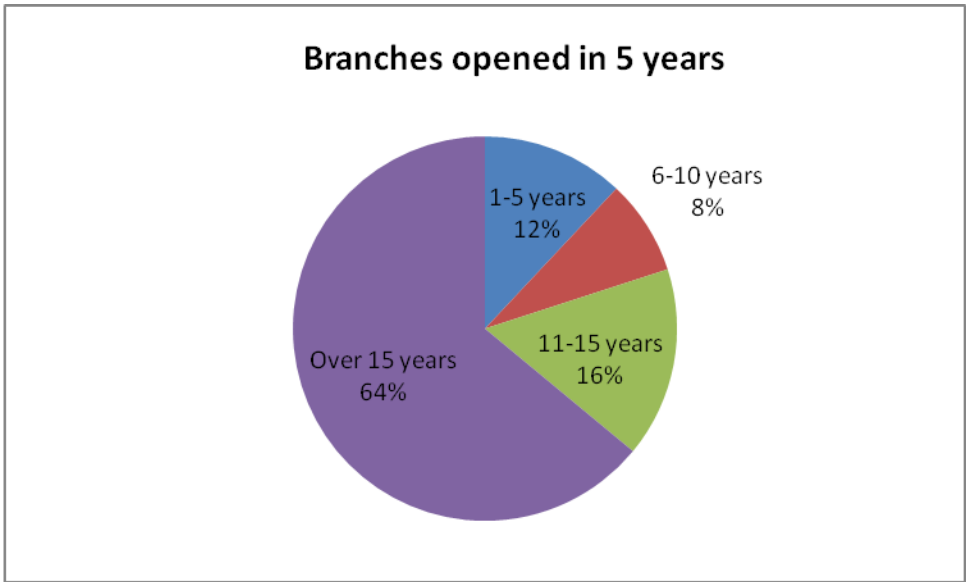
4.4.6 Branches Openned in last five years

The study sought to determine the number of branches Chase bank has openned over the past five years. Over the past five years, Chase bank has opened about 20 branches in Kenya. The number of branches range between 16 and 20 branches in Kenya. The increase in number of branches is an indicator of improved performance and growth of Chase Bank Kenya Limited.

Table 13: Branches opened in last 5 years

Category	Frequency	Percentage
1-5 years	6	12%
6-10 years	4	8%
11-15 years	8	16%
Over 15 years	32	64%
Total	**45**	**100**

Figure12: Branches opened in last 5 years



4.4.7 Effectiveness of Strategies in Chase Bank

The study sought to determine the effectiveness of each of the strategies in the bank. The findings were presented in table 4.10. The respondents rated their response on a Likert scale of 1-5: Not effective =1, Less effective =2, Fairly effective =3, Very effective =4 and Highly effective =5.

1. Not effective - (1.0 – 1.8)
2. Less effective - (1.81 – 2.6)
3. Fairly effective - (2.61 – 3.4)

4. Very effective - (3.41 – 4.2)

5. Highly effective - (4.21 – 5.0)

Table 14: Effectiveness of Strategies in Chase Bank

Strategy	Not Effective	Less Effective	Fairly Effective	Very Effective	Highly Effective	Mean	Std. Dev.
Product diversification	-	-	7	18	20	4.29	0.727
Active Brand Management	-	-	9	20	16	4.16	0.737
Research and Development	-	-	3	20	22	4.42	0.621
New Service Development and Innovations	-	-	5	23	17	4.27	0.654
Human Development Capital	-	-	5	17	23	4.40	0.688
Retaliation to competition.	-	-	6	23	16	4.22	0.670
Product Differentiation	-	-	0	24	21	4.47	0.505
Positioning and Market Segmentation	-	-	3	0	29	4.58	0.621

The findings in table 4.10 reveal that production diversification is highly effective with a mean of 4.29; active brand managment is very effective with a mean of 4.16; research and development is highly effective with a mean of 4.42; new service development and innivations is very effective with a mean of 4.27; human development capital is higly effective with a mean of 4.40; retaliation to competition is very effective with a mean of 4.22; product differentiation is very effective with a mean of 4.47 and positioning and market segmentation is highly effective with a mean of 4.58.

The study established that positioning and market segmentation strategy was most effective strategy at Chase bank. This is because it registered the highest mean.

According to Davidow and Uttal, (1989) differentiation strategy can also be defined as positioning a brand in such a way as to differentiate it from the competition and establish an image that is unique. Differentiation strategy aims to build up competitive advantage by offering unique products which are characterized by valuable features, such as quality, innovation, and customer service.

4.4.8 Competitive Strategies Influence SME Banking at Chase Bank Kenya

The study sought to determine the extent to which the following competitive strategies influence SME at Chase Bank Kenya. The respondents rated their response on a Likert scale of 1-5: Not at all =1, Less extent =2, Moderate extent =3, Great extent =4 and Very great extent =5.

1. Not at all - (1.0 – 1.8)
2. Less extent - (1.81 – 2.6)
3. Moderate extent - (2.61 – 3.4)
4. Great extent - (3.41 – 4.2)
5. Very great extent - (4.21 – 5.0)

Table 15: Competitive Strategies Influence SME Banking at Chase Bank Kenya

Indicators	1	2	3	4	5	Mean	Std. Dev.
Cost leadership	-	-	8	18	19	4.24	0.743
Market focus	-	-	5	21	19	4.31	0.663
Differentiation	-	-	9	18	18	4.20	0.757
Corporate growth	-	-	1	18	26	4.56	0.546
Collaborative	-	-	4	21	20	4.36	0.645
Resource based	-	-	2	22	21	4.42	0.583
Generic	-	-	9	9	26	5.00	0.960

Table 4.11 illustrates that cost leadership influence SME banking at Chase Bank Kenya to a very great extent with a mean of 4.24; market focus influence SME banking at Chase Bank Kenya to a very great extent with a mean of 4.31; differentiation influence SME banking at Chase Bank Kenya to a great extent with a mean of 4.20; corporate growth influence SME banking at Chase Bank Kenya to a very great extent with a mean of 4.56; collaboration influence SME banking at Chase Bank Kenya to a very great extent with a mean of 4.36; resource based influence SME banking at Chase Bank Kenya to a very great extent with a mean of 4.42 and generic influence SME banking at Chase Bank Kenya to a very great extent with a mean of 5.00.

The study established that generic competitive strategy was most influential in SME banking at Chase bank. This is because it registered the highest mean.

According to Michael (1996), Generic strategies can help the organization to cope with the five competitive forces in the industry and do better than other organization in the industry.

4.4.8 Strategies Contribute to Competitive Advantage

The study sought to determine the extent to which the following strategies contribute to competitive advantage of Chase bank SME banking. The findings were presented in table 4.12. The respondents rated their response on a Likert scale of 1-5: Not at all =1, Less extent =2, Moderate extent =3, Great extent =4 and Very great extent =5.

1. Not at all - (1.0 – 1.8)
2. Less extent - (1.81 – 2.6)
3. Moderate extent - (2.61 – 3.4)
4. Great extent - (3.41 – 4.2)
5. Very great extent - (4.21 – 5.0)

Table 16: Strategies Contribute to Competitive Advantage

Indicators	1	2	3	4	5	Mean	Std. Dev.
Superior customer service	-	-	-	19	26	4.58	0.499
Extensive branch network	1	-	6	14	24	4.33	0.879
Low bank charges	-	-	-	25	20	4.44	0.503
Large customer base	-	-	3	8	34	4.69	0.596
Easy access to loans	-	-	-	18	27	4.60	0.495
Key accounts held with the bank	-	-	7	14	24	4.38	0.747

Table 4.12 illustrate that superior customer service has contributed to competitive advantage to a very great extent with a mean of 4.58; extensive branch network has contributed to competitive advantage to a very great extent with a mean of 4.33; low bank charges has contributed to competitive advantage to a very great extent with a mean of 4.44; large customer base has contributed to competitive advantage to a very great extent with a mean of 4.69; easy access to loans has contributed to competitive advantage to a very great extent with a mean of 4.60; key accounts held with the bank has contributed to competitive advantage to a very great extent with a mean of 4.38.

The study establsihed that large customer base is the indicator of competitive strategies that contribute to competitive advantage at Chase Bank Kenya.

According to Johnson and Scholes (2002), large customer base is an organizational assest and it become the cornerstone of success for a modern organization. These competencies enable the firm to be a performer in the industry leading to efficiency and affordability, a higher level of quality of service and subsequent customer satisfaction. Strategies need to match with organizational resources, both human and financial, hence compliance with every organizational systems becomes a priority.

CHAPTER FIVE: SUMMARY , CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter entails the summary of key findings as presented in chapter four; conclusions will then be drawn based on the findings and recommendations there-to. This chapter will thus be structured into conclusion, recommendations and areas for further research.

5.2 Summary of Findings

The main objective of the study was to establish the competitive strategies adopted by Chase bank in SME banking to achieve competitive advantage. The study established the strategies adopted by Chase Bank in SME banking. The main strategies used include generic strategies; market focus and differentiation. The generic competitive strategies include: cost leadership; differentiation and focus strategy. Cost leadership strategy emphasizes efficiency; differentiation strategy is aimed at the broad market that involves the creation of a product or services that is perceived throughout its industry as unique and focus strategy concentrates on a select few target markets.

The study found out that the middle level management is responsible in implementation of competitive strategies at Chase Bank. According to the Human resource at Chase bank Kenya, the middle level management are responsible for implementation of competitive strategies at the organization while the top level management are responsible to oversee the implementation of the strategies in place in the organization.

The study determined that the competitive strategies adopted in SME banking are reviewed annually. The study establsihed the sources of competitive advantage in SME banking as target market; distribution strategy; promotion strategy followed by pricing strategy. The strategies adopted by Chase bank in SME banking has led to improved performance; it has led to favorable competition against other firms and also the strategies have contributed in their survival in the market. The study established that Chase bank has opened about 20 branches in Kenya. The number of branches range between 16 and 20 branches in Kenya. The increase in number of branches is an indicator of improved performance and growth of Chase Bank Kenya Limited.

The study established the effectiveness of strategies in Chase Bank. The study established that positioning and market segmentation strategy was most effective strategy at Chase bank. The study established that the most competitive strategies that influence SME banking at Chase Bank Kenya is generic competitive strategy. The study established that the strategies that contribute to competitive advantage is having a large customer base, which is the indicator of competitive strategies that contribute to competitive advantage at Chase Bank Kenya.

5.3 Conclusion

The study established that Chase Bank has adopted SME banking in developing competitive advantage. The strategy adopted by the bank is generic competitive strategies. The generic competitive strategies include: cost leadership; differentiation and focus strategy. Cost leadership strategy emphasizes efficiency; differentiation strategy is aimed at the broad market that involves the creation of a product or services that is perceived throughout its industry as unique and Focus Strategy concentrates on a select few target markets.

The sources of competitive advantage in SME banking as target market; distribution strategy; promotion strategy followed by pricing strategy. The strategies adopted by Chase bank in SME banking has led to improved performance; it has led to favorable competition against other firms and also the strategies have contributed in their survival in the market.

5.4 Recommendations

The study recommends that the bank should adopt positioning and market segmentation strategies that are most effective to the bank. The study recommends that generic competitive strategy should be adopted by the bank The study recommends that the strategies adopted by the should should be able to have a large customer base, which is the indicator of competitive strategies at Chase Bank Kenya.

The study recommends that the top managment should be positive and supportive to the competitive strategies adopted by the bank. The study recommends that the firm should also have the necessary infrastructure to facilitate the innovation of competitive strategies. The study recommends that the bank should be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage.

The study recommends that competitive advantage should not be a guarantee for success. It should be coupled with a high degree of innovation and compatibility with the market environment and this makes the critical issue in success.

The study recommends that for the bank to acheive a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy. The study also recommends that for an effective cost leadership strategy, a firm must have a large market share.

5.5 Suggestion for Further Studies

The study examined the competitive strategies adopted by Chase Bank in SME banking to achieve competitive advantage. The study suggets that there are other elements that contribute to the achievement of competitive advantage in organizations such as policy implementation; customer base; organizational performance among others. There is also an opportunity to investigate organization performance as an element of competitive advantage in organization.

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APPENDIX

Appendix I: Questionnaire

Please answer all the questions by filling appropriately after carefully reading through them. The questions are seeking your opinion on the competitive strategies adopted by Chase bank in SME banking. All the answers you give will help in achieving the objectives of this study. Your answers will be treated with confidentiality and will only be used for the purpose of this study.

SECTION A: Background of Respondents

1. Gender

   Male [ ]

   Female [ ]

2. How long have you worked with Chase Bank Kenya?

Less than a year [ ] 1-5 years [ ] 6-10years [ ]

11-15 years [ ] Over 15 years [ ]

3. What is the ownership of Chase Bank Kenya?

   Private [ ] Public [ ] Foreign [ ]

4. How long has the Bank been in operation?

   Less than a year [ ] 1-5 years [ ] 6-10years [ ]

   11-15 years [ ] Over 15 years [ ]

5. Does your role involve Strategy formulation?

Yes [ ] No [ ]

6. What services and products does Chase Bank Kenya offer?

Credit Card c)Mortgage

Banking Services d)Loans

e)If any other specify

SECTION B: Competitive Strategies adopted by Chase Bank in SME banking

7. Which competitive strategies has the bank adopted in SME banking?

Cost leadership strategy [ ] Market focus strategy [ ]

Differentiation strategy [ ] Corporate growth strategy [ ]

Resource based strategy [ ] Generic strategy [ ]

8. Who is responsible for implementation of competitive strategies at Chase bank?

a)Top level management [ ] b)Middle level management[ ] c)Low level management[ ]

9. How often does Chase bank review its competitive strategies adopted in SME banking?

Monthly [ ] Quarterly [ ] Half Yearly [ ] Annually [ ]

10. Does Chase Bank enjoy competitive advantage in SME banking?

Yes [ ] No [ ]

11. If yes, what are the sources of competitive advantage enjoyed by Chase Bank?

pricing strategy [ ] distribution strategy [ ]

promotion strategy [ ] target market [ ]

12. How have the strategies contributed towards achieving competitive advantage in SME banking?

Made it survive in the market.

Led to favourable competition against other firms.

Improved performance.

Any other specify.

13. Over the past 5 years, how many branches has the bank openned in Kenya?

6-10 [ ]   11-15 [ ]   16-20 [ ]   More than 20 [ ]

14.Every organization desires to be the most competitive in its field of business overtime. Please rate the overall effectiveness of each of the strategies in the bank.

Strategy	Not Effective	Less Effective	Fairly Effective	Very Effective	Highly Effective
Product diversification					
Active Brand Management					
Research and Development					
New Service Development and Innovations					
Human Development Capital					
Retaliation to competition					
Product Differentiation					
Positioning and Market Segmentation					

14. Indicate the extent to which the following competitive strategies influence SME banking at Chase Bank Kenya. Likert scale will be used in a scale of 1-5 as illustrated below: Not at all =1, Less extent =2, Moderate extent =3, Great extent =4 and Very great extent =5

Indicators	**1**	**2**	**3**	**4**	**5**
Cost leadership					
Market focus					
Differentiation					
Corporate growth					
Collaborative					
Resource based					
Generic					

15. Rate the extent to which the following strategies contribute to competitive advantage of Chase bank SME banking. Likert scale will be used in a scale of 1-5 as illustrated below: Strongly disagree = 1, Disagree = 2, moderately agree = 3, Agree = 4 and strongly agree = 5

Statements	**1**	**2**	**3**	**4**	**5**
Superior customer service					
Extensive branch network					
Low bank charges					
Large customer base					
Easy access to loans					
Key accounts held with the bank					

THANK YOU FOR YOUR PARTICIPATION!!