INTERNATIONALISATION OF OPERATIONS AND COMPETITIVENESS OF COMMERCIAL BANK OF AFRICA IN KENYA

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DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

Signed…………………………… Date………………………

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

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DEDICATION

I dedicate this project to my family and friends for their prayers and support.

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

CBA	Commercial Bank of Africa
CBK	Central Bank of Kenya
FDI	Foreign Direct Investment
FSA	Firm-Specific Advantage
IB	International Business
MNC	Multinational Corporation
NCBA	National Commercial Bank of Africa
RBV	Resource-Based View

ABSTRACT

Removal of trade barriers by the East African community to enhance business amidst regional countries has resulted to internationalization of operations by commercial banks for example CBA, in order to boost their positioning strategies and open new branches within the region. This research was set out to determine the influence of internationalization of operations on competitiveness of CBA in Kenya. The choice of this design is because was because it allowed the researcher to do an in-depth investigation of CBA. Primary type of data was collected with the help of an interview guide. The decision to use an interview guide was because the population in question was small hence it would have been easier for the researcher to get first-hand information. Both primary and secondary sources of data were used. Primary data was obtained through interviewing four heads of departments namely operations, business development, finance and marketing. Secondary data was retrieved from the hospital's repository, annual reports and the organization's handbook. Data was analyzed using content analysis since the research was qualitative in nature. Using content analysis, the researcher applied textual data and presented it inform of an essay, responses obtained from primary data were discussed to ensure that they were in line with the research objective. The study found that the bank expanded its operations to five countries, with mobile-centric technology driving growth in Kenya, Uganda and Tanzania. With a Shared Service Centre, its executive management was committed for grow the bank in the regional markets and internationally through providing world class financial services and products. The study established that; previously untapped markets, digitization, large customer base from mobile subscribers, unique products and a robust brand offered the bank a competitive edge by internationalizing its operations. CBK ought to craft policies that give commercial banks a good environment to grow and expand their businesses in the regional markets and beyond. It is desirable for local banks to sponsor their staff for trips to benchmark with other established banks, on some of the practices they adopt when internationalizing their operations. One of the key limitations for this research is that, the researcher lacked control over data collection. It is impossible to control the attitudes and perception of the interviewees and this might interfere with the quality of the research findings since the researcher could end up getting biased results. It would be meaningful for future scholars to consider doing a replica of this research in other sectors like insurance or manufacturing firms then compare findings after which a more plausible conclusion can be drawn.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organisations in the developed as well as developing economies benefit from a lot of measures implemented as a result of increased globalization level (Bradley & O'Reagain, 2011). Some of these measures include international integration together with low trade barriers, which promote trade at both the domestic and international level. In nations where the local market is limited, a chance of operating in the international market serves as a route for improved economic growth and guarantees success for organisations. Firms that conduct business in the international market access large market share as opposed to their counterparts operating in the domestic market alone (Zekiri & Angelova, 2011). Large market share translates to additional sales revenue as well as increased competitiveness for companies.

The study was anchored on the Internationalization theory and Eclectic Paradigm. Internationalization theory asserts that the approach a firm employs to expand its operations in the global markets can be evaluated primarily through foreign direct investment. Firms internationalize to gain access to new markets and also to benefit from specialized resources (Abdi & Aulakh, 2018). Dunning (1992) posits that Eclectic Paradigm is known as the OLI paradigm. The theory maintains that MNCs develop competitive ownership advantages in their home countries and those advantages are taken to other countries based on local advantages through Foreign Direct Investment (FDI). Thus, it is easy for MNCs to actualize ownership benefits.

Kenya's banking sector makes a significant contribution to economic development. The main functions of a bank include payment of cheques drawn by customers, accepting deposits, and facilitating different modes of payment to customers.

Commercial banks are instrumental in fostering financial transactions of a country however; their operations are governed by the Central Bank of Kenya (CBK). The regulations differ across countries. A common regulation for players in the banking sector is to deposit a minimum amount of money with the central bank of the country where they intend to conduct their operations (Kamau, 2014), this is because the bank's primary role is to manage customer accounts and offer loans to customers.

1.1.1 Concept of International Business

Ayden, Demirbag and Tatoglu (2018) claim that International Business (IB) deals with issues that impact players and governments in the international context that deal with all forms of cross-border operations. It comprises of all organisation dealings involving two or more nations. Additionally, it involves transactions that are devised and conducted across borders with a purpose of satisfying individual and organisational objectives. It entails that the activities of both public and private firms involve the movement of goods and services, knowledge or skill, and resources across national boundaries.

International business is that it involves a wide spectrum of activities beyond just exports (Caputo & Dabic, 2016). International business is defined as a commercial transaction that occurs between the boundaries of a sovereign entity. International business can take place between firms, countries or both. Private companies engage themselves in international transactions to generate more revenues, profits and affluence (Costa, Camboim & Zen, 2018). When governments are involved in international business, they are keen to preserve their image, dependency and steer economic growth. In some cases, these forms of transactions (international business) strengthen economic ties. This includes physical movement of products and services, investments and technology transfer.

Today, many firms, whether small or large, single entity or partnership or even government-owned is seeking to expand globally. The firms are also investing huge sums of money in finding the right location for a cost-efficient production base and expand the dimensions of their international business operations (Bradley & O'Reagain, 2011). The significance of international business is that firms can easily grasp new business opportunities and markets and exploit their growth potential.

Firms can differentiate their products from existing markets by expanding to international markets. There is easy access to new markets through the expansion of businesses. Also, the firm can address unmet needs in the market by providing a product or service that is unavailable in the international market that the firm is targeting. Firms that might be losing their local markets get a chance to the global market. Many times, there is a cost advantage of exporting products to a different country. Firms get to enjoy cost advantages by exporting products or services to different countries (Boojihawon & Acholonu, 2013).

1.1.2 Internationalization of Operations

Boojihawon and Acholonu (2013) assert that expanding an organisation to the global markets calls for the need to conduct a careful analysis. This happens because it is risky particularly when an MNC is intending to invest in a developing economy as opposed to a developed economy. MNCs face various barriers such as psychological and cultural differences that result from the level of geographic distance and a host of other factors. According to Fey, Nayak, Wu and Zhou (2016), the barriers faced by MNCs are equally regarded as ‘liability of foreignness.’ Irrespective of the inherent barriers that hinder investment and expansion into foreign markets, banks and other industries have devised strategies of internationalizing (Narula, 2011).

Organisations targeting international markets face problems associated with the external business environment. Notable examples of these challenges comprise of changes in the legal-political environment, competition, changes in clients' demands, and economic factors. Over the years, MNCs have continued to thrive irrespective of the challenges they face in the international market. Organisations internationalize to boost their performance as well as widen the scope of their target markets (Lin, Liu & Cheng 2011). For an MNC intending to invest in a new market, it carries out a study to ascertain the market needs and the possibility of the firm fitting into the international market.

Zaheer (2015) asserts that there are traditional perceptions that businesses can perform better if they borrowed some of the practices observed by organisations in foreign markets and then implement them in their host nations. However, Kotabe, Srinivasam and Aulakh (2009) claim that these are not enough as MNCs require resources that they may not have in their home nations and they are thus forced to look beyond the geographical borders where such resources can be accessed. Zekiri and Angelova (2011) assert that MNCs seek for more assets and resources in international markets to increase their gains. Irrespective of the country where an MNC originates from, they are all driven by common goals of enhancing their ownership benefits, expanding their operations, and accessing specialized resources.

1.1.3 Organisational Competitiveness

According to Buttle (2010), it is possible to examine competitiveness from a varied dimension that comprises of industry, country, and the firm level. Organisation level of competitiveness is attributed to the firm's ability to design products and services that are superior to those of its competitors. It is equally possible to look at competitiveness from lowered costs or products and services that command high prices. Critical competitive elements comprise of flexibility, speed, adaptability, agility, and capability. It is also possible to view competitiveness from a competency approach where the emphasis is directed at the contribution of the internal factors like competencies and strategy towards innovation that serves as a resource for competitive success.

Furthermore, competitiveness may be described as a process that helps an organisation in assessing the performance of its crucial processes like human resource, technology as well as operations management (Barney, Wright & Ketchen, 2011). The current study will examine competitiveness through customer satisfaction, value addition, and minimization of costs. Otter and Schlesinger (2010) contend that competitiveness source in the modern world has shifted towards assimilation and creation of wealth.

Modern organisations invest heavily in research and development to help in acquiring knowledge. This aims in helping an organisation to make strategic moves that are associated with competitiveness and sustainability by impacting significantly on efficiency, customer satisfaction, and efficiency. As a result of cut-throat completion, organisations are willing to go the extra mile while addressing customer needs to a level where they go beyond customer expectations by value-addition to the products and services provided.

Otter and Schlesinger (2010) claim that competitiveness to a significant level is dependent on the capacity of a firm or industry to invest in upgrades and innovation. Organisations gain an advantage over their competitors as a result of the challenges and pressure. Green and Burke (2011), equally support this notion of competitiveness by claiming that organisations become more competitive when faced by strong rivals and increased demand of customers together with aggressive home-based suppliers.

1.1.4 Banking Industry in Kenya

As the organisation legally tasked with the responsibility of governing commercial banks, the CBK equally classifies them based on their assets. Large banks are classified as Tier 1 banks and it is unlikely for them to collapse financially. This makes them the top banks in the country. Then there are Tier 2 and Tier 3 banks, which are the medium-sized and small banks respectively. Currently, Kenya has 42 commercial banks.

Out of the forty-two commercial banks in Kenya, 14 are foreign and the rest are domestic with all having branches together with agencies as well as other outlets across the nation. Other financial institutions in Kenya comprise of a single mortgage finance firm; 8 representative offices of international commercial banks; the Post Office Savings Bank; 49 insurance firms; 79 forex bureaus; 14 money remittance providers; 3 licensed credit reference bureaus; as well as close to 200 deposit-taking and SACCOS, which have more than three million members. Irrespective of the many financial services providers in the Kenyan market, the market is under the dominance of seven Tier 1 banks namely: Kenya Commercial Bank, Equity bank, Barclays Bank of Africa, Standard Chartered Bank, Cooperative Bank, and Diamond Trust Bank as well as Commercial Bank of Africa.

Additionally, there have emerged smaller banks that have equally experienced significant growth in recent years. There are more than 10 Kenyan commercial banks that have subsidiaries operating in South Sudan and the East African Community. Examples of these commercial banks are the Bank of Africa, Equity Bank together with Commercial Bank of Africa among others. Increased accessibility to finance is associated with the use of innovations like agent banking, which enables commercial banks together with Deposit-Taking Microfinance (DTM) organisations to rely on the services of third-parties in delivering certain financial services on their behalf.

Players in the Kenyan banking sector do not earn high profits due to the oligopolistic nature of the sector in the nation. From 1995 through 2004, Kenyan commercial banks registered an annual profit efficiency that averaged 65.6%, but since then, there has been a decline. Other than the oligopolistic nature of the Kenyan banking sector, the other factor that has contributed to the reduced profit efficiency relates to the inability of reviving macroeconomic factors that promote the growth of the banking sector.

There are projections that the banking sector's profitability will increase soon as a result of new technology adoption that has contributed to the introduction of new products. Furthermore, Mwangi (2018) asserts that increased competition in the banking sector will encourage efficiency as well as higher profitability. Due to the new technology in the banking sector, new products that target various market segments have emerged. As a result of segmentation, the Kenyan banking sector is expected to benefit from increased efficiency. As opposed to the 1990s where the target market for banks comprised of high-income earners only, today the sector targets even the low-income earners (Kamau, 2014).

Irrespective of the widened target customer, Kenyan banks' customer base remains low. Banks have a great opportunity of tapping the unexploited market at the local level and in the neighboring countries where banking services are yet to be accessed by all populations.

1.1.5 Commercial Bank of Africa

The bank has been in operation for more than half a century in East Africa and serves as the largest privately-owned financial institution in the region. According to Mang'unyi, Khabala and Govender (2017), the bank began its operations in Tanzania and shortly thereafter, it opened branches in Uganda and Kenya. CBA began its operations as a subsidiary of Swiss-based consortium bank; Societe Financiere pour les pays D'Outre Mer (SFOM) (Mang'unyi et al., 2017).

With the Bank of America later purchasing all of SFOM's partners, CBA underwent restructuring before selling its majority shares to locally-based investors. From there henceforth, the bank has established a reputation where it has become the financial service provider for large institutions, NGO's, corporations, high net-worth private customers, and diplomatic missions.

At the beginning of the second decade in the 21st century, CBA embarked on a mission towards innovation in the banking space, which was characterized by directing its product team towards coming up with new developments to cater to the financial needs of wider local clients. Currently, CBA is the first to market using digital banking platforms, beginning with M-Shwari together with M-Pesa, then offering the first U.S dollar credit card in Kenya, first to offer mortgage based on foreign currency, and the first 105% mortgage offering (Munyambonera, 2018).

The bank equally offers customers a host of services and products that are not only aimed at meeting the needs of locals but also inspired by innovation in the global context. It is headquartered in Nairobi City County, Kenya and provides financial services in East Africa. The institution runs branches in other countries such as Tanzania, Rwanda, Ivory Coast, and Uganda. The financial service provider has an asset base valued at about Kshs 234.79 billion (US$2.343 billion) as of 30th September 2017, when shareholder's equity was estimated to be Kshs 28.38 billion. CBA's stock is held privately with the majority owned by the Kenyatta family as Enke Investments Limited (Munyambonera, 2018).

1.2 Research Problem

Organisations use internationalization as a strategy to minimize operational costs (Azuayi, 2016). Firms with high overhead costs can reduce these costs in foreign countries whose currencies experience deflation and lower cost of living. Organisations in developed economies find it cheaper operating in nations that they have established free trade arrangements (Fry, Donohue, Saladin & Shang, 2015). One of the ways in which internationalization enables an organisation to minimize the costs of running a business is through cheaper labour.

Organisations seeking to do businesses in foreign countries target markets with lower costs of leaving hence cheap labour. Internationalization is seen as a competitive tool for enabling organisations to achieve a competitive advantage against their rivals through the acquisition of distinctive resources, increased market share which results in sales and profitability (Silva, Finger, Vieira & Teixeira, 2017).

The banking industry in Kenya is embracing internationalization following the removal of trade barriers by the East African community to ease business between countries (Versailles, 2012). This has enabled the banks to enhance their strategic positioning making it easier for them to open branches in the African region (EACS, 2014). Commercial banks need to strategize to gain successful market entry and thus increase their market segment, reduce risks, increase sales turnovers and improve overall performance. CBA is one of the leading commercial banks that have four branches outside Kenya in Tanzania, Rwanda, and Uganda. This is attributable to political stability, a favourable regulatory environment, tax laws and uniqueness of the bank's products and services.

Johanson and Mattsson (2011) studied the factors influencing the internationalization of banks in Berkeley. The study adopted a survey in a population of 60 top management executives, questionnaires were used in collecting primary data and the findings established that political stability, tax law and individual disposable income were the main factors that led to the successful entry of firms into new markets. Boojihawon and Acholonu (2013) explored the effect of internationalization on the performance of 4 banks (Three in Nigeria and 1 in Mauritius), the study utilized a qualitative case-study method and the findings illustrated that internationalization contributed to increased sales and minimized risks through location diversification which resulted into improved performance.

Hymer (2016) delved the effectiveness of internationalization of operations among state banks, an explanatory design was used among 5 commercial banks. Interviews were conducted with the top management team and the findings established that many global banks gained from cheap labour, new markets leading to an increase in profits.

Studies have been conducted in Kenya. For example, Mwangi (2018) studied the internationalization of commercial banks in the country. The study applied a descriptive survey among 43 commercial banks and data was collected using questionnaires. The findings established that commercial banks entered foreign markets in search of growth opportunities, diversify political and financial risks and gain from economies of scale. Mulatya (2011) examined factors influencing the internationalization process among Kenyan commercial banks, the study utilized a descriptive survey among 43 commercial banks and data was collected using questionnaires and the results demonstrated that banks untapped markets, competition, cheap labour and modern technologies.

Alokpo (2016) explored the internationalization of operations and competitive advantage of Kenyan commercial banks, using a descriptive design among 43 commercial banks and semi-structured questionnaires were used to collect data. The findings concluded that internationalization was found to be significantly linked to competitive advantage. Kagucia (2017) delved the influence of internationalization on the performance of Kenya commercial banks.

The study relied on a case study design and five heads of department were interviewed with the help of an interview schedule. The findings established that internationalization enabled commercial banks to establish new markets, business expansion, cross-border transactions and increased regional integration that resulted to increased sales and profitability.

Many researchers have dwelt on the internationalization of banks without consideration of its influence on competitiveness (Mulatya, 2011; Mwangi, 2018; Kagucia, 2017). Also, a study executed by Alokpo (2016), adopted a descriptive survey of all commercial banks in Kenya to explore the internationalization of operations. However, the current study will adopt a case study of CBA. Therefore, this study sought to answer the question: What was the influence of internationalization of operations and competitiveness of Commercial Bank of Africa in Kenya?

1.3 Research Objective

The objective of this study was to determine the influence of internationalization of operations and competitiveness of Commercial Bank of Africa in Kenya.

1.4 Value of the Study

Various parties might have found the findings of this study useful in different ways. First, commercial banks that had not internationalized their operations were able to learn the value of internationalization of operations, and strategies that commercial banks could adopt to enter, grow and expand foreign markets to boost their market share and sales revenue. CBA was able to widen their understanding of internationalization of operations by banks and other organisations globally, learn some of the best practices, benefits and different ways in which internationalization of operations contributed to competitiveness. Banking practitioners were able to learn the approaches adopted by banks to internationalize their operations; they were also able to understand the reasons why banks internationalize their operations and how to measure competitiveness.

CBK may have found the findings of this research to be of value in setting policies that provide a favourable environment to conduct business. This might have informed key decisions by the CBK to promote the internationalization of commercial banks to boost commercial banks' competitiveness. Moreover, it would increase entry into foreign markets by commercial banks in Africa and beyond resulting in business growth and expansion.

Scholars would learn about the theories supporting this study, their relevance and how they relate to this study. Additionally, they would understand the contribution of internationalization of operations in enhancing competitiveness. Researchers with a special interest in this line of research might have considered using the study findings as a base for future research.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

The chapter discusses the theories supporting the study. The literature review provides the reader with insights of how internationalization of operations affects competitiveness, why firms opt to invest in foreign organisations, and the importance and the challenges that firms go through when internationalizing their operations. The empirical review comprises of related studies conducted globally, in the region and locally. The chapter also covers the conceptual and knowledge gap to provide the basis for this study.

2.2 Theoretical Foundation

The theoretical basis acts as a basis by which the researcher can demystify the research problem and address the research question. It provides a solid ground for the quantitative form of research that allows the researcher to connect the theories and conceptual studies as well as demonstrating their relevance and application to the study. This section provides detailed coverage of theories guiding this study. The theories are Eclectic Paradigm theory and Internationalization theory. Below is the discussion:

2.2.1 Eclectic Paradigm

John Dunning postulated the eclectic paradigm in various publications (Dunning 1980, 1981, 1992). Activities of MNCs on global operations are impacted by three factors, which comprise of location (L), internationalization (I), and ownership (O) advantages. The eclectic paradigm by Dunning is equally referred to as the OLI paradigm.

It describes outward FDI; it equally holds the notion that MNCs develop competitive ownership at their home countries and then take those advantages to other countries (based on locational benefits) through FDI. As a result, it becomes easier for MNCs to realize ownership benefits. Based on Dunning’s reasoning, ownership and internationalization are closely connected. If an MNC enjoys ownership advantage, it is easy to internationalize. If an MNC knows a certain location, it is easier to venture into a new market. This paradigm has a limitation in that it tends to be too eclectic and also seems to overdetermine the three aims of FDI. The ownership advantages that an organisation derives comprise of intangible assets like management skills, knowledge, an organisational structure that comprise of natural factor endowment like initial capital, human assets, market structure, institutional as well as the legal environment. Where an MNC has ownership advantage, it becomes easier to analyze country factors.

Ownership benefits further serve in building capabilities for MNCs through the formation of alliances, which is achieved through the use of governance structures that are similar across borders in a manner that enables the development of relational assets that enable the firms to gain access to resources. According to Zaheer (2015), locational advantages concerning natural resources, market size, infrastructural development, and educational system together and other elements of government and political activities play an instrumental role in enabling a firm to gain entry and run business in a foreign market.

The relevance of this theory is that it was easy for CBA to gain entry into the Tanzania market because it was already operating in other African countries. Thus, it is possible to deduce that locational advantages, market experience and infrastructural development, as well as political stability.

It enabled CBA to easily familiarize itself with the environment and carry out its operations effectively. CBA was able to adopt with foreign markets efficiently and this lowered its transactional and operational costs for example transport costs, warehousing and regulatory requirements.

2.2.2 Internationalization Theory

Buckey and Casson (1976), Rugman (1981), and Hennart (1982) propounded internalization theory. This is an organisation-level theory that explains the reasons as to why an MNC exercise ownership over an intangible; firm-specific advantage (FSA), knowledge-based. Knowledge advantages are as a result of transactional cost economics where resolving an externality happens through a firm’s hierarchy overcoming market failure cases. Other forms of FSA like a brand advantage, organisational competences, and managing skills are based on efficacy and are equally in harmony with the Resource-Based View (RBV) (Rugman & Verbeke, 2012).

MNC organizes a host of activities in the organisation to explore firm-specific advantages together with kinds of intermediate products or services. Considering that market failure might come into play, internationalization is perceived as a governance strategy in developing and exploiting FSAs. Internationalization serves as an alternative to the external market for development and exploiting new knowledge. According to Buckley and Casson (1976), any form of market imperfection such as goods or factor markets has the possibility of enhancing pressure on MNCs to internalization. For an MNC to make FDI, the gains from exploiting FSAs must overcome the extra costs of conducting business on the global level. Zaheer (2015) observed that the cost of conducting business globally was foreignness’ liability.

However, Hymer (2016), argues that other than the cost of running an organisation, foreign firms faced other barriers like information costs, which face both foreign organisations versus rivals of host nations; discrimination by their domicile government as well as overseas governments, foreign exchange risks, and unfamiliarity hazards (Eden & Miller, 2014).

In line with the current study, CBA exercised ownership through its intangible FSA as well as knowledge to decide whether to invest directly in foreign nations or continue with its operations at home with a view of providing its products and services to customers in different countries. Without FSA and information about the market, it would have been very difficult for CBA to maintain its competitive advantage due to huge establishment costs that might have negatively impacted the bank thereby lowering its profitability and financial stability to compete with the incumbent in the foreign market.

2.3 Internationalization of Operations and Competitiveness

In a study conducted by Jones (2009) where the researcher investigated the process of internationalization, it was found that the value of cross-border activity contributed to business growth. The focus was directed at high-technology organisations that were networked externally and became successful in the local markets. Additionally, it was found out that the services sector businesses that had internationalized acquired knowledge, skills, diverse resources, and technology that were utilized in promoting growth as well as business success. Bradley and O'Reagain (2011) investigated that most banks were considering internationalizing to achieve rapid growth. Measurement of growth happened through a performance where the key indicator was the export sale. The findings further demonstrated that internationalization positively impacted performance.

These findings are in line with the study by Burpitt and Rondinelli's (1998) who revealed that financial success was critical for initial exporting activity, which as a result motivated firms to internationalize in the subs later. Firms were in a consensus that sales turnover, growth, and profits were essential components towards achieving internationalization. This was an indication that internationalization aided organisations to boost financial success. Yip, Biscarri and Monti (1999) examined the relationship between competitiveness and internationalization on 68 mid-sized organisations in the United States and found out that businesses that adhered to a systematic internationalization process improved their performance. Internationalization comprised of strategic planning, motivation, market selection, market research, planning for prior entry problems, and mode of entry selection as well as resource commitment.

Chatterjee and Lim (2011) explored the relationship between internal and external factors of Singaporean commercial banks specifically focusing on how effective internationalization was on performance. The study outcomes demonstrated a positive association between competitiveness and internationalization. Furthermore, regionalization and internationalization were found to have a positive combined pathway towards commercial banks' success. Banks regionalized in that markets like Indonesia and Malaysia had similarities to that of Singapore in respect to cultural aspects, which as a result enhanced banks to penetrate such markets.

Moini (2011) studied the effect of internationalization considering the aspect of export profitability of organisations in Europe. The researcher emphasized that profit was an imperative factor for management to consider in their willingness to engage in export activities.

Additionally, Parnell (2002) found out that internationalization served in providing additional channels for firms to thrive, which prompted improved performance. He concluded that organisational competitiveness was initially assessed through the use of accounting data like growth in revenues, return on investments and market share. As a result, he recommended that qualitative measures should be used to provide insights into organisational processes and outcomes.

2.4 Empirical Conceptual Studies and Knowledge Gaps

Internationalization expands the scope of operations and offers wider access to products or services. Through internationalization, firms are able to penetrate new markets and exploit their full potential by enhancing the value of their products or services to suit diverse customer needs in different locations. Most MNCs perform their business roles within their home, region or internationally.

Studies depict that through internationalization firms enhance their business growth, sales, financial success, market share, profits and intra-region and extra-region sales (Bradley & O'Reagain, 2011; Burpitt & Rondinelli's, 1998; Yip, Biscarri & Monti, 1999; Kumar & Gaur, 2007). Although these studies agree that internationalization impacts positively on performance; most of them have been carried out in the international setting which is different from the local setting.

Chatterjee and Lim (2011) explored the connection between internal and external factors of commercial banks in Singapore laying specialized focus on the effectiveness of internationalization on performance. The results showed a positive association between internationalization and performance. Further, the findings unraveled that regionalization and internationalization were a positive combined pathway in achieving commercial banks' success.

Banks regionalized since markets such as Malaysia and Indonesia were similar to that of Singapore in terms of cultural aspects making it easier for the banks to penetrate such markets. Moini (2011) explored the impact of internationalization factoring in the aspect of export profitability of firms in Europe. He stressed that the level of profit was an important factor to consider by the management in their willingness to venture into export activities.

Moreover, Parnell (2002) revealed that internationalization provides additional channels for businesses to thrive which led to an improvement in performance. It was concluded that organisational competitiveness was previously assessed using accounting data such as growth in revenues, market share and return on investment; he thus recommended the use of qualitative measures to offer insights to organisational outcomes and processes.

Kumar & Gaur (2007) did an investigation on the internationalization and competitiveness of Indian firms, the study explored the regional trend on internationalization of Indian manufacturing and service firms. The moderating effect of business group affiliation on the link between international and competitiveness was tested. The results revealed that Indian outward FDI shifted from developing to developed countries over time. The findings further established the existence of a positive relationship between internationalization and competitiveness of Indian firms. The findings further established that service firms derived many benefits from internationalization as compared to manufacturing firms, and this contributed to an increase in profits.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology that was utilized to accomplish the research objective. A research methodology is an approach that is used to identify design, enable the researcher to collect and analyze data to address the research question. Other sections discussed in this chapter are research design, data collection and data analysis.

3.2 Research Design

The research design adopted in this study was a case study. The choice of this form of research design was because it would allow the researcher to do an in-depth investigation of the object under study. This is supported by Yin (2009), who asserts that a case study focuses more on a single organization or entity. This design would enable the researcher to get data on real issues concerning the parameters under investigation. The researcher applied this design to find out the influence of internationalization of operations and competitiveness of CBA in Kenya. With the help of this design, the researcher sought data evidence from interviewees with a deeper understanding of issues (internationalization of operations and competitiveness) being investigated.

Through a case study, the researcher got adequate information using various approaches such as interviews, visual observation, audio and recording of video. This was to help authenticate the research and provide additional validation to the assumptions and assertions made by the interviewees or the researcher. The researcher got first-hand information which was more unique and challenged theoretical assumptions about the study.

3.3 Data Collection

An interview guide was used for data collection. The decision to use an interview guide was because the population in question was small hence the researcher could get first-hand information that was reliable, relevant and accurate. Both primary and secondary sources of data were utilized. Primary data was obtained by interviewing four (4) Heads of Departments that included Finance, Operations, Business Development and Marketing. Secondary data was gotten from the organization's repository, annual reports and the organization's handbook.

Interview guide questions and their formulation was guided by the research objective which entailed determining the influence of internationalization of operations and competitiveness of CBA in Kenya. The interview guide covered three parts: Part A elicited general information regarding the organization and the interviewees, Part B elicited information regarding internationalization of operations and processes used by CBA and Part C information on internationalization of operations and competitiveness of CBA.

The choice of this category of interviewees was because they are largely involved in key decision making regarding technological innovation and performance. Interviews were conducted by first explaining to the interviewees the objective of the study to enable them to appreciate its importance. Further, within a duration of 30-90 minutes, the researcher would interview one of the interviewees by asking them questions. For every question, the interviewee would be allocated 5-10 minutes to provide their views before moving to the next question. A face-to-face interview was carried out with four departmental heads.

Necessary arrangements were made with the heads of departments to create sufficient time for the interview session. This was to assist interviewees in preparing for the questions by the interviewer.

3.4 Data Analysis

Data was analyzed with the help of content analysis. Content analysis is defined as a systematic description of the composition of objects or materials under the study. The study adopted this kind of analysis because the data collected was qualitative in nature. Using content analysis, the researcher used textual data and presented it in the form of an essay, responses from primary data were discussed to ensure they were in line with the research objective. Secondary data was examined to establish that it was recent, accurate and reliable.

Willig (2008) defines content analysis as a method that summarizes any form of content by counting several aspects of the content. Thus, an objective assessment would be realized as opposed to mere content from the impressions of the listener. Content analysis would give a close association of socio-and psycholinguistics in enabling the researcher to develop artificial intelligence. The researcher would then follow a series of steps when conducting content analysis: first, data was presented, unit of analysis was defined, categories were developed and coding schemes were prepared for content analysis. Further, pre-testing coding scheme on a sample was executed, this would follow text coding, and then examining the level of consistency of the coding applied, after which inferences were drawn based on themes and then presentation of results.

Validity was conducted by the researcher to detect whether there were traces of contrary evidence and divergent cases. The researcher paid much attention to key counterarguments and limited attention to debatable issues. The key issues were identified and elaborated, and weak areas were given more attention. However, the researcher opted to look at these matters shallowly to avoid demeaning supporting examples and evidence. The researcher carried out a continuous comparison of findings from all interviewees and then a conclusion was made based on the response consistency levels and similarity of thoughts.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The chapter provides a summary of findings which have been achieved using a case study design and content analysis. The sections that have been discussed in this chapter are as follows: background information, internationalization of operations by CBA and how it influences the bank's competitiveness.

4.2 General Information

The interviewees worked in Finance, Operations, Business Development and Marketing departments. These departments were regarded as suitable to provide reliable information on internationalization of operations and competitiveness. The interviewees held the following positions in the organisation; Finance Manager, Operations Manager, Business Development Manager and Marketing Manager. This group of interviewees was directly involved in key decisions concerning internationalization of operations and competitiveness and hence they had a deeper understanding of the influence of technological innovation on competitiveness of CBA.

Concerning the period that the interviewees had served in the organisation, the findings revealed that all the interviewees had served for a duration exceeding 5 years at CBA. This implies that they had a relevant experience in decision making and formulating strategies on internationalization of operations and competitiveness.

Regarding the current position of the interviewees, the study established that a majority of the interviewees had served in the existing positions for duration of more than 3 years. This implies that they had attained vast experience on internationalization of operations and competitiveness.

4.3 Internationalization of Operations by CBA

The interviewees reported that the bank had been in operation for 52 years in Kenya. It was initially established in Tanzania, and later branches were set up in Kenya and Uganda. The bank's internationalization took place in 1967 when the Tanzania government nationalized commercial banks. This was a part of Tanzania's government nationalization of large industries in pursuit of executing Arusha Declarations. To this end, nationalization drove the bank's move to its headquarters in Nairobi.

The interviewees indicated that the bank internationalized its operations in pursuit of extending its regional footprint sustainably and are now operational in five countries. The bank internationalized its ERP and core banking operations, it has a secure internet banking solution system such as internal transfers, local transfers, and international transfers, banker's cheques, tax payments, and mobile transfers all designed to impact on online payments. As a global financial service provider, the bank provides its customers with a vast product range and services that are both inspired by worldwide innovation and tailored to local needs.

The interviewees reported that the bank's strategy was to realize sustainable and significant earnings from business segments, geographical areas, diverse revenue sources, and customer types. The quest to further strengthen CBA started in 2012 after the implementation of a new group structure that was designed to enhance CBA's strategy and its future business. To successfully mirror its strategic expansion focus, the bank has increased its employees from 622 in 2011 to 728 by the end of 2012. The bank has also established shared services center that cost-effectively and efficiently underpins its expansive territories earmarked for a future entry.

The interviewees reported that the bank was actively doing business in five countries within the East African region. Recently, CBA and NIC merged to create a bank with expertise, financial strengths, and regional reach to support Kenya's and region's economic growth aspirations. The amalgamated bank is projected to be the largest financial institution within the East African region with a shareholder's equity of 65 Billion shillings and a total asset base of 444 Billion shillings. The bank operates across five regional economic sectors in Kampala, Nairobi, Kigali, Dar es salaam and Abidjan, with a network of over 100 branches and servicing over 40 million customers.

The interviewees reported that the following departments; finance, strategy, IT, and operations, were solely responsible for internationalization process. The findings further established that the bank established a Shared Services Centre that is projected to be cost-effective and efficiently underpinned its expansion territories earmarked for future entry. The success of M-Shwari, a partnership with Safaricom, Kenya's top mobile operator, led to the launch of M-Shwari equivalent in Tanzania's market. The M-Shwari equivalent in Tanzania market is marketed and branded as M-Pawa in co-existence with Vodacom, a leading mobile operator in Tanzania.

The interviewees further reported that in 2016, a similar product known as MoKash, was launched in Uganda in collaboration with MTN. These mobile savings and loan platforms helped the bank to offer new product launches, expansion programs, increased clientele base in three countries, and regional market expansion. As reported by interviewees, the bank's top management was highly committed in exploring new markets and aligning the bank's strategy to its regional expansion plans.

Thus, in 2017 the bank raised funds through a rights issue from its stakeholders. It raised to a tune of Kshs. 2.1 billion and borrowed additional Kshs. 7 billion shillings through corporate bond to facilitate internationalization process. Also, the bank was found to make huge investments in research and development and innovation especially in mobile banking services. Some of the mobile banking services that the bank has invested locally and, in the region, include M-Shwari, M-Pawa and MoKash in Kenya, Tanzania and Uganda respectively.

The interviewees reported that the desire for a broader footprint within the African region necessitated CBA decision for internationalization. Other factors that contributed to CBA's internationalization decision include political stability in the East African region, the need to diversify revenue streams, and to expand IT and mobile telecommunication in the East Africa region.

4.4 Internationalization of Operations and Competitiveness

The interviewees indicated that the primary bank competitors included Stanbic bank, Equity bank and Standard Chartered bank; these banks had similar products and services to CBA and thus shared the same target market making the three banks a major threat to CBA. With regard to how internationalization improved diversification, the findings established that CBA's invested in mobile-centric banking services provided by the bank through mobile telecommunication provider's platform in Tanzania, Kenya and Uganda.

The narrow footprint in the African continent in comparison with the competitors provided a stepping stone to internationalize. The strategy was to expand locally as expansion in the Kenyan Market was necessitated by the increased Kenya economic performance, IT penetration and mobile telecommunication growth necessitated by increase in subscriber numbers. The bank was a Tier 2 bank that was competing with banks that had large market share and large customer base and thus CBA couldn't expand without realigning its strategies with the Kenyan digital banking solutions that had transformed the banking industry. This meant collaborations with Safaricom who had introduced M-Pesa; a mobile money platform to increase the bank's foothold in the market through M-Shwari.

The wide footprint in the African continent in comparison with the competitors was influenced by the success of M-Shwari. This increased the bank's market share and revenues in the Kenyan Market helped propel internationalization in line with the bank's strategy. This was through M-Pawa in Tanzania and MoKash in Uganda. This has enabled them compete with other banks to provide digital banking services that are fast and accessible at any time.

The bank internationalization has improved diversification through venturing into untapped markets thus bringing more revenues. Employing citizens and the new customers where the bank has a presence thus creating different approaches of research and development and improved the bank's image. The bank has increased its customer base resulting to increased revenues, market share and profitability.

The interviewees observed that internationalization has contributed to increased market share especially in the digital banking space and revenue increment through mobile money use in the region. The bank is aspiring to expand to the next 5 targeted African markets. These targeted markets include DRC, Ethiopia and Mozambique. The bank focus is on digital banking which is the new space banking is moving.

These services allowed customers to save using their phone and gain access to loans that were payable within one month. In 2015, the bank launched the M-Shwari equivalent in the Tanzanian market, branded and marketed as ‘M-Pawa’ in conjunction with the leading mobile phone operator, Vodacom. Towards the end of December, 2016 M-Pawa recorded 5.5 million customers making CBA the biggest bank in terms of customers.

4.5 Discussion of Findings

Under this section, the research gives a detailed discussion on findings with regard to internationalization of operations by CBA with a focus on the process of internationalization. The findings are well aligned to empirical studies to show views from scholars that either collaborate or contradict with the research findings. Besides, the association between internationalization of operations and its influence on competitiveness has also been debated in line with empirical studies.

4.5.1 Internationalization of Operations by CBA

For the last 52 years, the bank has been in operation. The findings indicated that the bank is the largest East African privatized bank, initially started in Tanzania, then in Kenya, some branches were established and later in Uganda. The bank internationalization started in 1967. Internationalization aimed to expand the bank’s branch networks projected to avail bank services to areas within clientele base reach.

Interviewees were in consensus that the bank internationalization idea was catapulted to extend its sustainable regional footprint, and it operates within five countries currently. The bank internationalized its operations in core banking and ERP. The bank’s strategic components aimed to achieve business segments significant and sustainable earnings, diverse revenue sources, broader clientele base, and more extensive geographical areas.

In 2012, after the enactment of a new group structure designed to promote the bank’s future business and strategy. The bank commenced its mission to strengthen and examine the bank’s strategic expansion and focus. Bank employees increased to 728 by the end of 2012 from 622 in 2011. To this end, the bank discovered an efficient and cost-effective shared service underpinning future earmarked expansive territories entry.

Interviewees were in agreement that the bank’s process of internationalization was part of strategy, finance, operations unit, and IT functions. The bank established efficient and cost-effective shared services center that reinforced entry of future expansive territories. The success of Kenya's M-Shwari, contributed to the launch of M-Pawa in Tanzania.

M-Pawa collaborated with Vodacom, a top-ranked mobile operator in Tanzania. Further, the interviewees reported that MoKash was launched in Uganda collaboratively with MTN. The bank launched new products and secured a more extensive clientele base, while providing expansion programs within three countries and offered regional market expansion using loan and saving platforms.

Top management of the bank was committed to explore and tap upcoming markets to align them with its regional expansion strategy. In line with this is Moini (2011), who insists on the need for management support and commitment to succeed in internationalizing operations. Through a rights issue, the bank sourced 2.1 billion from its shareholders in 2017 and also borrowed through a corporate bond 7 billion shillings to support its internationalization. The use of mobile platform services such as M-Pawa in Tanzania, M-Shwari in Kenya, and MoKash in Uganda proved to be successful. The bank mission for a broader footprint in the African region contributed to its internationalization decision.

Diversification of revenue streams necessity, political stability in the East African area, and the necessity to invest and expand mobile telecommunications and IT in the region contributed to the bank's success in internationalization. This view agrees with the observations of Parnell (2002), who opined that information technology and innovation played a significant role in the success of innovation.

4.5.2 Internationalization of Operations and Competitiveness

The interviewees agreed that the primary competitors of CBA were Stanbic bank, Standard chartered, Equity Bank. As reported by the interviewees the competitor banks dealt in the similar products and services and hence competed for the same customers and target markets. The bank had a narrow footprint in the African continent in comparison to its competitors and the bank's strategy was expanding locally since local expansions were driven by an increase in Kenya's economic performance, penetration in IT and mobile telecommunication which necessitated increase in subscriber numbers.

Being in the second tier, the bank competed with banks with huge market share and broad customer base than itself hence it is very difficult for the bank to growth and expand without integrating its strategies with the Kenyan digital banking solutions that change the banking sector. This explains why the bank collaborated with Safaricom to introduce M-Shwari to allow low income earners to easily access bank loans. Burpitt and Rondinelli's (1998), insists on the significance of the firm to align its strategy to corporate goals.

Interviewees noted that the bank had wide footprint in the African continent in comparison with the competitors. The success of M-Shwari in increasing the market share and revenues of CBA in the Kenyan market has fueled internationalization through the bank's strategy. This was achieved through M-Pawa in Tanzania and MoKash in Uganda, as such, this enabled the bank to compete with other banks in providing digital banking services that are accessible and convenient.

As indicated by interviewees, the bank was able to diversify its services and products through penetrating into unexploited markets thus increasing bank revenues. The bank created a positive image because of its numerous efforts to participate in corporate social responsibility, it is reputable, this has made the bank outstanding and thus created a unique approach to research and development. The findings conform to the observations of Yip et al. (1999), who acknowledges corporate image and reputation as key pillars of internationalization. Further, the interviewees concurred that internationalization of operations contributed to at least 5% of the bank's profitability.

As highlighted by the interviewees, some of the greatest achievement that the bank has made through internationalization of its operations include increasing its market share especially in the digital banking space and increased revenues through use of mobile money across the region. In support of these findings is Chatterjee and Lim (2011) who asserts that internationalization results to an increase in market share and profitability. The bank's aspiration is to internationalize its markets to grow and expand to the next targeted African markets for example Mozambique, DRC and Ethiopia with clear focus on digital banking which is the next frontier for commercial banks.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter summarizes key findings which have been done in line with the research objective which is influencing internationalization of operations and competitiveness of CBA in Kenya. Additionally, the chapter covers a summary of findings, conclusion, recommendations, limitations and areas for future research.

5.2 Summary

The interviewees unanimously consented that CBA had been in operation for 52 years. The findings depicted that CBA was the largest privatized bank in East Africa, it commenced its operations in Tanzania and some branches were established in Kenya and later in Uganda. Internationalization of the bank took place in 1967. This move was aimed at branch network expansion to avail bank services to areas that were within customers' reach. The interviewees agreed that CBA was operating within five countries and the idea to internationalize its operations focused on the sustainable extension of its regional footprint. Notably, CBA's core banking operations and ERP have been subject to internationalization.

The interviewees' report indicates that sustainable earnings from business segments, diverse customer types, and revenues and geographical areas were essential components of the bank's strategy. These views coincide with the observations of Bradley and O'Reagain (2011), who indicated that to succeed in internationalization, there was need for the bank to devise a strategy that matched the bank's expansion goals and objectives.

In 2012 CBA implemented a new group structure that was designed to enhance its strategy and future businesses. Further, the bank, established an efficient and cost-effective Shared Service Centre underpinning its projected future entry that earmarked expansive territories. The success mobile-centric banking services, M-Shwari that partners with Safaricom has contributed immensely to the establishment of M-Pawa in the Tanzania's market. The M-Pawa is in coexistence with Tanzania's leading mobile operator identified as Vodacom.

Further, the interviewees reported that MoKash, in collaboration with MTN, a similar product was launched in Uganda in 2016. This further asserts the findings of Burpitt and Rondinelli’s (1998), who argued that, market expansion is more effective if it is integrated with the prevailing technology. The aforementioned mobile savings and loan platforms have largely contributed in building the bank’s client database including expansion programs, availing new products to the market and promotion of region market expansion.

The management of CBA was committed to tap and explore new markets to align with its expansion strategy. CBA sourced shareholders' funds in 2017 through a rights issue and raised 2.1 billion shillings and borrowed from corporate bond 7 billion shillings to supports the bank’s internationalization. The use of M-Shwari, M-Pawa, and MoKash, CBA mobile platform services was a success in Kenya, Tanzania, and Uganda, respectively. The bank’s desire for a broader footprint in the African region necessitated its internationalization decision. The East Africa region’s political stability, need for diverse revenues streams, expansion and investment in mobile telecommunication and information technology within the East African region, are among the key factors that resulted to the bank’s internationalization.

The bank's primary competitors were Standard Chartered, Stanbic bank, KCB bank and Equity bank. These banks provided similar products and financial services as such targeted similar target markets and customers. The bank's footprint in Africa was narrow as compared to its rivals and the strategy of the bank. The bank's expansion was solely dependent on Kenya's economic performance including investment in information technology and proliferation of mobile money that resulted to an increase in mobile subscribers. This is in line with the findings of Parnell (2002), who found out that bank performance is anchored on the performance of the economy.

Being in the category of second tier, interviewees reported that the bank was able to compete with banks in the first-tier category, due to its unique services and products and customer numbers. However, this growth and expansion could not have been possible without strategy particularly aligning itself with digital banking solutions that have recently transformed the banking sector. This, therefore, explains the reason for the bank's commitment to regional expansion.

For instance, in 2017, the bank introduced mobile lending and saving solution in Rwanda through partnership with MTN, under the brand name 'MoKash'. The joint impact of M-Pawa in Tanzania and MoKash in Uganda did command a customer base above 32 million towards the end of 2018. This is in line with the findings of Yip, Biscarri and Monti (1999) who argued that, internationalization of operations, coupled with digitization was the fastest route to competitiveness.

Following the internationalization process, the bank possessed a wide footprint in Africa compared to its competitors. Through M-Shwari, the bank has succeeded in increasing its market share and revenues in the local market, this has largely been driven by the bank's strategy of internationalization since these innovations have also been introduced in the regional markets for example M-Pawa in Tanzania and MoKash in Uganda, that have enabled customers to access a wide range of world-class financial services. Thus, the bank has been able to compete relatively with its rivals in provision of digital banking services that are convenient and accessible. This is in line with the findings of Moini (2011) who argued that, internationalization led to technology export which strengthened the firm's competitive position in the global arena.

The bank has also diversified its services and products by penetrating unexploited markets hence increasing its revenues. It has built a strong reputation by being an active player and partner in corporate social responsibility. Certainly, this has made contributed greatly to the bank's positioning in the market. Internationalization of operations by the bank has contributed to an increase in the bank's profitability by a minimum of 5%. Also, the bank's customer base has significantly grown from 16.5 million customers in 2015 to about 24.5 million customers in 2016 in all the three East African economies namely, Kenya, Uganda and Tanzania.

The bank's greatest achievement by internationalizing its operations include increase in market share, revenues, a wide range of products and services to choose for different market segments and different needs as well as utilization of mobile money. This affirms the earlier findings of Chatterjee and Lim (2011) who found that, successful internationalization resulted in increased market share and diversified product portfolio for different segments of the international market.

The key aspiration of the bank is mainly to internationalize its operations in order to expand and grow its markets to other African countries for example Ethiopia, DRC and Mozambique with an objective of huge investments in digital banking which is the future of the new banking system and model.

5.3 Conclusion

The study found that the bank commenced its operations over five decades ago. The bank first launched in Tanzania, followed by Kenya and later in Uganda. The bank's desire for a broader footprint in Africa region led to the internationalization of CBA in 1967. Since then, the bank is operating in 5 countries. In 2012, the bank established Shared Service Centre to underpin future entry projections for expansive territories. The bank’s success is rooted from its mobile-centric banking services such as M-Shwari, M-Pawa, MoKash in Kenya, Tanzania, and Uganda, respectively, which has contributed to its growth in the regional market. The study findings also indicate that the bank’s top management is committed to tap and explore new markets in the region and beyond to promote its expansion strategy.

The study established internationalization contributed to the bank’s competitiveness in the following ways. The bank ventured into untapped areas in Kenya, such as information and technology and mobile money proliferation that led to increased mobile money users, thus increasing the bank's clientele base. The bank’s ability to offer unique services and products and a broader base of clients enabled the bank to secure a competitive market edge.

The bank also strategically focused on digital banking solutions such as M-Shwari, M-Pawa, and MoKash, which are convenient and accessible, enabling the bank to relatively compete with its rivals in the digital banking services provider.

The bank has also ventured unexploited markets leading to profit maximization hence ensuring sustainable growth. The study also depicts that the bank has a robust and a reputable brand and partner and an active player in corporate social responsibility; this has significantly contributed to the bank positioning in the market.

5.4 Recommendations

There is need for CBK to devise policies that create a favourable environment for commercials to internationalize their operations. As such, commercial banks will be able to exploit new markets, increase their customer base and market share resulting to improved competitiveness and overall bank performance.

Commercial banks should allocate huge funds in training their employees so as to equip them with skills and knowledge on internationalization. This will boost their efficiency in execution of their duties, innovation and decision making. Thus, banks will save huge costs when internationalizing their operations hence boost competitiveness.

There is need for commercial banks to sponsor their employees for benchmarking trips and trade fairs in order to have learn and have practice experience of internationalization of operations from global banks that have succeeded in internationalization. Thus, they will get an opportunity to learn some of the best practices adopted by commercial banks.

5.5 Limitations of the Study

Some of the interviewees were hesitant to give information for fear that the information would be divulged to a third party. This denied the study from access to more detailed and accurate information which might have impacted negatively on the research findings.

Since CBA is not a Publicly Listed Company, it was hard for the researcher to access secondary sources of data. It took a while to get a contact person at the bank to share this information, this delayed data analysis thus the researcher was forced to work throughout the night to beat the project deadline.

A few of the interviewees were unavailable for the interview sessions and cited busy work schedules as the main reason for their absence. The bank was conducting annual departmental audit making it difficult for the researcher to book appointments with some of the interviewees.

The study has utilized open-ended questions only. Hence, a blend of closed and open-ended questions could have enabled the researcher to collect more detailed and reliable information. This could have improved the quality of the research findings and allow the researcher to draw a more logical conclusion.

This research restricted itself to a case study type of research design. However, with a descriptive form of research design, it could have been much easier for the researcher to detect the existing relationship between internationalization of operations and competitiveness of CBA. This might have been appropriate in establishing key factors that drive internationalization of operations, and how the factors influence competitiveness of the bank.

5.5 Suggestions for Further Study

It would be interesting for future researchers to ponder doing a replica of this study in another sector like insurance industry that is similar in size and areas of intervention. This will enable the researchers to compared findings after which a more plausible conclusion can be drawn.

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APPENDICES

Appendix I: Introduction Letter

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TO WHOM IT MAY CONCERN

The bearer of this letter Benson Wahinya Muthenge of Registration Number D61/87746/2016 is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report
We would, therefore, appreciate if you assist him/her by allowing him/her to collect data within your organization for the research.

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

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
18 OCT 2019

PROF. JAMES NJIHIA
DEAN, SCHOOL OF BUSINESS

Appendix II: Interview Guide

Goal of the interview Process

The main objective of this study is to determine the influence of internationalization of operations and competitiveness of Commercial Bank of Africa in Kenya.

Section A: Background Information

1. Name of your department

2. What managerial position do you hold?

3. How long have you been working for CBA?

4. How long have you been working in your present capacity?

Section B: Internationalization

i) What is the period of operation in Kenya?

ii) When did the bank internationalize?

iii) To what extent has CBA internationalized its operations?

iv) Does your bank have a strategy to guide its expansion plans?

v) In how many countries is CBA doing business?

vi) Kindly explain to me the unit or function of your bank that is directly involved with the internationalization process?

vii) Please explain your management's commitment to international processes?

viii) What are some of the considerations that necessitated your decision to internationalize?

Section C: Internationalization of Operations and Competitiveness

i) Who are your primary competitors?

ii) How did you stand vis-à-vis your competitors prior to your internationalization?

iii) How did you stand vis-à-vis your competitors after to your internationalization?

iv) Please tell me how internationalization has improved diversification?

v) How has internationalization of operations of the bank added to profitability?

vi) What achievements has internationalization brought CBA?

vii) What aspirations does the bank have to competitively internationalize?