INNOVATION STRATEGIES ADOPTED BY EQUITY BANK LIMITED TO GAIN COMPETITIVE ADVANTAGE IN KENYA

BY

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DECLARATION

This research project is my original work and it has not been presented to any other institution of higher learning for examination.

…………..……………….. 19TH NOVEMBER 2021

Sign Date

Esther Wambui Mbugua

D61/79124/ 2015

This research project has been accomplished with my approval as the University Supervisor.

……………………………….. 19/11/2021

Sign Date

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DEDICATION

I dedicate this research project to my family, friends and colleagues for their encouragement and immense support during the study.

ACKNOWLEDGEMENT

I am grateful to the Almighty God for granting me the strength, perseverance and good health to complete this study. My deep felt gratitude goes to my supervisor Prof. Martin Ogutu for his guidance and unconditional support throughout the exercise. His encouragement, patience and prompt feedback contributed to the success of this project.

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LIST OF ABBREVIATIONS

RBV	Resource Based View
ATMs	Automated Teller Machines
KCB	Kenya Commercial Bank
KBA	Kenya Bankers Association
CBK	Central Bank of Kenya
R&D	Research and Development

ABSTRACT

The purpose of this study was to evaluate innovation strategies adopted by Equity Bank to gain competitive advantage in Kenya. This study considered Equity Bank because of its continued growth in the financial sector due to rigorous strategies that have been adopted thus providing a basis to examine innovation strategies largely adopted by banks to gain competitiveness. Innovation strategies enhances delivery of product package while also providing an opportunity for clients to choose from which entities satisfy their needs. Thus, to improve competitive advantage, financial entities must adopt different innovation strategies including design thinking, customer empathy, leading the market and establishing the next strategy curve idea. On the other hand, competitive advantage addresses firms competitiveness, its goals and the requisite policies needed to execute the objectives. An organization may attain competitive advantage by tailoring unique and superior products to competitors. This can be achieved through innovation strategies. Additionally, this study was anchored on three main theories namely, resource based view, porters theory and diffusion of innovation theory. Porter identified that an organization should develop sound objectives, strategy and operations that would lead to sustained competitiveness. According to Porter a company would achieve competitive advantage on the premise of three main strategies including cost leadership, product differentiation and focus strategy. Similarly, resource based view emphasizes that organizations should have strategic resources which would be significant to achievement of competitive advantage. It examines the main sources and drivers to organizations competitiveness and excellent performance that are directly linked with resources and capabilities that are variable and cannot be imitated easily. While, diffusion of innovation theory explains that the success of diffusion of innovation thus depends on the type of innovation strategies adopted by the firm, the manner in which they are communicated to stakeholders, execution rate and company culture or system. Concerning research methodology, the study adopted case study research design and the scholar targeted six top management as participants. Data was collected using interview guide and analyzed using content analysis. The study established that technology innovation is positively correlated to competitive advantage. Results revealed that Equity Bank thrives on technology that facilitate new innovations such as introduction of ATMs, Mobile banking, Internet banking, application of ICT within work structures and SME financing amongst others. Additionally, research revealed that product and market innovations are positively correlated to competitive advantage. It was clear that Equity Bank leverages new product and market innovations to service customers in a bid to outdo competitors as depicted in the findings. Researcher therefore recommends Equity bank to increase investment on research and development to improve innovations by taking advantage of efficient technology to facilitate production of quality products and services. Market innovations should be designed to enhance customer base and sales.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Today's business environment is constantly changing as a result of innovations requiring organization managers to devise the best strategies to help beat competition. Therefore, for an organization to sustain competitiveness in the business environment it must respond strategically to market competition. This will involve formulating and implementing superior and sustainable strategies to competitors applying available organization resources. Strategy as used means the direction that a firm is trying to follow in long term and how it will get there competitively taking into account values and expectations of stakeholders. Johnson, Scholes and Whittington (2008) defined strategy as the direction and scope of an organization over the long term towards achieving advantage in a robust business environment through the configuration of resources and competencies with the objective of meeting stakeholder expectations.

This study was be anchored on three main theories namely; resource based view, Porters theory and diffusion of innovation theory. Resource based theory explains how best an organization can achieve competitive advantage using its unique resources (Barney, 1991). This theory maintains that a company would apply strategy which best exploit its resources and capabilities relative to external opportunities. Resource based view provides a systematic for assessing relative importance of the broad resources available to firms competing in global markets (Fahy, 2002).

Similarly, the diffusion and innovation theory advanced by Rogers (1962) also form part of the study. According to Ernest and Young (2014), diffusion involves the means used while implementing the innovation strategies in a company. Organizations with considerable systems and culture tend to experience fast adoption of innovation strategies compared to the ones with weal systems. Also, career development may provide employees with an opportunity to learn and share new ideas which may lead to implementation of innovation strategies in the company. However the theory agreed that most of the innovation strategies do fail at initial stage particular when the listed factors are not strictly taken into consideration (Felicio and Rodrigues, 2015).

Furthermore, Michael Porter (1985) theory of competitive advantage also forms part of the study. This theory assists organizations to secure sustained competitive advantage over competitors. According to Porter, a company may presently lead the market however this might change in the future through executing strategies in order to maintain performance. This implies that an organization should establish clear goals, strategies and operations in order to achieve and maintain competitiveness in the industry. Porters' theory suggests that stakeholder and organization goals should be harmonized to provide opportunities that create excellence. The organization should mobilize resources required for adoption of innovative strategies to achieve competitive advantage.

Therefore, According to Aosa (1992), organizations should employ workable strategies including product innovation in order to succeed in the volatile business environment. Like many other firms Equity Bank should adopt innovative strategies to compete effectively with well-established institutions like KCB and multinational banks such as Absa and Standard Chartered. By offering quality products using efficient technology to tailor its products in markets, the bank will improve the market share and ultimately profits. Product innovation enable customers a variety of products to choose from in order to satisfy their needs and wants. Besides, product innovation strategy is ideal in that it provide customers with various preferences to buy based on their ability. The study, thus sought to establish innovation strategies employed by the Equity bank to achieve competitiveness in Kenya.

1.1.1 Concept of Strategy

Chandler (1962) defines strategy as the determination of long term goals of an organization with adoption of plans and resources relevant for the execution of the stated objectives. The key critical success factors to a company include resources, capabilities and competencies which improve efficiency required by and organization to attain competitive advantage. Michael Porter (1986) defined competitive advantage as a broad formula that addresses firms competitiveness, its goals and the requisite policies needed to execute the objectives. An organization may attain competitive advantage by tailoring unique and superior products to competitors. This can be achieved through innovation strategies.

An organization that is concerned about competing effectively in fast changing business environments are largely defined by the type of technology they employ to deliver products and services through innovation. Failure to invent new things will compromise organizational activities and it may be overtaken as well by competing firms. This therefore means that innovation is a significant factor in formulating and sustaining competitiveness in the market. Companies should not just be concerned about doing things better, but they should also do new and better things unique to rival entities (Slater and Narver, 1995). This point explains why modern organizations invest massively on innovation because this will promise them survival in the long run (Brown, 1997). A study conducted by Kiragu (2016) revealed that innovation strategies can either be new products, new production techniques and new ways of reaching clients or alternative channels adopted by banks to deliver products to markets. Therefore, technology, product and market innovations are core strategies applied to achieve competitiveness in markets.

An organization would develop competitive advantage by focusing on the unmet customer needs and targeting that market to tailor bank products at affordable cost compared to competitive products. According to Cui et al. (2015), organizations that leverage the latest innovation strategies have better chances of thriving in the business and become market leaders as others struggle to catch up. Innovation strategies enhance product package delivery and also provide an opportunity for bank clients to choose from which bank best provide products which meet their standard. Financial products and services are almost similar thus the need for institutions to adopt effective marketing strategies involving rigorous innovation to penetrate the growing customer needs. Thus, to improve competitive advantage, financial entities must adopt different innovation strategies including design thinking, customer empathy, leading the market and establishing the next strategy curve idea (Hinterhuber and Liozu, 2018).

1.1.2 Competitive Advantage

Competitive strategy was coined by Porter (1985) who stated that competitive strategy is the ability of a company to apply different attributes aimed at outperforming competitors. Scott (2017) conducted a study on adoption of competitive strategies among multinational companies in Europe. Research that was based on survey technique established that organizations use competitive strategy to stamp their authority and secure their place in the market. Organizations may therefore achieve competitiveness through product quality, reasonable pricing, customer attraction and retention etc.

Rijamampianina, Abratt and Yumiko (2003) carried out research on the framework for concentric diversification through sustained competitiveness. The research was based on descriptive statistics from randomly selected firms revealed that innovation and focus strategies are crucial to the achievement of competitive advantage. Innovation enables firms to introduce new and superior products perceived to satisfy customer needs and wants. On the other hand, focus strategy is achieved through market segmentation and matching price with quality. This strategy is considered ideal because it minimizes advertisement costs since the market is known. Research recommended organizations to prioritize product focus in order to attract customers.

Research conducted by Alexander (2013) reiterated that competitive advantage depends on organizations ability to produce goods more efficiently than market competitors. The concept of competitive advantage advocates for the need to produce products at low cost to create price efficiency. For instance in relation to the financial market, customers will embrace banks that offer cheap products which enhance their benefits than a bank which tailors expensive products offering low benefits. This would be advantageous to the bank because it brings a stream of customers compared to competitors hence improving organizational performance. An organization can achieve competitive advantage by creating higher value than its industry players. This assertion supports Thompson, Gamble and Strickland (2006) who emphasize on the need for core competencies and capabilities in implementing strategy. These elements are crucial for attaining competitiveness in situations where it is relatively easy for rivals to copy the strategy.

1.1.3 Banking Industry in Kenya

As at 31st December, 2020 the banking sector comprised of 41 licensed operational banking institutions by Central Bank of Kenya as the regulatory body (Banking Survey, 2020). These entail both local and internationally owned institutions. All banks operate under Kenya Bankers Association (KBA) which handles all the plights of members.

Nevertheless, the banking industry has undergone remarkable changes such as the development of agency banking which has transformed local operations. The bank boosts of massive number of Automated Teller Machines (ATMs) located strategically to facilitate easy and quick access to money by clients. Similarly, Equity Bank formed strategic alliances with telecommunication firms to tailor financial services via Mpesa and Mshwari both championed by KCB and CBA and Airtel money with Airtel communication. These efforts all aim at bringing services closer to clients (CBK, 2020).

Kenyan commercial banks have witnessed tremendous progress over years with rapid expansion to serve new markets. Heightened competition in the industry also contributed to the growth of economy with funds being made available to clients for investments and related business prospects. Despite these successes, there still exist numerous challenges facing the sector including fraud and theft, high borrowing cost, competition from mobile money transfers, ATM card skimming and introduction of new regulations (CBK, 2011).

1.1.4 Equity Bank (K) Limited

Equity Bank was established to provide financial services to clients in the financial sector. The institution has many branches countrywide and beyond with headquarter situated in Nairobi. The bank is licensed by the central bank of Kenya to offer financial services in the industry. Over time, it has introduced agency banking model in its business that has steadily brought services closer to customers.

Equity Bank was incorporated in 2014 following restructuring of the parent company, Equity Group Holdings Ltd which formerly operated as a licensed bank and holding company for its subsidiaries. Such subsidiaries are found in Kenya, Uganda, South Sudan, Tanzania, DRC and Rwanda. The banks shares are listed in Nairobi securities exchange for trading and raising funds for investments. The overall objective of the bank is to be the champion of socio-economic prosperity of clients. Importantly, Equity Bank aims at empowering customers through financial inclusion anchored on access, convenience and flexibility. The bank has since evolved and it’s tailoring numerous goods required by clients (Equity Bank, 2020).

Equity Bank (K) Limited also founded Equity Bank Foundation in 2010 to transform philanthropy and corporate social responsibility initiatives in the region. The bank supports the foundation by offering infrastructure of delivery hence raising return on social investment. Equity Bank is anchored on six thematic areas namely education and leadership, health, agriculture, development, financial literacy and access, entrepreneurship and innovations and environment (Equity Bank, 2014). It is important to note that the success of the bank has been attributed to professionalism, experience and diversity in its top management which pools immense experience and the fact that it advances loans and credit facilities to borrowers without discrimination.

1.2 Research Problem

When determining innovation strategies, an organization should understand the business environment in which it operates. This is important because it enable companies to position themselves and utilize the available resources and core competencies (Aosa, 1992). Porter (1985) reiterated organizations can achieve sustained competitiveness when they execute value creating strategy that is totally superior to the competitors. This would lead to sustained competitiveness resulting from strategic assets that according to Barney (1991) are internally controlled and allow an organization to develop and execute strategies which enhances efficiency and effectiveness.

The banking sector in Kenya is experiencing rigorous competition with institutions each trying to outdo one another on the basis of goods that they produce, employee skill and innovation. The dramatic changes in the business environment require that firms should consistently be informed about new developments in order to formulate competitive strategies which will enable them compete effectively in the market. Therefore, to cope with stiff competition banks must employing different strategies to maintain competitiveness. Equity Bank Ltd for example developed marketing program that targeted low income earners of the Kenyan population while also bringing services closer to the people. Market segmentation greatly increased the banks market share (Chege, 2008). A study conducted by Epitimehim (2011) on effect of market innovation towards realizing sustained competitiveness in insurance industry in Nigeria established that the strategy is important to the prosperity of an organization. Research revealed that marketing innovation and creativity improved activities in insurance industry leading to competitive advantage.

Following the background of this study, it is clear that organization's which introduce new ways of transacting business may be sure about surviving market turbulences. Key amongst the forces of change which influenced Equity Bank includes stiff competition, regulation and advanced technology. According to Thompson et al. (1997), there have been attempts to link innovation and firm strategy with little success. Scholars argue that this is attributed to lack of theoretical framework to identify existence of causal relationships. This therefore leaves a gap on effectiveness of innovation strategies that this study seeks to bridge.

Locally, Kanyugo (2014) studied strategies employed by hire purchase firms to achieve sustained competitiveness in particular Amedo Centre Kenya Ltd established that various strategies have been adopted including realigning company structure to market conditions through restructuring, diversification process and collaborations with global suppliers to save the cost of R&D. this study, however relevant, did not examine the prevailing variables leaving a gap that this study sought to fill. Additionally, Ngigi (2006) carried out a study of sustainable competitive advantage under conditions of change at East African package industries.

Other studies that have been carried out in this thematic area include; a research by Ndungu (2006) on sustaining competitive advantage at British Airways World Cargo 14 Kenya. Chege (2008) conducted research on competitive strategies employed by Equity Bank Limited. Gitonga (2008) examined response strategies of Equity Bank Limited to competition in the financial market. Kibe (2008) performed research on strategy execution at Equity Bank Ltd. Most of these studies examined other important aspects of strategy with little effort being placed on innovation strategies. Precisely none of these studies have focused on key innovation strategies adopted by Equity Bank to gain sustained competitiveness leading to this study.

1.3 Research Objective

The main aim of this study was to determine key innovation strategies adopted by Equity Bank Ltd to gain competitive advantage in Kenya.

1.3.1 Specific Objectives

The study was guided by the following objectives namely;

i. To establish the impact of product innovation on a firm's competitive advantage.
ii. To explore the effect of technology innovation on a firm's competitive advantage.
iii. To assess the influence of market innovation on a firm's competitive advantage.

1.4 Research Questions

i. What are the effects of product innovation on a company's competitive advantage?
ii. Does technology innovation influence a company's competitive advantage?
iii. To what extent does market innovation affect a company's competitive advantage?

1.5 Value of the Study

First and foremost, study finding could be considered by management of the banking sector in Kenya to formulate effective innovation strategies that create competitive advantage. Results would assist managers to formulate effective strategies that would spur growth in the sector. For example, innovation strategies enable an organization to introduce new things and with efficient technology quality products are likely to be produced to meet customer's expectations. This is because innovation strategies greatly defines the activities of financial sector players leading to competitive advantage.

To policy makers, study findings were useful in developing policies in the banking sector and this also filled the knowledge gap in innovation strategies leading to competitive advantage. There's need to introduce new policies to in the banking industry to transform the manner they conduct transactions more so to improve efficiency of service delivery. These would facelift the banking sector in Kenya making it more competitive like other banking industries in developed nations. This shall further inform the Central Bank of Kenya to establish benchmarks and enforce policies which protects participants' interests.

Scholars drawn discussion on innovation strategies employed by the institution to gain competitiveness in the industry. Innovation strategies are likely to inform banks the product package worth designing to cater for the increasingly changing customer's needs. This means that innovation keeps companies up to date with market changes and developments. Similarly, this study is a development of previous researches therefore providing new insights and literature essential for ensuring continuity in the field of study. Research findings would be useful to future scholars in their fields of study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents theoretical foundation, empirical review and critique of the literatures are discussed, summary of the previous studies and research gaps identified.

2.2 Theoretical Foundation

This section examined the theories forming basis for research. They include; Porters theory of competitive advantage, resource based view and diffusion of innovation theory.

2.2.1 Porter’s Theory of Competitive Advantage

This approach was advanced by Michael Porter in early 1985. It was advanced to assist organizations create competitive advantage over rivals (Porter, 1985). The scholar established that because an organization is presently the market leader, doesn’t mean that it will maintain that position in the future because of the fact that market keeps changing and new entrants may pose new threats as a result of grounded competence and capabilities. Porter identified that an organization should develop sound objectives, strategy and operations that would lead to sustained competitiveness (Amedeo, 2018). According to Porter a company would achieve competitive advantage on the premise of three main strategies including cost leadership, product differentiation and focus strategy.

An organization would achieve competitive advantage by producing goods at relatively lower price than competitors based on the firm’s ability to source materials at cheaper costs and by acquiring cheap labor to lower cost of production. Michael Porter pointed that lower cost may lead to increased future sales that would contribute to enhanced firm performance. Adoption of cost leadership strategy would also reduce costs as such influencing organizational performance (Chacarbaghi, 1999).

In relation to product differentiation strategy, Porter reiterated that organizations should invest in research and development, product development, product design and packaging (Peteraf and Barney, 2003). Product differentiation should be defined by outstanding quality and growing needs of customers and preference requires firms to be superior in production, quality, and package and product delivery to clients. About focus strategy, organizations should target few markets instead of targeting that market in its entirety. this may involve focusing on a specified group of customers such as segmenting product package based on geographic location, demographics, income level, behavioral and physical segmentation (Alexander, 2013). In a token, this theory suggests that stakeholder's firm's objectives should be harmonized to provide opportunities to enhance success. The concept of Michael Porter has for years applied in many organizations.

In relation to this study, product differentiation would be a success using latest innovations which increases quality while also ensuring that the product is resonating with clients' needs. Besides, this would require that firm conducts research to establish and segment markets in order to design products according to clients' needs. The company would also strive to be creative in the way it prices its products and services. For instance, Equity Bank has lately designed products and services according to customer and market segments. This has tremendously increased sales and competitiveness.

2.2.2 Resource Based Theory

This theory was coined by Barney (1991) and it emphasizes that organizations should have strategic resources which would be significant to achievement of competitive advantage. It examines the main sources and drivers to organizations competitiveness and excellent performance that are directly linked with resources and capabilities that are variable and cannot be imitated easily (Barney, 1991). Barney pointed that strategic resources tend to be valuable, rare, non-substitutable and imperfectly imitable. Therefore, a firm should employ skilled manpower; capabilities are viable ideas that would transform its activities rendering market competitiveness.

Resource based view (RBV) explained that rare resources would be held by a firm but rarely available in any other circumstances. In certain cases, rare resources are very common though many organizations do fail to consider their effect on performance. the concept of difficult to imitate and non-substitutable also focuses on how difficult it is for competitors to imitate strategy with any other or similar strategy hence they would enable the company to effectively implement plans which would render excellence (Hooley *et al.*, 2001). Nevertheless, this theory has been criticized for exhibiting circular reasoning that value can only be assessed in terms of a particular context. Resources may create competitiveness but this may be defined by relevant competitive structures which also explain valuable resources (Fahy, 2000). An organization can overcome such circularity by understanding relationship between resources and competitive advantage as a longitudinal process (Porter, 1991).

In relation to this study, resources based view imply that organizations should use their resources to enhance competitive advantage and lower uncertainties using various means such as ensuring the quality of products and that strategic resources are valuable, rare, non-substitutable and difficult to imitate. This assertion would encourage financial institutions to formulate innovation strategies that would secure competitive advantage. Equity Bank has invested resources in research and development thus necessitating generation of creative ideas which transformed products and services and the overall business activities.

2.2.3 Diffusion of Innovation Theory

This approach was developed by Rogers in 1962. Diffusion involves how information spread across to reach the targeted audience. It explains how innovation strategies are communicated and executed over time in the firm by the pioneers or innovators to enhance performance. The success of diffusion of innovation thus depends on the type of innovation strategies adopted by the firm, the manner in which they are communicated to stakeholders, execution rate and company culture or system (Rogers, 1962).

In other words, innovation strategies should be communicated well to all employees whether early adopters, late majority and laggards because it requires enough human capital. Kyengo, Ombui and Iravo (2016) observed that innovation strategies may fail before the final phase of working efficiently as a result of poor diffusion processes. Thorough diffusion of innovation hence should involve hardware and physical aspect or idea to determine the nature in an organization (Rogers, 1962).

In relation to this study, bank products are characterized by procedures that require normalization and standardization to create a framework aimed at promoting easy diffusion of innovation strategies in the organization. Whether technological or process innovation strategy, a proper network should be created to promote successful execution of diffusion of innovation in the company. This may allow workers to give their inputs that in the long run may result to competitive advantage (Kyengo, Ombui and Iravo, 2016).

2.3 Innovation Strategies and Competitive Advantage

2.3.1 Product Innovation

This strategy involves introducing a new or modified product in terms of characteristics or usage to the market. Financial institutions do generate revenue through the quality products and services that that sell to potential customers in the market (Nagle and Muller, 2017). Product strategy is effective especially when the company is sensitive about quality that tends to attract customers. Without product quality, clients will likely to shift loyalty to the competitor. As such, an organisation should be knowledgeable about product design and specifications, customers' tastes and preferences in order to achieve the objective of product strategy (Braunerhjelm and Henrekson, 2016).

Similarly, product innovation aims at ensuring product differentiation and it creates unique attributes of banks products that informs customer perceptions. This strategy strives to increase value of the product thus promising consumer value for their money while also satisfying their needs and wants (Visnjic, Wiengarten and Neely, 2016).

Davcik and Sharma (2015) pointed that product differentiation incorporates perceived prestige and social status which customers derive by associating with certain products and services. It's on this premise that banks compete to enhance competitive advantage. By controlling reasonable market share, an organisation would be able to undertake research and development to improve its products in the market. However, success of product innovation strategy in enhancing competitive advantage may be compromised by the market forces and government regulation (Davcik and Sharma, 2015).

Product innovation may also be restricted with existence of customer distrusts which require that a company employ skilful workers to market the products (Bhalla, 2010).

These literatures show the extent of innovation in other fields thus creating a basis for financial entities to rigorous innovation strategies. Notwithstanding the fact that certain firms do imitate the rivals while developing innovation strategies to manage competition. Product innovation in an important strategy to a company it determines their survival in competitive markets. This strategy informs the kind of products that a company needs to produce to markets to attract customers and sales. It determines the quality, packaging and nature of the brand in response to changing clients' needs and wants in the market.

2.3.2 Technology Innovation

Auka and Jacob (2014) observed that innovative companies have clear understanding about the challenges facing their customers. As such, they explore means to improve efficiency and to deliver quality products in order to satisfy customer's needs and wants. In this respect, technology is useful because it enable an organisation to establish customer empathy systems which as well provides insights resulting to lean approach as an innovation exercise. This will enable managers to create new options through innovation. Banks should start thinking creatively to lower application of the concept of Porters five forces as innovation strategy as it only addresses market forces without due consideration of product, process and technology as innovation strategies and practices which improve competitive advantage in banking sector (Auka and Jacob, 2014).

Technology innovation strategy increases competitive advantage in the institution by generating new products and services which sources new markets thus increasing profits and performance. This is despite the fact that technology also possess certain challenges to companies and therefore organisations should employ competent professionals to take change of technological issues. In certain organisations for instance, efficient technology has led to lose of jobs since technology provides the ability to transact work more efficiently with little labour and at minimal cost hence it increases revenue (Omwono, John and Kevin, 2016).

Similarly, technology increases cases such as fraud and cyber theft by aiding criminals' access to confidential company information which might be used by competitors due to poor security systems in the organisation. Innovation strategies are important because it matches company objectives to its resources and capabilities. Financial institutions invests in technology to support research and development that seeks to leverage various innovations on how best it can employ its resources to achieve desirable results (Anderson *et al.,* 2016). Technology has transformed the way in which Equity Bank distributes products and services to customers. Online banking for instance has made it convenient for clients to access services at their comfort zones at relatively low costs. Mobile banking services have completely transformed the game in the industry by rendering services closer to the customers. Thus, technology defines the future of business in the financial sector.

2.3.3 Market Innovation

Establishing new markets for products and services is a main challenge facing financial institutions in Kenya. Marketing innovation strategy entails changes in product design and packaging, product promotion and pricing. The strategy aims at addressing customer needs by creating products which meet customer tastes while also establishing new markets through market segmentations. Market segmentation enables organisations to study customers so that they may generate ideas required to improve product features to better serve the market (Martin, Javalgi and Cavusgil, 2017).

According to Benerjee (2017), success of market innovation heavily relies on the technology adopted by the organisation to effectuate change. This may include using technology for sales and online marketing and bringing product package closer to customers. Companies also apply technology to gather market information essential for segmenting markets and strategically positioning products and services in the market (Karanja, 2009).

In some organisation though marketing innovation strategy is said to be given little attention which directly influences their performance. Though some literature exists on market innovation strategy with other addressing process and technology innovation, determining how compatible organisations position themselves in markets in important to attainment of competitive advantage in the industry (Agic *et al.,* 2016). This may be occasioned by high demand for organisation performance. Product promotion and pricing as noted in other studies are key drivers of marketing mix yet they aren't emphasised in marketing innovation strategy (Cooper and Edgett, 2009).

2.4 Summary of Empirical Literature and Research Gap

This section presents the summary of literature and research gaps. It also discussed the critique of the literature established in the studies. Epetimehin (2011) examined effect of market innovation and creativity on achieving sustainable competitiveness in insurance sector in Nigeria where 20 insurance firms were selected and primary data used with target participants being users and employees of insurance companies. Result clearly established that marketing innovation and creativity plays important role to achievement of organisational success. Research found that marketing innovation and creativity enable firms to improve their businesses and achieve competitiveness. This study was conducted in the context of Nigeria and not in Kenya.

Research conducted by Schmutzler (2013) proposed that organisations should execute innovation strategies to attain competitiveness. This research asserts that innovation can enable organisations to divert the limited resources available towards innovation to enhance competitiveness. According to the study, innovation contributes to over 20% of firm performance attributed to innovation which helps companies to redesign produce package, produce customer focused goods and create product efficiency in the market through packaging and pricing.

Similarly, Garfinkle (2005) examined strategies applied by organisations to achieve sustained competitiveness. Research established that adoption of technology strategy contributes to attainment of competitive advantage. This explains why companies have consistently embraced efficient technology to enhance production of goods and services. Technology based applications and access of financial services have grown over years with consumers preferring to embrace efficient technology based firm. Technology supports company ability to tailor products and services efficiently leading to competitive advantage over competitors. Technology is indeed a vital strategic resource that contributes to competitiveness in the market.

A research conducted by Aaltonen and Ikavalko (2002) revealed that proper execution of competitive strategies hinders resource allocation ability in organisations thus may contribute to increased organisational performance. The study established that firms routinely faced with resource allocation problems and this hinders their ability to secure competitive advantage. Implementing competitive strategies such as innovation and focus strategies in financial sector would assist organisations to effectively manage finances and apply limited resources in order to increase performance.

Kanyugo (2014) studied strategies employed by hire purchase firms to achieve sustained competitiveness in particular Amedo Centre Kenya Ltd established that various strategies have been adopted including realigning company structure to market conditions through restructuring, diversification process and collaborations with global suppliers to save the cost of R&D. Research revealed that human resource strategy, cost reduction, market penetration and development and participation in corporate social responsibility enable companies to adjust quickly to changing client needs and wants. Thus firms should strategically tailor quality products and efficient services to clients in order to gain competitiveness. This research however did not emphasize on innovations as such the results cannot adequately inform the intent of the study. It dwelled on other strategies with little focus on key innovation strategies that this study aims to achieve.

Similarly, Nduta (2012) carried out a study on strategies for developing sustainable competitiveness at Siginon Freight Limited and established that organization's strategies involve competitive pricing, branding together with resource base and information system management. The company has been sensitive to client needs and therefore it has managed to control market forces to establish brands and maintain the market share. The company understands better its customers' needs and wants. This study focused on transport sector thus results cannot be used to make conclusive decisions as far as matters innovation strategies are concerned. This means that the findings can mainly be used to support firms in the same industry and not the banking sector, creating a gap that this study bridged.

In conclusion, this chapter examined empirical literature on innovation strategies and competitive advantage. Amongst the innovation strategies discussed include product innovation, technology innovation and market innovations identifying the existing gaps in previous studies. Both local and international studies have been established to form comparison with research findings. The empirical evidence shows that innovation strategies directly correlate with competitive advantage of firms in nearly all sectors, banking sector not being an exception. Most of these studies have mostly been conducted in the context of other sectors such as insurance sector, manufacturing sector, education sector etc. leaving a gap that this research seeks to bridge by evaluating key innovation strategies applied by Equity Bank Limited to gain sustained competitiveness in Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents research design, data collection and data analysis techniques the researcher employed to support the study. Since this is a case study, participants were drawn from selected departments with in-depth understanding of the study topic.

3.2 Research Design

This refers to the structure or guideline formulated by the researcher with the goal of gathering information in accordance with the research objective without deviating to other subjects that do not inform the study (Kothari, 2008). This study employed a case study design because of its ability to simplify complex concepts as it also focuses on the study of observations and perceptions of one person.

This study adopted case study design to determine innovation strategies employed by the bank to achieve competitiveness in the sector. According to Mugenda (2009), case study design strives to evaluate prevailing concepts as applied in research. The technique is preferred because it enables researchers to gain clear understanding of the prevailing phenomenon. Case study design is also ideal because it helps ascertain effectiveness of scientific theories and models in real life (Martin, 2008).

Also, case study design is ideal for this study because it enhances flexibility and broadness of the study where the research is about the scholar provides detailed account of what the research is about putting into perspectives the objectives it aims to achieve using storytelling method (Dul and Hak, 2008).

3.3 Data Collection

Data collection involves gathering useful information to address the research problem. This study used primary data. The scholar targeted six top management employees considered to have the ability to provide accurate and reliable information in relation to the study objective that evaluated innovation strategies adopted by the institution to enhance competitiveness in the industry. Interview guide was used as data collection instrument to ensure that information gathered is simple to understand by the participants as well easy to interpret by the researcher (Mugenda, 2009).

3.4 Data Analysis

According to French (2016), data analysis is the process of scrutinizing, cleansing, converting and modeling data with the objective of ascertaining useful information, informing conclusions and supporting decision making in research (Fandango, 2008). In this research, content analysis was considered ideal because it eases the researchers' ability to analyze qualitative information collected from the participants.

Content analysis method identified respondent's expressions through behavioral response to research questions. The study used both rational and conceptual analysis to address research problem by breaking down meaningful and pertinent information.

In rational analysis, research identified relationship among concepts in a text like manner. This was performed via coding study variables to ensure clear meaning. On the other hand, conceptual analysis explains new concepts which address study problem by contextualizing information into meaningful and pertinent information. Rational analysis determined whether there's relationship between innovation strategy and competitive advantage (Krippendorff, 2001).

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents analysis and discussion of results on data gathered from the field. This study sought to evaluate innovations strategies adopted by Equity Bank Limited to gain competitive advantage in Kenya. Data analysis was designed with the aim of addressing the research objective. The analysis of qualitative discussion results were associated with the questions as per the interview guide. The data collection instrument was designed to obtain data on innovation strategies adopted by Equity Bank to achieve competitive advantage in Kenya.

4.2 Innovation Strategies Adopted by Equity Bank, Kenya

The objective of this research was to evaluate innovation strategies adopted by Equity Bank to gain competitive advantage. To achieve the objective, interviews were conducted based on the questions derived from the literature and a further probe as per the direction of the interview. All interviewees were senior manager of the organization, with over eight years working experience in their current positions in the bank. The study established that participants were business graduates that had joined the bank directly from the learning institutions. As such, they possess a vast knowledge and experience about the institution.

The interviewees noted three main innovations strategies adopted by Equity Bank to gain competitive advantage in the industry and they include; product innovation, technology innovation and market innovation. Financial innovation was also indicated to contribute to the competitive advantage of the Bank. These innovations have enhanced the banks competitive advantage. Product innovation for example, Fanikisha product which targets women clients addresses problems that entrepreneurs are faced with such as lack of access to credit because of lack of securities and also lack of business training. Similarly, internet banking enables clients to perform bank transactions anywhere through internet access. Other technology innovations include automation of office functions, innovative marketing campaigns and call center and customer relationship management system.

Concerning market innovations, interviewees reiterated that Equity bank has devised new distribution channels to reach the entire market. The bank has its marketing team in every region of this country to recruit and register new clients. In markets they offer products like SME loans to small traders and they train customers on how best they can manage their capital. In other words, Equity Bank has decentralized its marketing teams into market segments. All interviewees unanimously agreed that innovation strategies adopted by the Bank contributed to its competitive advantage and growth that it has consistently experienced over years.

On the question as to whether technology innovation contributes to competitive advantage, all interviewees concurred that technology has indeed changed the way activities are transacted in the bank. Technology has grown and transformed business activities in the Bank starting with paper banking to paperless. The introduction of Automated Teller Machines (ATMs) have been embraced by nearly all clients due to its efficiency. Technology has consistently evolved in terms of products and services tailored to clients. Agency banking has for instance brought services closer to customers making it thus easy access. The EZZY 24/7 banking has further enabled clients to transact money through mobile gadgets to do transfers, pay bills and enquire bank mini statements amongst others.

Employees have also improved performance having embraced efficient technology through trainings to keep them relevant and productive to the Bank.

Regarding whether technology disruptions has frustrated business development in the bank, interviewees reiterated that slow pace of technological adoption together with failure to adopt efficient technology greatly hinders the banks competitiveness especially when the rival firms have embraced the new innovative changes. Another disruption witnessed is banks adjustment to new Covid-19 containment measures that has forced it to limit the number of physical client's thereby compromising provision of services. Furthermore, technology has greatly supported Equity bank employees in various ways such as dissemination of information, idea sharing while acquiring new skills for executing business functions. As far as product development and distribution channels are concerned, technology ensures quality of the banks products to meet market needs. And it has been used to help develop new delivery channels such as online marketing and has enhanced communication between the institution and its esteemed clients.

When the interviewees were asked, how often does the institution conduct product development in the market? Product development was noted to be a continuous exercise in the Bank. Some participants noted that the bank usually undertakes product semiannually or annually, the bottom line being that product development is a regular exercise. According to interviewees, research and development informs decision regarding new product development. Equity Bank heavily relies on product innovation that suit different clientele to save the bank huge costs. For example, Equity ordinary account has made it easy to access the bank since there are no photos required to be taken in the banking hall, there’s no account opening balance, no ledger fees, there’s no maintenance fees and clients have no limit to the amount of cash they can withdraw.

When asked whether product innovation relevant to enhancement of competitive advantage of the institution? The interviewees agreed that product innovation contributes to the competitive advantage of the bank. By introducing new brands that resonates with clients’ needs, the bank have enhanced its customer base. This is because customers perceive new product package as of high quality to satisfy their needs and wants hence value for money. Therefore in order to advance product innovation agenda, Equity bank intends to invest heavily on research and development to boost ability to generate new business ideas and to conduct market surveys while also enabling the workforce learn new technology to enhance their efficiency. In other words, R&D defines the future of a company especially in competitive markets like the banking industry in Kenya.

On the question as to whether market innovation contributes to market competitiveness, interviewees suggested that market segmentation and production innovation contributes to competitiveness. In this case markets have been segmented in a way that makes it possible target clients based on their purchasing power. Through product differentiation, the bank continues to serve different market segments in terms of the purchasing power of the customers therefore eliminating buyer discrimination. Equity Bank products are designed in a suitable manner for all clients depending on their ability to buy. For example, student account was targeted at tertiary leaners since it does not require them to hold opening or closing balances. This strategy greatly raised the Banks customer base.

Concerning whether creation of multiple market segments and distribution channels improve product delivery in the market, participants agreed that this has increased our market scope by establishing our key brands. The institution and others that concerns themselves with clients have established strong brands and prospered in competitive markets. Thus, multiple market segments led to product differentiation in the institution whereas efficient distribution channels has made it possible to service esteemed clients. Asked whether, the bank adopted innovation strategies to enhance competitive advantage, interviewees noted the various innovations which have contributed to the success of the bank. Such innovations include; introduction of ATMs, Mobile banking services, Internet banking, Fintech financial services, Vijana business loans, village mobile units, Automation of back office, Cashback services, Airtel money, SME financing and global cash transfers through various channels like Western Union and World remit. The bank has invested in corporate social responsibility initiatives such as Equity wings to fly, supporting agricultural innovations and Provision of quality healthcare through Equity Afya.

Additionally, participants reiterated that technology has contributed significantly to development of new marketing models which have been used to tailor products and services closer to customers such as the use of online customer services, after sales services, telemarketing, affordable products and services and market segmentation. According to interviewees, technology has helped the bank to grow and prosper, create relationships, strengthen effective of the institution, allow clients to allow one another, and greatly affects the way the bank communicate with prospective clients. Nonetheless, the institution has applied technology to establish customer needs and wants in the market.

Technology as employed in Equity bank helped with mapping the market as such making it easy for marketing team to identify potential clients.

4.3 Discussion of Findings

4.3.1 Comparison with the theory

Porter (1985) identified that an organization should develop sound objectives, strategy and operations that would lead to sustained competitive advantage. According to Porter a company would achieve competitive advantage on the premise of three main strategies including cost leadership, product differentiation and focus strategy. Michael Porter pointed that lower cost may lead to increased future sales that would contribute to enhanced firm performance. Adoption of cost leadership would also reduce costs as such influencing organizational performance (Chacarbaghi, 1999). In relation to product differentiation strategy, Porter reiterated that organizations should invest in research and development, product development, product design and packaging (Peteraf and Barney, 2003). Product differentiation is defined by quality and growing needs of customers and preference requires firms to be superior in production, quality, and package and product delivery to clients. About focus strategy, organizations should target few markets instead of targeting that market in its entirety. This may involve focusing on a specified group of customers such as segmenting product package based on geographic location, demographics, income level, behavioral and physical segmentation (Alexander, 2013).

Porters' assertions are consistent with the findings that product differentiation can be a success using latest innovations to increase quality while also ensuring that the product resonate with client's needs. Besides, this would require that firm conducts research to establish and segment markets in order to design products according to client's needs. This research established that product development is mainly driven through research and development whereby new ideas are generated to reintroduce new products and modify existing ones to fetch higher value. Equity Bank strive to be creative in the way it prices products and services. For instance, the Bank has designed product package according to customer market segments. This has tremendously increased sales and competitiveness.

Barney (1991) emphasizes that organizations should have strategic resources which would be significant to achievement of competitive advantage. It examines the main sources and drivers to organizations competitiveness and excellent performance that are directly linked with resources and capabilities that are variable and cannot be imitated easily (Barney, 1991). Barney pointed that strategic resources tend to be valuable, rare, non-substitutable and imperfectly imitable. Therefore, a firm should employ skilled manpower; capabilities are viable ideas that would transform its activities rendering market competitiveness. Scholars' assertion are consistent with research findings which established technology innovation as key to achievement of competitive advantage. It is clear that human labor relives on technology to generate innovative ideas and also to acquire new skills and competencies to whither market competiveness. Equity Bank has leveraged on innovations to turnaround its activities and the way it execute its goals. From the findings, Equity bank has invested resources in research and development thus necessitating generation of new ideas which gave transformed products and services and overall business activities.

On the other hand, Rogers (1962) explained how innovation strategies are communicated and executed over time in the firm by the pioneers or innovators to enhance performance. According to the scholar, the success of diffusion of innovation depends on the type of innovation strategies adopted by the firm, the manner in which they are communicated to stakeholders, execution rate and company culture or system. In other words, innovation strategies should be communicated well to all employees whether early adopters, late majority and laggards because it requires enough human capital. Kyengo, Ombui and Iravo (2016) in their study observed that innovation strategies may fail before the final phase of working efficiently as a result of poor diffusion processes. This result is consistent with the research outcome that also emphasize on the need for firms to communicate effectively to employees to enable them execute roles expectedly to enhance performance. Results indicate that Equity Bank applies efficient technology to help the workforce in their work while similarly disseminating information to users.

4.3.2 Comparison with other Empirical Studies

Financial institutions continue to record growth in terms of asset base and profitability in recent years despite the fact that Covid-19 pandemic greatly hindered business activities across the globe. Such results can be attributed to the adoption of innovation strategies that have enabled banks to evaluate challenges in the sector thus maintaining stability.

Research conducted by Nagle and Muller (2017) revealed that financial institutions generate revenue through the quality products and services that that sell to potential customers in the market (Nagle and Muller, 2017). Product strategy is effective especially when the company is sensitive about quality that tends to attract customers. Without product quality, clients will likely to shift loyalty to the competitor. This findings of Nagle and Muller (2017) are in consistent with the study results which shows that product innovation is based on the premise of product quality and package. Study findings indicate that clients prefers high quality products that enhances the quality of their lives.

In contrast to the literature of Auka and Jacob (2014) who observed that innovative companies have clear understanding about the challenges facing their customers. As such, they explore means to improve efficiency and to deliver quality products in order to satisfy customer's needs and wants. In this respect, technology is useful since it enable entities to establish customer empathy systems which as well provides insights resulting to lean approach as an innovation exercise. The outcomes of Auka and Jacob (2014) are consistent with the study findings which established that innovation strategies are matches company objectives to its resources and capabilities. Equity Bank has invested in technology to aid research and development that leveraged various innovations. Online banking for instance has made it convenient for clients to access services at their comfort zones at relatively low costs. Mobile banking services have completely transformed the game in the industry making services available and closer to the customers.

Concerning market innovations, Benerjee (2017) in his study revealed that success of market innovation relies on the technology adopted by the organisation to effectuate change. This may include using technology for sales and online marketing and bringing product package closer to clients. Firms apply technology to gather market information essential for segmenting markets and strategically positioning products and services in the market (Karanja, 2009). This finding is consistent with the research outcome which shows that Equity Bank has adopted new market strategies to expand its customer base. Results indicate that the Bank has expanded its network through online marketing team and markets have been segmented to incorporate all players. Technology and market innovations are said to work in handy disseminating market information while also enabling the Bank to strategically position products and services in the market.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the study results, draws conclusions and details recommendations for policy, practice and future studies in line with the study objective which evaluates innovation strategies adopted by Equity Bank to gain competitive advantage in Kenya. This section also presents limitations of the research and suggestions for further studies.

5.2 Summary of Findings

The objective of the study was to evaluate innovation strategies adopted by Equity Bank to gain competitive advantage in Kenya. This study examined innovation strategies adopted by Equity Bank to achieve competitive advantage, by interviewing senior managers. The strategies that were examined include; technology innovation strategy, product innovation strategy and market innovation strategy.

Research revealed that Equity Bank faces stiff competition in the market however with the latest technology that it has adopted, various developments have been implemented thus turning around organisational activities. According to the study, interviewees agreed that the institution has largely embraced technology to secure efficiency while transforming business activities. Technology has grown and transformed business activities in the Bank starting with paper banking to paperless. The introduction of Automated Teller Machines (ATMs) have been embraced by nearly all clients due to its efficiency. Technology has consistently evolved in terms of products and services tailored to clients. Agency banking has for instance brought services closer to customers making it thus easy access. Importantly Equity Bank understands the role of technology in business by implementing it within its work system. This findings concurs with the study of Anderson et al. (2016) who established that innovation strategies match company objectives to its resources and capabilities. According to the researcher, organisations invest in technology to support research and development which leverage various innovations on how best they can employ resources to achieve positive outcome.

On the use of product innovation strategy, the study established that product innovation contributes to the competitive advantage of the bank. By introducing new brands that resonates with clients' needs, the bank have enhanced its customer base. This is because customers perceive new product package as of high quality to satisfy their needs and wants hence value for money. Therefore in order to advance product innovation, Equity bank has invested heavily on research and development to boost ability to generate new business ideas and to conduct market surveys while also enabling the workforce learn new technology to enhance their efficiency. In other words, R&D defines the future of a company especially in competitive markets like the banking industry in Kenya. All banks not only Equity places emphasis on product innovation in order to meet the increasingly changing customer needs to retain markets. In other words, new brands portend to attract new and sophisticated customers therefore increasing the sales volume of the company. According to Nagle and Muller (2017), product innovation strategy entails introducing new or modified products in terms of characteristics or usage to the market. As such, financial institutions do generate revenue through the quality products and services that that sell to potential customers in the market.

The use of market innovation was also found to be effective in enhancement of the banks competitiveness. Interviewees reiterated that creation of multiple market segments and distribution channels improve products presence and delivery in the market. Furthermore, participants agreed that market innovation has increased the banks market scope through new brands. Since Equity bank is concerned about clients, it has established strong brands and prospered in competitive markets. Again, multiple market segments led to product differentiation in the institution whereas efficient distribution channels made it possible to service esteemed clients. Equity bank adopted key innovation strategies to enhance its competitive advantage, and interviewees noted the various innovations which have contributed to the success of the bank. Such innovations include; introduction of ATMs, Mobile banking services, Internet banking, Fintech financial services, Vijana business loans, village mobile units, Automation of back office etc. In other words, market innovation determines how the bank positioned its products in the industry while also defining strategies required to respond to both internal and external market forces.

Therefore, the study revealed that the key innovation strategies adopted by Equity Bank namely technology, product and market innovations positively correlates to competitive advantage. These strategies create a basis for any firm that is striving to prosper in a competitive market such as the banking industry in Kenya. It is clear that Equity Bank and its closest rival, Kenya Commercial Bank have leveraged the key innovation strategies that has enabled them to increase their market shares and equally profitability.

5.3 Conclusion

The essence of formulating innovation strategies is to resonate with the business environment (Rogers, 1962). Competition increases performance of an organization and also the quality of products and services tailored in markets. Because of this, customers are likely to access goods and services which satisfy their needs thus improving the quality of their lives while also getting the value for money.

From the analysis, it can be concluded that technology innovation contributes to competitiveness Equity Bank in the sense that it leverages quality products and also help the bank to lower the cost of production. Technology has eased service delivery and customers have been connected to platforms to access bank services whenever they are. The introduction of mobile and internet banking has for example made it easy and quick to access products and services. Customers can transact cash using their phones at any time making it convenient. Through internet banking, clients are able to access mini statement and also access online customer services.

Similarly, product innovation has led to the introduction of new brands and modification of existing products to suite customers' needs and wants. Product innovation is crucial because it helped the institution to keep pace with markets needs and competition. The study established various innovations at Equity Bank including ATMs, Application of ICT within the working structures, Mobile banking services, Internet banking, Fintech financial services, Vijana business loans, village mobile units, Automation of back office and various CSR programs have also equated to competiveness including Equity Wings to fly and Kilimo Biashara programs.

Concerning market innovation, the scholar concludes that it contributes to competitive advantage in the sense that it identify market segments to sell the products and it resonates with the distribution channels adopted to service customers hence maximizing sales. However, market innovation is argued to have been driven largely by efficient technology that establishes new marketing platforms such as online Apps while retaining the traditional marketing techniques to drive change and maintain competitiveness.

5.4 Recommendations

Formulating and implementing innovations requires energy to overcome resistance to change. Thus, it is important for visionary and committed leaders to provide the energy needed to overcome resistance and ensure easy execution of various innovations to enhance performance. In order to achieve this, leaders in innovative roles should be competent band knowledgeable about their work and inspire workers.

The study provides that technology innovations greatly drives competitive advantage in institutions and influences change. Therefore, players in the banking industry should adopt efficient technology to improve the quality of product package and also apply technology to facilitate and disseminate information to enable employees share ideas and work together. Technology also helps develop platforms for marketing services thus enabling a firm to reduce marketing costs compared to traditional marketing methods.

Similarly, the scholar recommends that organizations should constantly evaluate their products and services to keep pace with market competitiveness. This can however be achieved through well designed market surveys and research to determine customers' needs and wants. As such enabling a firm to develop products which matches market needs in order to increase customer base and equally the revenues.

Lastly, market innovation positively correlates to competitive advantage as such firms should take advantage of technology to identify new lucrative market segments. This means that research should help determine customer needs and therefore help to identify viable markets to sell the produce. In this case, Equity Bank has adopted online and social media platforms as marketing spheres to supplement the traditional marketing techniques commonly applied by other firms. The scholar recommends banks not only Equity to focus on market innovations to enhance their market share and profitability.

5.5 Limitations of the Study

The study was limited to Equity Bank, Kenya, hence the findings cannot be used to make generalizations on the industry. Similarly, the researcher was unable to secure appointment with all participants for interview because of their tight work schedules and short notice. Despite of this, the process of data collection took longer than was expected further delaying data analysis and presentation of findings for examination.

Furthermore, some interviewees could not adequately respond to interview questions either because they were too busy or had little time for the interviews. This compromised the quality of responses and interviewers ability to probe on crucial issues. In some instances, the interviewees were unwilling to provide certain information that they consider secretive to render and which they believe could be used against them for competition. Even though they provided feedback, some responses were brief that the researcher had to probe further using other sources for validation thus analysis.

Finally, data collection was greatly influenced by the current Covid-19 pandemic that led to the introduction of the new normal. It was difficult gaining access to the bank premises and the researcher could not access all the six respondents. Where entry was granted, it was for a limited time thus the researcher was compelled to consider telephone interviews in compliance with the new containment measures. Besides inability to schedule face to face interviews, telephone interviews were effective however information provided might not be reliable to validate recommendations for policy formulation.

5.6 Suggestions for Further Studies

Further studies should be advanced on the findings of this study to enrich the existence of knowledge on innovation strategies and competitive advantage. The study established that technology innovation positively correlates to competitive advantage thus further study should be conducted on this topic to determine its roles in the banking sector since its becoming a beacon of competitiveness.

Even though this study was carried out in the context of Kenya, the researcher recommends that further studies should be done on innovations strategies adopted by Equity Bank to gain competitive advantage in other contexts where the bank has since established branches such as South Sudan in order to compare the results. This would be helpful to policy formulators and implementers at Equity Bank. Lastly, researcher recommends that further studies should be advanced in product innovation and market innovations solely to gain deep insights that would assist management to improve performance. Combining these variables in one study may limit researcher's ability to address them given the short timespan within which the study should be concluded.

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APPENDIX: INTERVIEW GUIDE

Section 1: Innovation Strategies Adopted by Equity Bank Limited to Gain Competitive Advantage in Kenya.

1. Kindly enumerate some of the innovation strategies adopted by Equity Bank to gain competitive advantage in Kenya.
2. Do these innovation strategies enhance competitive advantage in the institution?

Technology Innovation

1. Explain technology development situation in the bank. How do you cope with them as employees?
2. Describe how technology innovation has helped the institution to maintain sustainable competitive advantage.
3. Describe technological disruptions that have frustrated the business development to improve competitive advantage.
4. In the financial institution, has technology failed to support employees in implementing bank objective as far as innovation is concerned?
5. What roles does technology play in product development, distribution channel and in increasing customer base towards achieving competitive advantage?

Product Innovation

1. How often does the institution conduct product development in the market?
2. How do you assess product innovation in relation to product features to meet customers' needs and wants thus enhancing competitive advantage?
3. Is product innovation relevant to enhancement of competitive advantage of the institution? If yes, to what degree? Explain
4. What plans does the institution have to heighten product innovation with continuous product developments in the market drive by sophisticated technology?

Marketing Innovation

1. Does market segmentation and product innovation contribute to competitive advantage in the institution?

2. Does creation of multiple market segments and distribution channels improve product delivery in the market which enhances competitive advantage?
3. To what degree has the financial institution adopted key innovation strategies to enhance its competitive advantage? If so, please mention a few of such innovation strategies?
4. What role does technology play in facilitating market innovation in Equity Bank Ltd?