

**COMPETENCE-BASED STRATEGIES ADOPTED BY  
BARCLAYS BANK KENYA LTD.**

**BY:**

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## DECLARATION

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

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## DEDICATION

**This project is specially dedicated to :**

**My dear parents Mr. John & Mrs. Agnes Towett, my beloved brothers – Job, Tom, Emmanuel, Johnson, Jonah, and Benjamin; and to my dear one and only sister, Joan.**

**You are the reason that makes my life worthwhile.**

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## **LIST OF ABBREVIATIONS**

**ATM - Automated Teller Machine**

**BBK - Barclays bank of Kenya**

**CASA – Current And Savings Accounts**

**CBK - Central Bank of Kenya**

**DSE - Direct Sales Executives**

**GDP - Gross Domestic Product**

**HR - Human Resources**

**ICT - Information and Communications Technology**

**IJA's - Internal Job Advertisements**

**IT - Information Technology**

**KBA - Kenya Bankers Association**

**KIPEDA - Kenya Independent Petroleum Dealers Association**

**L&D - Learning and Development**

**SMART - Specific Measurable Achievable Realistic and Time-framed**

**SWOT - Strengths Weaknesses Opportunities and Threats**

## **ABSTRACT**

This research project was a case study carried out on Barclays Bank of Kenya limited (BBK). The study sought to identify the competence-based strategies adopted by the bank. The research study sampled a total of 44 respondents including heads of key departments namely, Human Resources, Administration, Sales and Marketing, Risk and Controls, Retail, and Corporate who were based at the bank's Head Office in Nairobi. The research study was conducted by collecting primary data using interview guides. Being that the data collected was predominantly qualitative, the data was analyzed using content analysis. The study found that the bank had put in measures to ensure new information and knowledge is easily and effectively moved around the organization including feedback, employment of ICT and staff trainings and meetings. The study concludes that Barclays Bank of Kenya Limited has put in various competences based strategies .These included an efficient human resource system that allowed employees to closely attract with the management on views and implementation of strategies. The study recommended that that for Barclays Bank of Kenya to adequately employ competency based strategy in innovation and technology, there is need for an investment in Information Communication Technology.

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## CHAPTER ONE: INTRODUCTION

### 1.1 Background to the study

In order to achieve a competitive advantage, companies need to pursue strategies that build on the existing resources and capabilities of an organization (its competencies) and they need to formulate strategies that build additional resources and capabilities (develop competencies). As cited in Hamel & Prahalad (1994), superior efficiency enables a company to lower its costs, superior quality allows it both to charge a higher price and to lower its costs; and superior customer service lets it charge a higher price. Superior innovation can lead to higher prices, particularly in the case of product innovations, or it can lead to lower unit costs, particularly in the case of process innovations. Distinctive competencies are the unique strengths of a company. Valuable distinctive competencies enable a company to earn a profit rate that is above the industry average. The distinctive competencies of an organization arise from its resources and capabilities. The source of a competitive advantage is superior value creation. To create superior value, a company must lower its costs, differentiate its products so that it can charge a higher price, or do both simultaneously (Hamel and Prahalad, 1998).

#### 1.1.1 Strategy

Strategy may be defined as the broad program of goals and activities to help a company achieve success. Strategy is the match between organization's resources and skills and environmental opportunities and risks it faces and the purposes it wishes to accomplish (Schendel & Hofer, 1979). This statement emphasizes that the environment is constantly changing and it is imperative that organizations have to constantly realign their activities to match the new environmental requirements by having a strategy which ensures that day to

day decisions are in line with the long-term pursuits of the organization. Without a strategy, decisions made today could have a negative impact on future results (Bruce & Langdon, 2002) as cited in Murage (2001) study of competitive strategies adopted by members of Kenya Independent Petroleum Dealers Association (KIPEDA). A strategy is a long plan of action designed to achieve a particular goal, most often "winning" (Thompson et al, 2007). Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated and often practically rehearsed. An effective strategy gives a firm three benefits. First, it is a source of economic gain. Second, it provides a framework for resource allocation. And third, it guides the firm's decisions regarding management and organization. Strategy matches the market position of the firm to its resources and capabilities. Market position entails both the amount and type of value offered to customers and the cost the firm incurs to produce that value. The more value customers receive at a lower cost to the firm, compared to its rivals, the more productive the firm.

Hayes & Upton (1998) elude that sound strategy formulation and implementation will not only help a company to meet the challenges of competition but it can also enable a company to defend or attack competitors successfully. In so doing, the company will survive and prosper in the current dynamic and turbulent environment. Strategy helps a firm to keep its customers by meeting customers' expectations and the changing tastes and preferences. Economic performance is determined by how the firm is positioned in its market and how well the firm defends itself from competition. Without a successful market position, there is no competitive advantage. Successful positioning is based on the firm's resources and capabilities, which determine key value and cost drivers. A superior position

is achieved when higher value to the customer, through better quality or stronger technology, for example, is produced at a lower cost. Once established, the position must be defended from other firms/rivals to prevent price competition from reducing profitability.

### **1.1.2 Competence-Based Strategy**

There are a number of frameworks that seek to explain the ways in which sustainable competitive advantage can be achieved, although these can be understood in terms of three frameworks given as: knowledge-based strategy, generic strategy, hybrid strategy, core competence / distinctive capability / resource-based strategy. The competence- or resource-based model emphasizes that competitive edge stems from attributes of an organization known as competences or capabilities which distinguish it from its competitors, allowing it to outperform them. According to Barney (1991), distinctive competency is unique strength that allows a company to achieve superior efficiency, quality, innovation, or customer responsiveness and thereby to create superior value and attain a competitive advantage.

A firm with a distinctive competency can differentiate its products or achieve substantially lower costs than its rivals. Consequently, it creates more value than its rivals and will earn a profit rate substantially above the industry average. The distinctive competencies of an organization arise from two complementary sources: its resources and capabilities. The financial, physical, human, technological and organization assets resource of the company which can be divided into tangible resources (land, buildings, plant, and equipment) and intangible resources (brand names, reputation, patents, and technological or marketing know-how) (Hamel and Prahalad, 1994). To give rise to a distinctive competency, a company's resources must be both unique and

valuable. A unique resource is one that no other company has. A resource is valuable if it is in some way helps create strong demand for the company's products. For example, Barclays Business club is valuable because it creates strong demand for its business products (Barclays Bank of Kenya Annual Report, 2007).

Capabilities refer to a company's skills at coordinating its resources and putting them to productive use. These skills (Hamel and Prahalad, 1998) reside in an organization's routines, that is, in the way a company makes decisions and manages its internal processes in order to achieve organization objectives. More generally, a company's capabilities are the product of its organizational structure and control systems. They specify how and where decisions are made within a company, the kind of behaviors the company rewards, and the company's cultural norms and values. It is important to keep in mind that capabilities are, by definition, intangible. They reside not so much in individual as in the way individuals interact, cooperate, and make decisions within the context of an organization.

The distinction between resources and capabilities is critical to understanding what generates a distinctive competency. Quinn (1992) argued that, a company may have unique and valuable resources, but unless it has the capability to use these resources effectively, it may not be able to create or sustain a distinctive competency so long as it has capabilities that no competitor possesses. For example, Barclays is widely acknowledged to be the most profitable bank in Kenya. But Barclays' distinctive competency in banking does not come from any unique and valuable resources. Barclays has the same resources (plant, equipment, skilled employees, and know how) as other commercial banks. What distinguishes Barclays is its unique capability

to manage its resources in a highly productive way. Specifically, Barclay's structure, control system, and culture promote efficiency at all levels of the company (Kenya Bankers Association, 2006).

### **1.1.3 The Kenyan Banking Industry**

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance's docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The CBK publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publications and guidelines. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and also addresses issues affecting member institutions (Central Bank Annual Report, 2007).

As at December 2008 there were forty-six banking and non-banking financial institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. Thirty-five of the banks, most of which are small to medium sized, are locally-owned. The industry is dominated by a few large banks most of which are foreign-owned, though some are partially locally-owned. Six of the major banks are listed on the Nairobi Stock Exchange. The commercial banks and non-banking financial institutions offer corporate and retail banking services but a small number, mainly comprising the larger banks, offer other services including investment banking (Barclays Bank of Kenya Annual Report, 2007).

Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market. Key issues affecting the banking industry in Kenya are: changes in the regulatory framework, where liberalization exists but the market still continues to be restrictive; declining interest margins due to customer pressure, leading to mergers and reorganizations; increased demand for non-traditional services including the automation of a large number of services and a move towards emphasis on the customer rather than the product; and introduction of non-traditional players, who now offer financial services products for example, Safaricom's M-Pesa service (Barclays Bank of Kenya Annual Report, 2008).

The banking sector is poised for significant product and market development that should result in further consolidation of the banking sector. Pricewaterhouse Coopers is involved with the CBK and a number of the major players; and has also advised both the Nairobi Stock Exchange and Capital Markets Authority on various projects including drafting a disclosure framework and listing rules, and the introduction of the Central Depository Scheme (Central Bank Annual Report, 2006).

The traditional picture of the Kenyan banking sector is of international banks like Standard Chartered and Barclays Bank competing for large commercial customers and high net worth individuals, with state-owned or formerly state-owned national banks vying for the same market, while also providing some services to less wealthy individuals. However, this picture has begun to change somewhat as a result of two entirely different developments that have been enabled by the process of the piecemeal financial services deregulation that is taking place across the country -the cross-border expansion of African

national banks and the emergence of micro-lending (Central Bank Annual Report, 2006). The process of regional integration in several areas has prompted several banks to invest in branches countrywide and in neighboring states (Market Intelligence, 2006: pg. 5). The industry, as a whole, has continued the process of growth and reform; and is changing as a result of financial reforms taking place not only in the country but across the globe. The Kenyan banking sector is currently served by over 54 banks and out of these, five commercial banks led by the Barclays Bank and the Standard Chartered Bank, control 70% of the banking market in the country (Central Bank Annual Report, 2007).

#### **1.1.4 Barclays Bank of Kenya Limited.**

Barclays Bank of Kenya Limited (BBK), a provider of financial services, opened its doors in 1916 and has operated continuously for 91 years. The Bank provides in its own name and through its subsidiaries a range of financial and related services. Barclays Kenya is currently the largest business unit in the Barclays Africa family in terms of contribution to profit and size of operations. In Kenya, it is the largest bank by asset value, majority-owned by Britain's Barclays Bank. It boasts of a balance sheet worth over US\$ 1 billion which is equivalent to about 10% of the country's GDP. The bank is the market leader in the retail segment and is aggressively growing its corporate business with numerous world class financial services products (Central Bank Annual Report, 2007).

Barclays is a large, diverse organization and is split up into a number of customers facing and support functions. Retail Banking, Local Business Banking, Corporate banking and Merchant banking are the bank's key customer facing functions, whilst its support functions: Service Delivery



(Operations), Human Resources, Risk management, Finance, Treasury, Communications, Marketing provide the back up that enables it to deliver outstanding service (Bank Supervision Annual Report, 2006).

The bank's plan in 2007 was to use its retained profits to fund its plan to increase its number of branches across the country, with the Queensway house branch in Nairobi being the largest. The Ksh. 2 billion expansion programme is yielding results. It opened an additional 45 branches last year, bringing its total local branch network to 107. All the outlets are computer linked making it possible for customers to access their accounts from any branch as if it were their own home branch for all their cash and cheque transactions. In addition it has 215 ATMs spread across the country, the largest number by any bank in Kenya. The bank's financial performance over the years has built confidence among the 48,000 shareholders, with a reputation as one of the leading blue chip companies on the Nairobi Stock Exchange where it was listed in 1986. Its shares are some of the most sought after and are popular with both institutional and retail customers. Currently Barclays Kenya has a staff compliment of over 3300 permanent employees of which 2300 are distributed in the 45 Nairobi branches (Barclays Bank of Kenya Annual Report, 2008).

The bank pioneered the concept of unsecured retail lending in Kenya where it currently holds a market share of over 30%. Customer deposits in 2006 rose by 15 percent to 93.8 billion (which represents 17% market share of total industry deposits) while loans grew by 13 percent to 73.9 billion. Barclays made a pretax profit of 5.42 billion shillings in 2005 and paid 2.9 billion shillings total dividends. In 2006, the bank actually made more earnings and posted pretax profits that rose 19 percent to 6.48 billion Kenya shillings

(\$93.37 million). This has further grown to Ksh 7.09 billion (\$100 million) for 2007 (Barclays Bank of Kenya Annual Report, 2008).

Barclays Kenya was recognized as east Africa's most respected financial services company in a 2007 survey by business consultancy Pricewaterhouse Coopers, and named Best bank in Kenya by Global Finance magazine. The corporate and local business market segments are the main drivers of the bank's lending initiatives (Barclays Bank Annual Report, 2008). BBK lays great emphasis on stringent cost management in its operations; hence its operating expenses witnessed a 12% decline in the third quarter of 2006 to KES 6.20 Billion. Some of the challenges that the bank is currently facing in the Kenyan market environment include stiff competition, security situation, rising crime and fraud in the country, lack of a credit reference bureau and central bank plans to control bank charges. These, among other factors, would affect the bank's business going forward.

## **1.2 Statement of the Problem**

Success in today's global, interconnected economy spring from the fast and efficient exchange of information. Sustainable competitive advantage is no longer rooted in physical assets and financial capital, but in effective channeling of intellectual capital. In researches done in the developed world (Spender; 1996, Hamel and Prahalad; 1990; Wenerfelt; 1984), a firm's resources consist of all assets tangible and intangible, human and non human that are possessed and controlled by the firm, and that permit it to devise and apply value enhancing strategies.

Hamel and Prahalad (1990) explicitly recognize the profound linkages between a company's core competencies, its core products and its ability to profitably position itself in the ever changing market place. Spender (1986) contends that a firm's knowledge and its capability to create exclusive knowledge are at the centre of the theory of the firm. Grant (1996) suggested that knowledge is the significant competitive asset that a firm possesses. In the resource-based view (Wernerfelt, 1984; Barney, 1986, 1991; Hamel and Prahalad, 1990), knowledge is seen as a strategic asset with the potential to be a source of sustainable competitive advantage for the organization. Several researches that have been conducted on competitive strategies adopted by organizations' in Kenya show that firms adopt different and unique strategies. Omondi (2006) carried out a study on competitive strategies adopted by airlines in Kenya and found that airlines sought to add value to their products through differentiated customer service. Murage (2001) analyzed the competitive strategies in the petroleum industry and found that service stations use differentiation as a method of obtaining competitive advantage over other service stations. Companies that deal with petroleum products establish branded service stations and are only supplied by the firm's tankers.

Gathoga (2001) focused on competitive strategies adopted by commercial banks in Kenya. The study revealed that banks in Kenya use various strategies in order to remain competitive, and that these strategies are unique in each context. He recommended that a further research on competency strategies adopted by commercial banks be undertaken. There is little and /or scanty research done on competence-based strategies adopted by commercial banks in Kenya yet these strategies are what make each individual bank unique from the other; and are therefore used to earn an edge over rivals. This

is particularly important since there is a general agreement that knowledge management represent the most important competitive advantage for organizations (Drucker, 1993; Quinn, 1992; Stewart, 1997). This study therefore seeks to explore the competence-based strategies adopted by Barclays Banks of Kenya to generate a sustainable competitive advantage in the Kenyan banking industry where it is seen as the market leader (Central Bank Annual Report, 2007).

### **1.3 Research Objective**

To identify the competence-based strategies adopted by Barclays Bank of Kenya.

### **1.4 Importance of the Study**

This study is aimed at evaluating the effectiveness of competence-based strategies adopted in today's business organizations for competitive advantage. This research will therefore provide an insight into the various competence-based strategies applied by organizations, and their effectiveness in creating competitive advantage. Further, the research findings will provide recommendations as well as reference to Barclays Bank's policy makers and managers on how these strategies can best be developed and implemented for sustainable competitive advantage. The findings and recommendations will also be useful to other commercial banks in the Kenyan banking industry. Significantly, the research will contribute literature to the relevant ventures for future researchers and academicians. The study will also highlight other areas and topics that need further research studying.

## **1.5 Scope of Study**

This research study aims at identifying the competence-based strategies adopted by Barclays Bank of Kenya Limited. Primary data was collected from the bank's managers and heads of departments who were permanent members of staff with a minimum of 3 years continued employment with the bank, and are based at the bank's Head Office in Nairobi.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Strategy and Competition

Today's companies face their toughest competition ever. To survive, a company has to win customers and outperform competitors, often by moving a product and selling philosophy to a customer and marketing philosophy (Porter and Montgomery, 1991). Winning companies in today's market place have become adept at developing and implementing strategies for building customers, not merely building products. Today, the focus is shifting towards relationship marketing. The new view is that marketing is the science and art of finding, retaining and growing customers; and in so doing the firm earns a competitive advantage: an advantage over competitors gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices. Competitive strategy comes into play in two areas of the marketing plan. First, in assessing the current market situation, businesses must identify their competitors and learn more about each rival's strengths and weaknesses. Second, they have to use competitive intelligence and analysis to shape their overall competitive strategy, which is supported by the marketing mix.

Thompson & Strickland (1993) have propounded that strategy provides better guidance to the organization, makes managers alert to winds of change, opportunities and threats presented by the changing environment. It is important that strengths, weaknesses, opportunities and threats (SWOT) analysis be conducted. It also provides a rationale to evaluate competing decisions a manager makes. Finally, strategy helps create more proactive management posture than reactive and defensive postures. Aggressive pursuit of a creative strategy can propel a firm into a leadership position. In

order to prepare an effective marketing strategy, a company must consider its competitors as well as its customers. It must continuously analyze competitors and develop competitive marketing strategies that position it effectively against competitors and give it the strongest possible competitive advantage. Competitive analysis first involves identifying the company's major competitors. The company then assesses competitors' objectives, strategies, strengths and weaknesses and reaction patterns. Using this information, it can select competitors to attack or avoid. Next, having identified and assessed its main competitors, the company must decide how it wants to deliver value to target customers and fashion a broad competitive strategy by which it can gain competitive advantage.

To prepare an effective and competitive marketing strategy, a company must study its competitors as well as its actual and potential customers (Bruce and Langdon, 2002). Companies need to identify competitors' strategies, objectives, strengths, weakness, and reaction patterns. They also need to know how to design an effective competitive intelligence system. A company's closest competitors are those seeking to satisfy the same customers and needs and making similar offers. A company should also pay attention to talent competitors, who may offer new or other ways to satisfy the same needs. A company should identify competitors by using both industry and market based analyses. Competitive intelligence needs to be collected, interpreted, and disseminated continuously. Managers should be able to receive timely information about competitors. Managers need to conduct a customer value analysis to reveal the company's strengths and weaknesses relative to competitors. The aim of this analysis is to determine the benefits customers want and how they perceive the relative value of competitors' offer.

According to Kotler (2002), a market leader has the largest market share in the relevant product market. To remain dominant, the leader looks for ways to expand total market demand, attempts to protect its current market share, and perhaps tries to increase its market share. A market challenger attacks the market leader and other competitors in an aggressive bid for more market share. Challengers can choose from five types of general attack; challengers must also choose specific strategies: discount prices, product cheaper goods, innovate in products or distribution, improve services, reduce manufacturing costs, or engage in intensive advertising. A market follower is a runner up firm that is willing to maintain its market share and not rock the boat. A follower can play the role of counterfeiter, cloner, imitation, or adapter. A market niches serves small market segments not being served by larger firms. The key to nichmanship is specialization.

As important as a competitive orientation is in today's global markets companies should not overdo the emphasis on competitors. They should maintain a good balance of consumer and competitor monitoring. Which competitive marketing strategy makes the most sense depends on the company's industry and one whether it is a market leader, challenger, follower or nicher. A market leader has to mount strategies to expand the total market, protect market share, and expand market share. A market challenger is a firm that tries aggressively to expand its market share by attacking the leader, other runner up companies, or smaller firms in the industry. The challenger can select from a variety of direct or indirect attack strategies.

A market follower is a runner up firm that chooses not to rock the boat, usually from fear that it stands to lose more than it might gain. But the



follower is not without a strategy and seeks to use its particular skills to gain market growth. Some followers enjoy a higher rate of return than the leaders in their industry. A market nicher is a smaller firm that is unlikely to attract the attention of larger firms. Market nichers often become specialists in some and use, customer size, specific customer, geographic area, or service.

## **2.2 Competence–Based Strategies**

The distinctive competencies of an organization arise from two complementary sources: its resources and capabilities and this gives the basis on how to compete. The financial, physical, human, technological and organization assets resource of the company defines its competency based strategy.

### **2.2.1 Human Resources**

As seen in Prahalad and Hamel, (1990); people are at the heart of strategy. The knowledge and experience of people can be the key factors enabling the success of strategies. But they can also hinder the successful adoption of new strategies too. So human resource issues are a central concern and responsibility of most managers in organization and are not confined to a specialist human resource function. Indeed, although formal HR systems and structures may be vitally important in supporting successful strategies, it is quite possible that they may hinder strategy if they are not tailored to the types of strategies being pursued. According to Wenerfelt (1984), possession of resources (including people) does not guarantee strategic success. Strategic capability is essentially concerned with how these resources are deployed, managed, controlled and, in the case of people, motivated to create competences in those activities and business processes needed to run the business. The concept of core competences goes beyond this in a search for

those few activities that underpin competitive advantage or demonstration excellence. Employees or groups of employees can be seen to be critical to strategic success of an organization. These are the people that the organization's success may have been built upon in the past and it is likely that the existing structures are centered around them (Campbell et al, 2002).

Nevertheless, the starting point of successful strategies is acquiring, retaining and developing resources of at least a threshold standard and this clearly applies to people as a resources. Much of the 'hard' side of HR is concerned with ensuring that this 'baseline' is maintained in the organization. Human resources can be closely linked with the firm's core competences. Hamel and Prahalad (1994) describe core competences as 'a bundle of skills and technologies rather than a single discrete skill or technology. Although we cannot limit core competences to human resources only, it is clear that human resource management must form at least part of the organization's core competence because 'skills' are grounded in human capabilities. Human resource management must be a key core competence for any world class manufacturing firm. New ideas for innovation, new products, continuous improvement and so on, come from harnessing this creativity from humans not via machines or 'technology'. Whether in systematic and widespread problem solving in the flexibility of team working or in the emerging role of 'knowledge of workers', the distinctive capabilities of human beings is now being recognized. In the 'resource based' view of strategy, organizations are encouraged to identify and build upon their core competencies; what is now clear is that a major (but still often underutilized) resource is the people involved in the organization – the 'human resources' (Spender, 1996).

### 2.2.2 Knowledge Management

Knowledge management is concerned with storing and sharing the wisdom, understanding and expertise accumulated in an organization about its process, techniques and operations. As Ulrich (1998) cited in Armstrong (2006), knowledge has become a direct competitive advantage for companies selling ideas and relationships. Knowledge management deals as much with people and how they acquire, exchange and disseminate knowledge as with information technology. Knowledge Management is a conscious strategy of getting the right people at the right time and helping people share and put information in ways that will improve organizational performance. Knowledge Management is about encouraging individuals to communicate their knowledge by creating environments and systems for capturing, organizing and sharing knowledge throughout the company. The development and practice of Knowledge Management is continuously and dramatically increasing in organizations. And due to improvements in Knowledge Management, the race for seeking competitive edge through knowledge increases at an even faster rate. Organizations have long recognized the importance of managing their intangible assets (Srivastava, 2001).

The development of brands, stakeholder relationships, reputation and the culture of the organization is readily viewed as providing sustainable source of competitive advantage. Success in today's global interconnected economy springs from the fast and efficient exchange of information. Sustainable competitive advantage is no longer rooted in physical assets and financial capital, but in effective channeling of intellectual capital (Wenerfelt, 1984). The ability to develop and leverage the value of these intangible assets comprises a core competency for organizations. Knowledge Management

involves transforming knowledge resources by identifying relevant information and then disseminating it, so that learning can take place. Spender (1996) argued that, knowledge management strategies promote the sharing of knowledge by linking people with people, and by linking them to information so that they can learn from documented experiences. Knowledge can be stored in data banks and found in presentations, reports, library, policy documents and manuals. It can be moved around the organization through information systems and by the traditional methods such as meetings, workshops, courses, written publications, videos and tapes.

### **2.2.3 Innovation and Technology**

Innovation is primarily the application of a fundamental human skills – that of creative problem solving. Innovation is not a luxury but an imperative, it is essential for survival and growth. Yet although uncertain, it is not a lottery; evidence shows that it can be managed to competitive advantage. The key to this lies in recognizing that it is a process like any other in organizational life, the difference being that this process is concerned with renewing the things the organization offers and the ways in which it creates and delivers them. Managing the process is thus of central concern in strategic operations management. Process technology is not a quick fix solution and investment must be made alongside skills and capabilities. Any investment has to be made to support the company in its chosen market and should not be at the whim of a particular technical specialist but should be a holistic decision for the company (Brown, 1996).

Vast amounts of investment have been made in some plants with little competitive advantage being gained as a result. However, when appropriate investment is made it should allow the firm to operate at world class levels,

provided that it is used to meet the needs of the markets in which the firm is competing. Process technology is a requirement in order to meet the demands of the needs of markets. In order to meet these needs, technology can be used for rapid change over and set up times, volume and variety mixes, delivery speed and reliability requirement and for ensuring process quality. However, technology must not be seen as a replacement for human resource capability. Investment in technology is a strategic decision. Investment must be made to enable the firm to support the markets in which the firm is competing (Quinn, 1992).

#### **2.2.4 Company's Assets**

Tangible balance sheet assets such as plant and equipment, raw materials, supplies, inventory, and finished products generate value because they can be bought and sold. Furthermore, the value of these tangible assets ultimately is not just their market or trade value, but also their value-in-use. Tangible assets can be leveraged by an organization to: Lower costs by enhancing productivity; enhance revenues through higher prices if, for example, the raw materials and equipment lead to superior product functionality, features and durability; serve as a barrier to entry or mobility barrier because others must make similar investments; provide a competitive edge to the extent that they make other assets (e.g. employees) more valuable and provide managers with options, for example if the plant or equipment can be shared across products (Srivastava, 2001).

It is important to recognize that market-based assets can also be utilized in the same manner as tangible, balance sheet assets. They can also be leveraged by the firm to: Lower costs; to provide superior relationships with and knowledge of channels and customers leading to lower sales and service costs

and attain price premiums. Srivastava (2001) argued that, brand and channel equity lead to higher perceived value, generate competitive barriers, customer loyalty and switching costs rendering channels and customers less inclined to purchase from rivals. Intangible assets provide a competitive edge by making other resources more productive (e.g. satisfied buyers are more responsive to marketing efforts). They also provide managers with options; for example, by creating trial for brand and category extensions.

Today, and for the foreseeable future, most businesses will remain a mix of both tangible and intangible assets and will require an analogous mix of the appropriate asset-based managerial competencies to develop the strategies needed for deploying such assets to build increasingly hybrid organizations. While organizations continue to optimize their tangible assets, they must also gain the ability to manage intangibles assets, or run the risk of greatly under-optimizing their combined asset base and thus too their corporate performance. However, as Srivastava (2001) argued, organizations are often less adept at managing ideas and innovation, strategizing and leveraging intellectual property, creating value, building brand equity, or building the reputation of an enterprise through human resource development and social responsibility initiatives. Intangible assets are knowledge-based assets, and therefore capturing ideas and turning them into innovation involves recognizing good ideas and concepts, and putting them to work within the organization.

Good ideas and well thought through concepts are central to the future viability of all enterprises, and strategies that recognize ideas as currency, serve the management of these assets by creating a flow of ideas throughout the organization that eventually lead to the creation of innovative products

and services. While many managers today would agree with the importance of innovation, most organizations have no actual strategies in place to manage their knowledge or to encourage creation and innovation (Hargadon, 1998). With the high levels of advanced education and intelligence evident at all levels within today's workforce, it is more important than ever to learn how to manage human capital. Good ideas today, are new products and services tomorrow.

According to Srivastava (2001) many organizations fail to obtain, manage, or leverage their intellectual property. These organizations see patents, trademarks, and copyrights as something they have to obtain, much as one may need to obtain a license to do business. And while this perspective is part of the truth (Stewart, 1997); another part is that intellectual property is a corporate asset that necessitate strategic thinking and planning. However, when the asset base shifts toward intangibles, managerial competencies are needed that see intellectual property as a valuable asset, and know how to leverage it successfully and significantly. This intangible asset managing competency sees intellectual property as an asset to be deployed no less than does the tangible asset mentality see a manufacturing plant or real estate as important assets to be managed well. All assets, be they tangible or intangible, must be engaged to produce income, benefit, or increased value. Intellectual property strategies are based upon the recognition that, unlike tangible assets that are consumed by their use, intangible assets increase in value through use.

All organizations and enterprises have a brand because all such entities operate under a name. But most enterprises fail to develop a strategy for building that name into brand equity. The management of the brand a

strategic planning issue because brand building develops quantifiable brand equity, and because as all markets reach greater levels of saturation and consumption tops out, brands will be necessary to shop every category. Thus, brand strategies focus upon concentrating and building favorable brand awareness by embodying and expressing a consistent, recognizable, and intelligible set of attributes and qualities (Wenefelt, 1984). Corporate reputation flows from the acts and behaviors of an organization is obvious to many, but again, these acts and behaviors are not often consciously made the subject of strategic thinking and strategy development. On-going ethical education and the new social responsibility that emerges from it, demonstrates that corporate character can be leveraged and deployed to drive the bottom line, intangible asset values, while benefiting the surrounding society. Such strategies adopt education and teaching to develop character, instill habits, and build reputation (Grant, 1996).

### **2.3 Contribution of Competence-Based Strategies to Competitive Advantage**

Today, managers in many industries are working hard to match the competitive advantages of their new global rivals. Creating a sense of reciprocal responsibility is crucial because competitiveness ultimately depends on the pace at which a company embeds new advantages deep within its organization. The essence of strategy lies in creating tomorrow's competitive advantages faster than competitors can mimic the ones in possession today. The key is not to anticipate the future but to create the future (Hamel & Prahalad 1989). The competence- or resource-based model emphasizes that competitive edge stems from attributes of an organization known as competences or capabilities which distinguish it from its competitors, allowing it to outperform them. Core competences tend to be



both complex and intangible so that it is necessary to explore the nature of the resources and competences that underpin them. The purpose of such analysis is to allow managers to identify which resources and competences act as the foundation of existing or potential core competences. It is extremely important to note that not all the competitors in an industry will possess core competences or distinctive capabilities (Kay, 1995). It is only those players that are producing above average performance that can be considered as possessing core competences. Those with only average or below average performance possess competences and resources (without which they could not compete in the industry at all) but not core competences.

For a company to succeed, either its strategy must fit the environment in which the company operates, or the company must be able to reshape this environment to its advantage through its choice of strategy. Companies typically fail when their strategy no longer fits the environment in which they operate. According to Porter (1980), the main technique used to analyze competition in the industry environment is the five forces model. The five forces are: The risk of new entry by potential competitors, the extent of rivalry among established firms, the bargaining power of buyers, the bargaining power of suppliers, the threat of substitute products.

The stronger each force the more competitive is the industry and the lower is the rate of return that can be earned. The risk of entry by potential competitors is a function of the height of barriers to entry. The higher the barriers to entry, the lower is the risk of entry and the greater are the profits that can be earned in the industry. A company has a competitive advantage when its profits rate is higher than the average for its industry, and that it has a sustained competitive advantage when it is able to maintain this high profit

rate over a number of years. (In the U.S. department store industry, for example, Wal-Mart has had a sustained competitive advantage that has persisted for decades. This has been translated into a high profit rate).

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). Two basic conditions determine a company's profit rate and hence whether it has a competitive advantage: the amount of value customers place on the company's products, the higher the price the company can charge for these products. However, the price a company charges for a good or services is typically less than the value placed on that good or service by the customer because the customer captures some of that value in the form of what economics call a customer surplus (Wenerfelt, 1984). Efficiency, quality, customer responsiveness, and innovation are all important elements in obtaining a competitive advantage. Superior efficiency enables a company to lower its costs, superior quality lets it both charge a higher price and lower its costs; superior customer responsiveness allows it to charge a higher price; and superior innovation can lead to higher prices or lower unit costs. Strategic decisions are intended to create competitive advantage for the firm or, at the very least, to allow the firm to continue to compete in its chosen markets. It should fall under the realm of strategists within the firm to determine and exploit opportunities and at the same time, to be aware of and diffuse potential threats from other players (Stewart, 1997).

A feature of strategy is the need for awareness and vision outside of the firm, as Hamel and Prahalad explain: "To get to the future first, top management must either see opportunities not seen by other top teams or must be able to exploit opportunities, by virtue of preemptive and consistent capability

building, that other companies can't" (Hamel and Prahalad, 1994: p.78). For some firms this will mean attacking, and exploiting opportunities where a major player has not paid attention, or has believed a particular market segment to be insignificant. For example, in the late 1980s, IBM lost over on third of its PC market share to Compaq and Apple. Those two players (amongst others) attacked in key segments such as home use, education and small business users. However, strategy does not necessarily concern itself with the destruction of other players but, a firm may often develop alliances with other competitors rather than seek their destruction. This is very apparent with the emergence of globalization. These alliances may play a major factor in the success of the firm in specific areas like on technology or in the supply chain. A key requirement for entry to these alliances, though, is in the operations capability that each firm can bring to a particular alliance (Kotler, 2002).

## **2.4 Core Competence, Distinctive Capabilities and Competitive Advantage**

A core competence or distinctive capability is an attribute, or collection of attributes, specific to a particular organization which enables it to produce above industry average performance. It arises from the way in which the organization has employed its competences and resources more effectively than its competitors. The result of a distinctive capability is an output that customers value more highly than those of competitors. It is based upon one or more of superior organizational knowledge, information, skills, technology, structure, relationships, networks and reputation (Thompson and Strickland, 2002).

Perhaps the best known explanation of core competence is that provided by Prahalad and Hamel (1990): “Core competencies are the collective learning of the organization, especially how to co-ordinate diverse production skills and integrate multiple streams of technologies.” (Prahalad and Hamel, 1990 p.113). The concepts of core competence and distinctive capability provide us with insight into how a business can build attributes which can deliver superior performance. They also inform the process of determining where such competence and capabilities can be exploited. Capabilities refer to a company’s skills at coordinating its resources and putting them to productive use. These skills reside in an organization’s routines, that is, in the way a company makes decisions and manages its internal processes in order to achieve organizational objectives. More generally, a company’s capabilities are the product of its organizational structure and control systems. They specify how and where decisions are made within a company, the kind of behaviors the company rewards, and the company’s cultural norms and values. It is important to keep in mind that capabilities are, by definition, intangible. They reside not so much in individual as in the way individuals interact, cooperate, and make decisions within the context of an organization.

## **2.5 Sustainable Competitive Advantage**

Whereas Porter (1988) defined competitive advantage as requiring sustained above-average performance in the long-run, Grant (1996) defines competitive advantage as the ability to outperform rivals on profitability. It is the ability of a firm to use its resources, capabilities and competences in a way that provides a competitive edge. Competitive advantage concentrates on the firm. Porter (1998) observed that a successful firm’s strategy stems from an ability to translate a broad competitive strategy into specific action steps required in gaining a competitive advantage. Competitive advantage develops from the

value a firm is able to create for its buyers. It cannot be understood by looking at a firm as a whole; but stems from the many discrete activities a firm performs.

According to Porter (1999), we can create competitive advantage as we make tough choices about what we will do and not do. Competitive advantage is normally defined as the ability to earn returns on investment consistently above the average for the industry (Porter, 1985). Barney (1986) indicates that a firm is said to have a competitive advantage when it implements a value creating strategy not simultaneously being implemented by any current or potential competitors. Competitive Advantage (Superior Performance) is often seen as the overall purpose of business strategy. Essentially, a business can be said to possess competitive advantage if it is able to return higher profits than its competitors. The higher profits means that it will be able to commit more retained profits to reinvest in its strategy, thus maintaining its lead over competitors in an industry. When this superiority is maintained successfully over time, this is referred to as a sustainable competitive advantage.

Competitive advantage can be lost when management fails to reinvest the superior profits in such a way that the advantage is not maintained. According to Williams (1992), managers must link the organization's unique resources and core capabilities to different types of strategies over time. This is the approach known as positioning school whose central tendency is positioning a business to maximize the value of capabilities that distinguish it from its competitors which means building competitive advantage in the industry. It is this advantage which needs to be sustained. Barney (1991) suggests that firms obtain sustained competitive advantages by implementing

strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses. If a firm's threats and opportunities change in a rapid and unpredictable manner, the firm will often be unable to maintain a sustained competitive advantage (Kay, 1993). Strickland (1993) states that winning business strategies are grounded in sustainable competitive advantage; which is key to the success or failure of firms.

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1. Introduction

This chapter describes the methods and processes that were used to conduct the study. These include the research design, the target population, data collection instruments, data analysis and presentation techniques.

### 3.2 Research Design

This research was a case study of Barclays Bank of Kenya Limited. A case study design is an exploratory study undertaken when not much is known about the situation at hand, or no information is available on similar problems or research issues have been solved in the past (Sekaran, 2002). The aim of any case study is to explore, describe and understand in detail the phenomenon in depth and in completeness. A case study was chosen because it is a strategy that has a considerable ability to generate answers to such questions like 'Why?' 'What?' and 'How?' (Saunders et al, 2009). This research design was preferred because the research problem was uniquely focused on one organization; and that it emphasized on details hence providing important insights for problem solving and strategy evaluation (Cooper, 1995). In addition, a number of researches on adoption of strategies (Kombo, 1997; Karemu, 1993; and Murage, 2001) had been conducted successfully using this research design.

### 3.3 Sample Design

The research involved the use of primary data collection technique whereby interviews were conducted with the managers/departmental heads based at the bank's head office in Nairobi. The managers interviewed were randomly selected from the bank's seven departments. The data collected is taken as a

sample representation of the bank's branches across the country since the bank's operations are centralized.

### **3.4 Data Collection**

Primary data collection method was used in this study. The targeted source of Primary data was from the bank's managers and heads of departments who were permanent members of staff with a minimum of 3 years continued employment with the bank. The managers who are based at the bank's Head Office in Nairobi provided information on the strategies adopted by the bank (which is mostly centralized in its operations) across all its branches in Kenya.

Primary data which was mainly qualitative in nature was collected using interview guides (Appendix I). The interview guides contained open-ended questions grouped in two parts (1 & 2). The questions in part 2 were further grouped into four sections (A – D); each covering a specific topic. Interviews were conducted with a total of 44 managers and heads of the key departments/sections namely: Human Resources, Administration, Sales and Marketing, Risk and Controls, Information Technology, Retail, and Corporate. The questions were administered directly to the respondents on a face-to-face interview basis.

### **3.5 Data Analysis**

The data collected was predominantly qualitative in nature and was analyzed using content analysis. This approach was essential as it enabled the researcher to thoroughly analyze the data collected and consequently make inferences through systematic and objective identification of specific characteristics of the data. This method has been used successfully in previous case studies like those by Muthuiya (2004), Ochanda (2005), and



Riungu (2007). Content analysis enabled the researcher to pick out the key attributes, phrases and statements from the respondents which were easily grouped and categorized; and therefore helped ascertain any connection, association, and other interpretations.

### **3.6 Ethical Issues**

Ethics deals with one's conduct and services as a guide to his/her behavior. The researcher first had to seek permission from the top management of the bank to carry out the research process. The researcher also gave an assurance to the respondents that the information provided was to be used for the purpose of the research project only, and not beyond its scope.

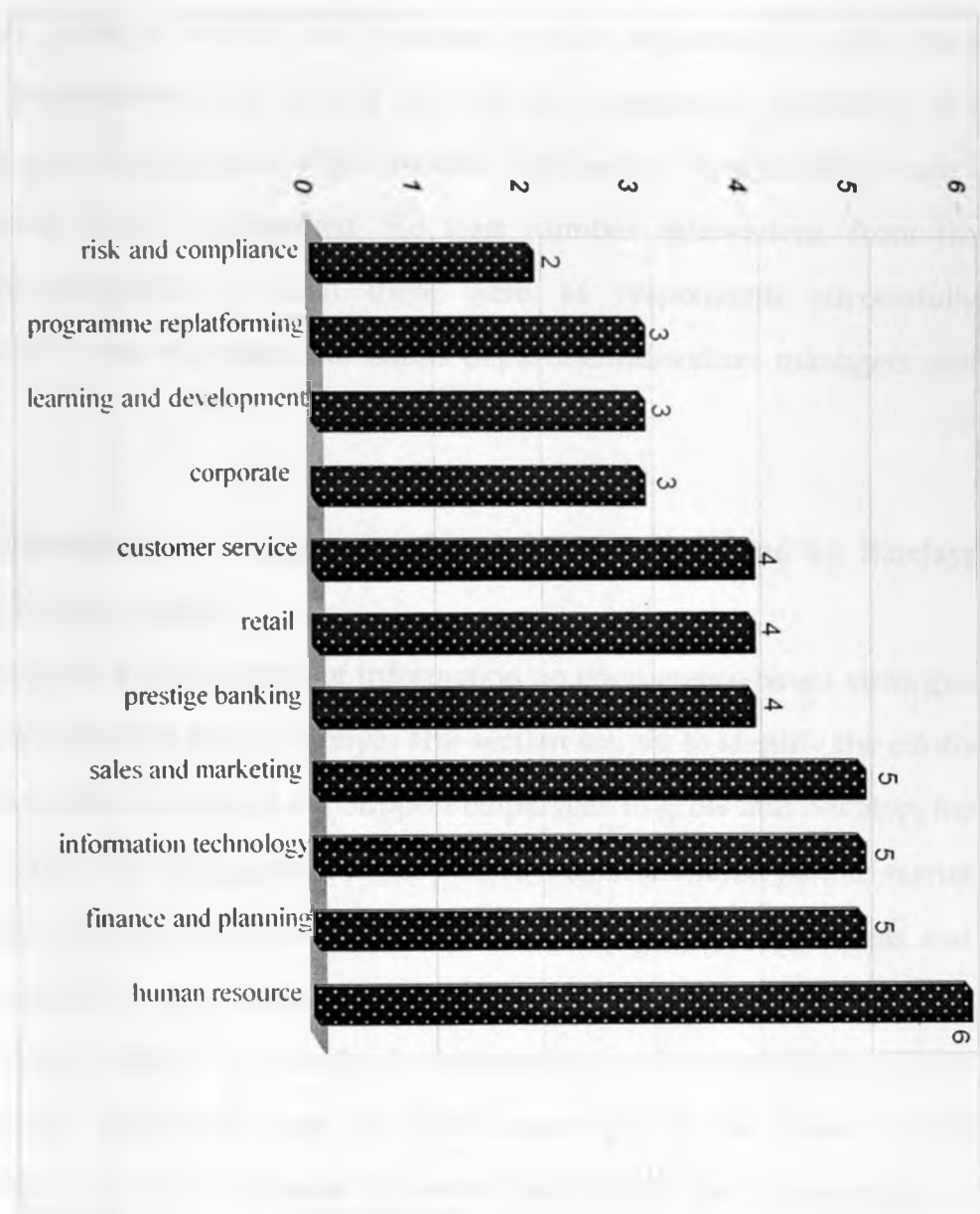
## **CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION**

### **4.1 Introduction**

This chapter provides statistical presentation and analysis of the data collected. The data has been presented in tables and figures with summaries being given for each table and figure. The objective of this chapter is to explain the data rather than draw conclusions and interpretations. Respondents were asked to answer a set of questions on a number of topics; and the results are presented under the following sub-sections:

### **4.2 Demographic Information of Respondents**

This part covers the details of the respondent which include: the department/section, the position held, and the duration of service in the position.



**Figure 4.1: Department / Section**

Data presented in figure 4.1 above shows that majority of the respondents were in the human resources department comprising of 6 respondents, followed by the sales and marketing, finance and planning, and information technology departments that comprised of 5 respondents each. This means that the managers from these departments were easily available for the interviews and therefore the data collected in general will mostly come from these departments with the majority of responses. 4 respondents came from

the retail, prestige banking and customer service departments each. There were 3 respondents from each of the risk and compliance, corporate, and learning and development departments. Programme replatforming had 2 respondents which represented the least number interviewed from the departments/sections. In total there were 44 respondents successfully interviewed; who represent the banks departmental/section managers and heads.

#### **4.3 Information on Competence-Based Strategies adopted by Barclays Bank of Kenya Limited.**

This part gives a presentation of information on competence-based strategies adopted by Barclays Bank of Kenya. This section sought to identify the efforts by the bank that encourage and support employees to grow and develop, the ways in which the Management ensures there is close attention paid to recruit and retain employees and the extent to which employee suggestions and recommendations are welcomed by management and implemented. The section also presents the level of co-operation and commitment in the organization, employees' say on how issues get to be done in the organization, as well as ways in which individuals are encouraged to communicate and share their knowledge, skills, expertise, and best practice. This part also identifies the systems put in place to store, capture and share information throughout the company, ways in which the bank ensures that new information and knowledge is easily and effectively moved around the organization, roles played by Information and Communications Technology as a tool for competitiveness in the bank, and the ways in which employees are encouraged and trained in technology development. Finally, the section shows how the bank's management has shown commitment to investing in

Technology, and how the Company's assets contribute to competitive advantage to the bank over its rivals.

The data is presented in figures and tables as shown below:

### 4.3.1 Efforts by the Bank That Encourage and Support Employees to Grow and Develop

In this section, the aim was to determine the various efforts by the bank that encourage and support employees to grow and develop. The figure below shows the results.

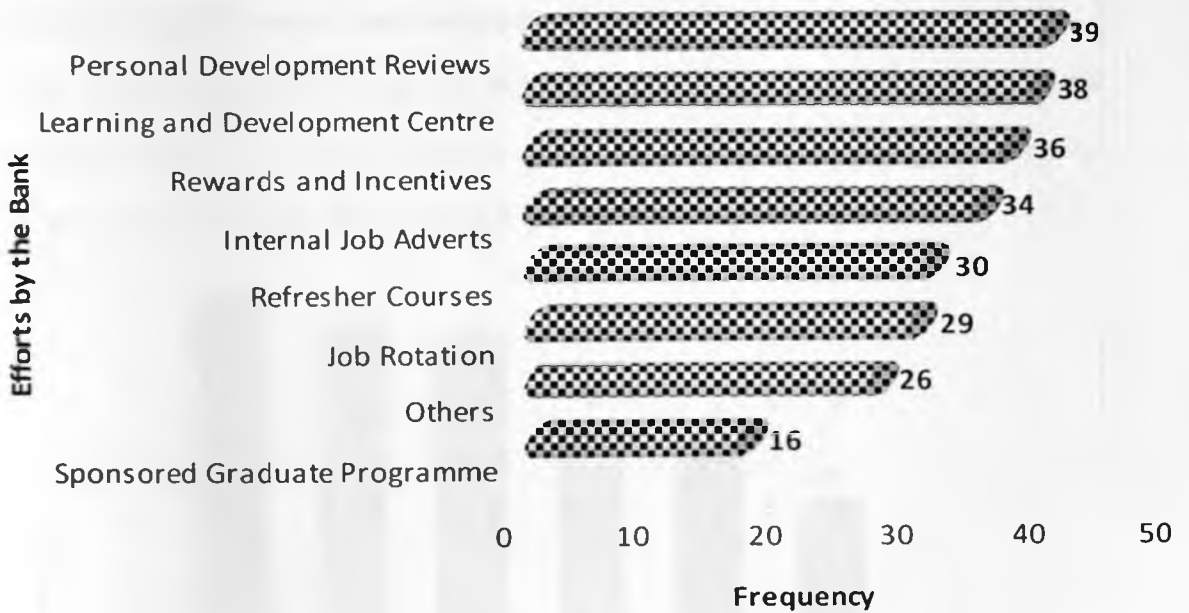


Figure 4.2: Efforts for Employee Growth and Development

Data presented in figure 4.2 above shows the majority of respondents (39) mentioned Personal Development Reviews followed by 38 who cited the

introduction of the Learning and Development Centre as efforts employed by the bank to improve employee growth and development. Rewards and incentives, internal job adverts, refresher courses, and job rotation were each mentioned by 36, 34, 30, and 29 respondents respectively. There were 26 respondents who mentioned other factors. The least cited effort by the bank that encouraged and supported employees to grow and develop was sponsorship of the graduate programme which was cited by 16 respondents. This shows that the bank has put a lot of efforts to personal development reviews and learning in order to support and encourage its employees to grow and develop.

#### 4.3.2 Ways through which the Management ensures there is close attention paid to recruit and retain employees

This section sought to find out the ways through which the Management ensured there is close attention paid to recruitment and retaining of employees. The figure below shows the results.

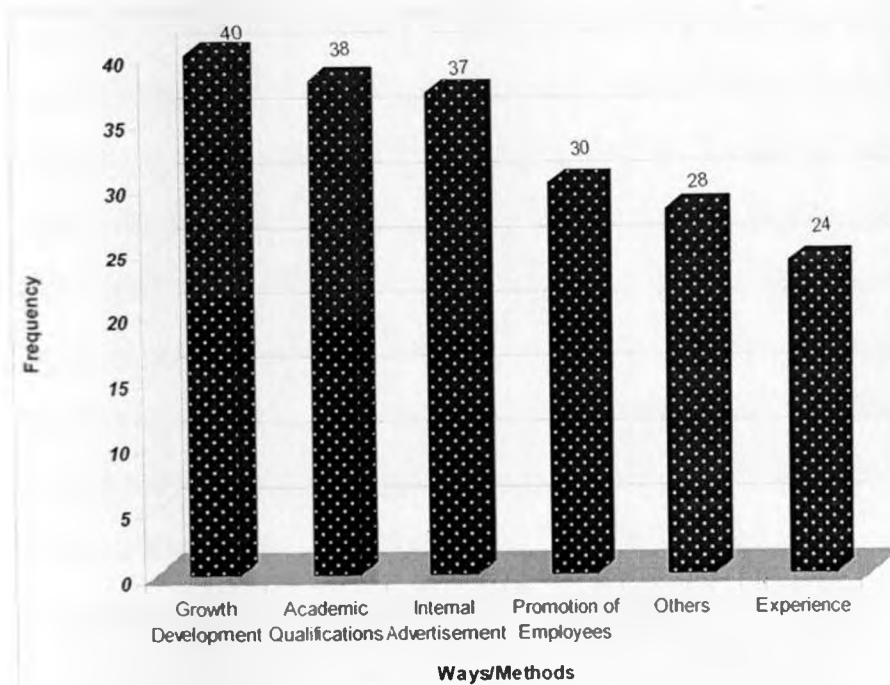


Figure 4.3: Attention Paid To Recruit and Retain Employees

Data presented in figure 4.3 shows the major ways the management ensured there was close attention paid to recruit and retain employees. According to the figure, 40 respondents averred that the Bank used growth and development to recruit and retain the employees, closely followed by academic qualification which was cited by 38 respondents and internal advertisements as stated by 37 respondents. Promotion of employees and other factors were mentioned by 30 and 28 respondents respectively, while 24 respondents cited work experience.

These result findings show that the bank's strategies are more focused on growth and development as well as academic qualifications in recruiting and retaining employees.

#### **4.3.3 Extent to which Employee Suggestions and Recommendations are welcomed By Management and Implemented**

In this section, the aim was to assert the extent to which employees' suggestions and recommendations were welcomed by management and implemented. All the respondents interviewed (total of 44) cited that the employees and staff were encouraged to give their own views and opinions in setting up objectives, plans of action and strategies development. In addition, ideas and suggestions from employees were welcomed and were usually incorporated by management when setting targets and strategic plans; as mentioned by 42 respondents. The respondents cited that the feedback from employees was taken with importance and care. In addition, the employees were encouraged to share best practices and give suggestions for improvement; as mentioned by 36 respondents.

As agreed by all the respondents interviewed, the findings given show that to great extent employees' suggestions and recommendations were both welcomed and implemented by the management.

#### **4.3.4 Spirit of Co-operation and Commitment in the Organization**

The study proceeded to establish the respondents' view on the strength in the spirit of co-operation and commitment in the organization. 41 respondents cited that there was a relatively high level of teamwork and commitment. Most operations and duties were shared by more than one department and this encourages a team spirit approach. In addition, more than half of the responses (37) cited that there was a strong sense of belonging in the bank and teamwork was inculcated as a corporate cultural learning. Teamwork was well spelt out in the banks values statements, vision and mission.

The responses shown above mean that there is a relatively high level of teamwork, corporation and commitment among employees in the bank.

#### **4.3.5 Employees' Say on How Issues Get To Be Done In the Organization**

The study went further to determine whether the employees had a greater say on how issues got to be done in the organization, and the extent to which this was implemented. 41 respondents acknowledged that they had a greater say on how issues in the bank were done. The employees were encouraged to discuss issues, criticize, and share their own views, beliefs and values. This was mentioned by 34 respondents interviewed who represent 77% of the total responses received. In addition, 31 respondents cited that the bank's strategies, plans and policies were set based on feedback the contributions from staff and were highly incorporated. 27 respondents also cited that employees influenced the way things were performed. 24 of the respondents

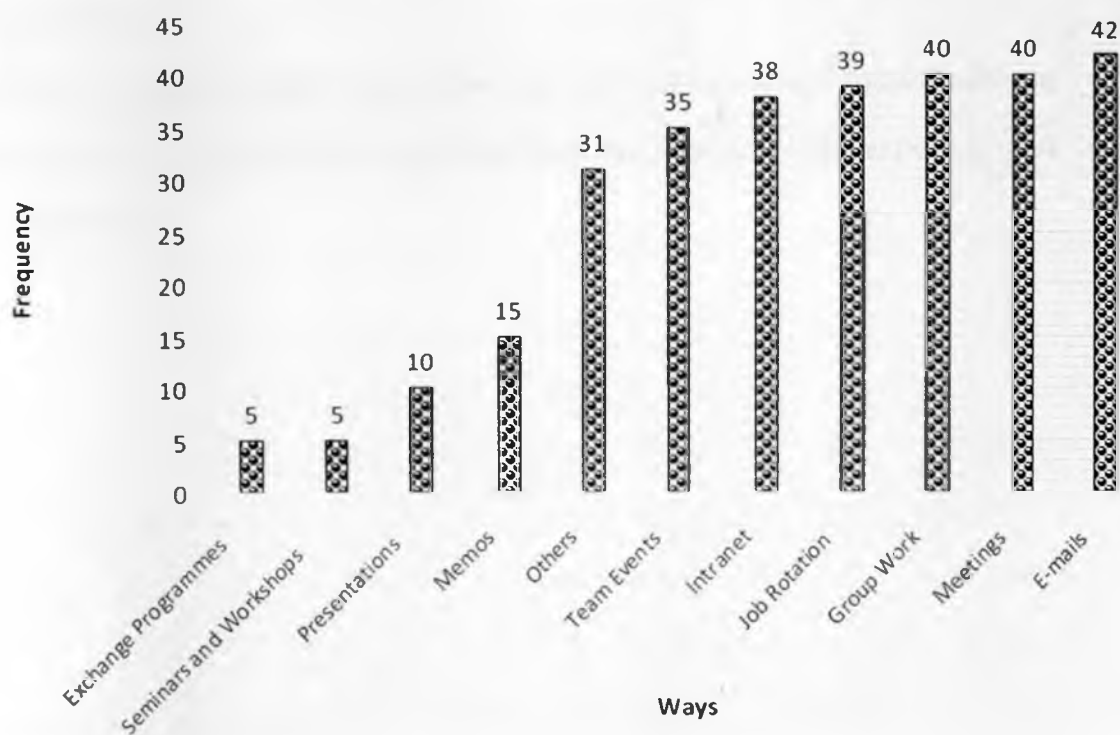


mentioned that this was encouraged especially if the influence was for the benefit of the bank, its clients and/or the staff themselves.

The above responses indicate that employees in the bank have got, to a greater extent, a say on how issues get to be done and/or implemented in the organization.

#### 4.3.6 Ways in Which Individuals Are Encouraged To Communicate and Share Their Knowledge, Skills, Expertise and Best Practices

This section aimed to find out the various ways in which individuals were encouraged to communicate and share their knowledge, skills, expertise, and best practices. The figure below shows the results.

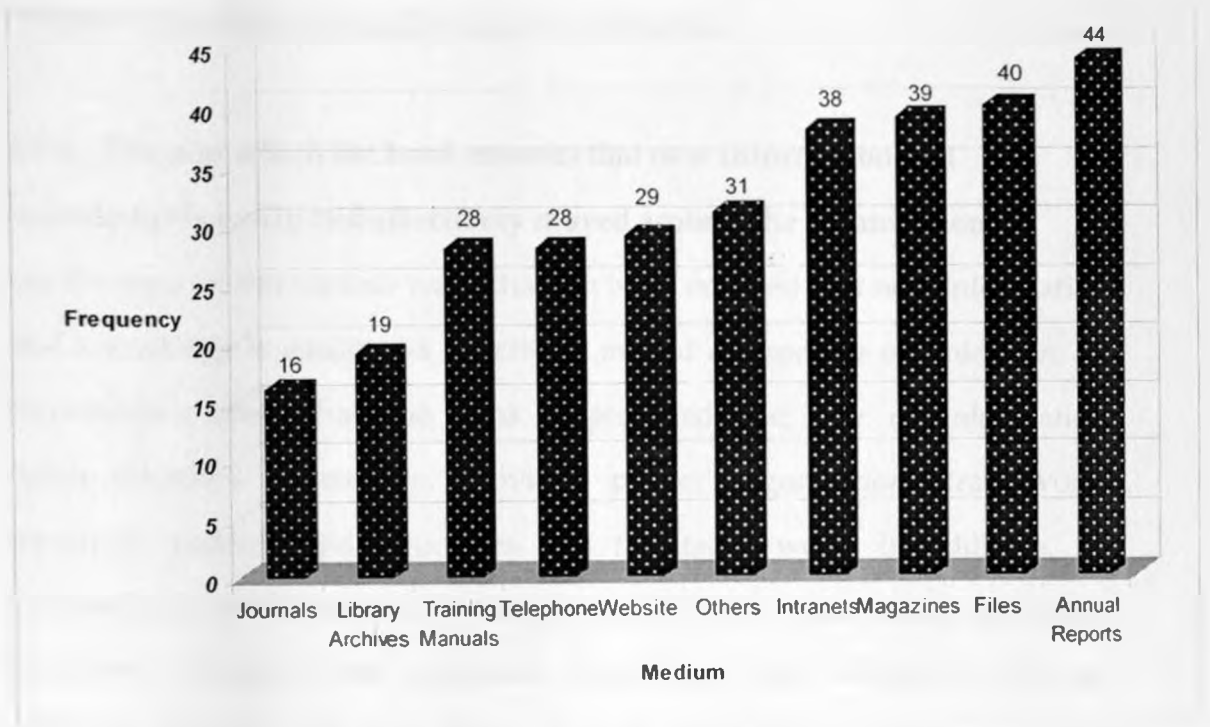


**Figure 4.4: Ways in Which Individuals Communicate and Share Knowledge, Skills, Expertise and Best Practices**

Findings from the figure above show that the most frequent way in which individuals were encouraged to communicate and share their knowledge, skills, expertise, and best practices was through Emails as stated by 42 respondents followed by meetings and group work, each mentioned by 40 respondents. This was followed by job rotation, intranet, and team events as cited by 39, 38, 35 respondents respectively. 31 respondents mentioned other factors as ways in which individuals communicate and share knowledge, skills, expertise and best practices. Memos, as well as Presentations are among other ways that were cited by 15 and 10 respondents respectively. The least cited way which individuals were encouraged to communicate and share their knowledge, skills, expertise, and best practices was through exchange programs and seminars and workshops as each was mentioned by 5 respondents.

This shows that the bank has availed several ways in which individuals are encouraged to communicate and share their knowledge, skills, expertise, and best practices.

### 4.3.7 Systems Put in Place to Store, Capture and Share Information throughout the Company



**Figure 4.5: Systems Put in Place to Store, Capture and Share Information**

Results from Figure 4.5 illustrate the systems put in place to store, capture and share information throughout the company. When inquired on whether the systems were efficient in meeting the bank's objectives, all the respondents agreed that the systems were efficient. All the 44 respondents interviewed concurred on the Bank using annual reports, 40 respondents agreed on the bank using files followed by 39 who mentioned magazines, and then 38 respondents who cited the use of the intranet. There were 31 respondents who mentioned other factors. However, 28 respondents cited the use of both training manuals and the telephone, while 19 gave the use of the library archives. The least number of respondents cited the use of journals. When inquired on whether the systems were efficient in meeting the bank's objectives, all the 44 respondents cited that they were efficient.

The above findings indicate that the bank has put in place many and different systems to manage information in the organization.

#### **4.3.8 Ways in which the bank ensures that new information and knowledge is easily and effectively moved around the organization**

On the topic of the various ways that the bank ensured that new information and knowledge is easily and effectively moved around the organization, 41 respondents cited that the bank appreciated the role of information communications technology, provided proper organizations framework, resources systems and structures that facilitated work. In addition, 39 respondents mentioned that by employing ICT, the bank easily facilitated feedback, harnesses, and processes, saves time and efficiently achieves resource allocation. 38 respondents at least cited that it was through job rotation, frequent training and refresher courses together with the use of ICT effectively. There were 22 respondents who cited other factors. The findings also indicated that the bank had ensured that proper systems were in place for the utilization of new information such as providing mobile phones and airtime. This was mentioned by 19 respondents.

The results show that the ICT adopted by the bank is seen to play a key role in ensuring that new information and knowledge is easily and effectively moved around the organization.

### 4.3.9 Role Played by Information and Communications Technology as a tool for competitiveness in the bank

The study sought to investigate the role information communications technology played as a tool for competitiveness in the bank. The figure below shows the results.

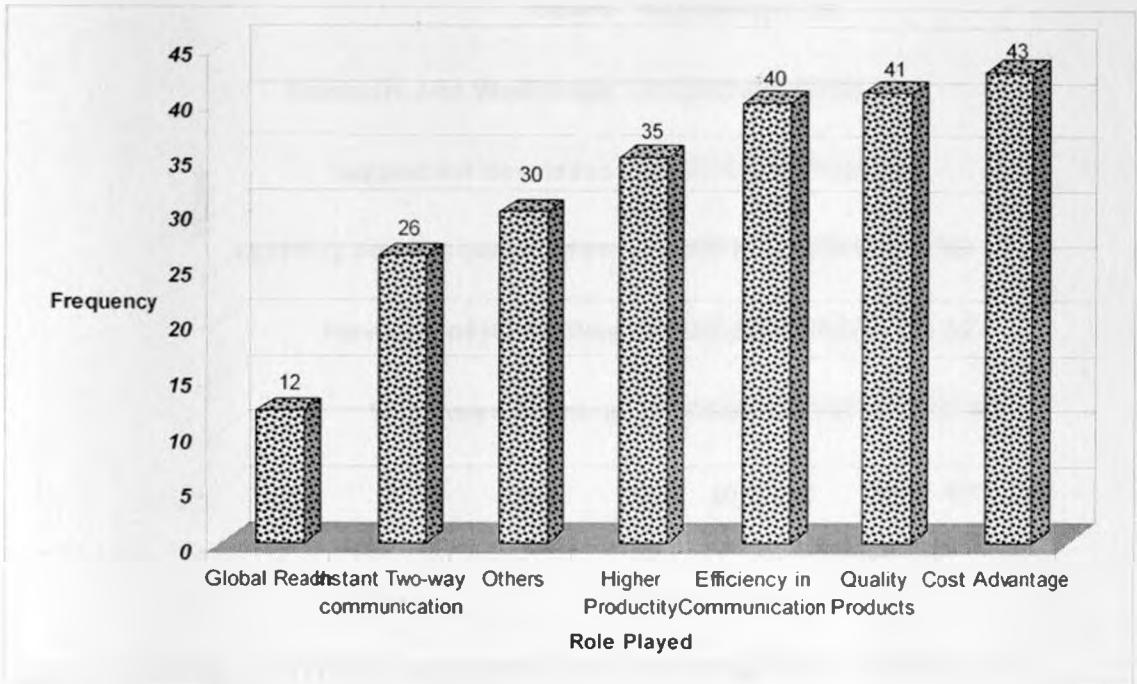


Figure 4.6: Role Played by Information and Communications Technology

Findings from figure 4.6 show that the major role of ICT was cost advantage as was shown by 43 respondents, followed by quality products cited by 41 respondents, and then efficiency in communication as alluded by 40 respondents. 35 respondents cited higher productivity, 30 mentioned other factors while 26 mentioned instant two-way communication. The least cited role was global outreach as it was shown by 12 respondents.

This means that ICT has played a big role in cost-cutting as well as ensuring quality products and efficient communication in the bank.

#### 4.3.10 Ways in which employees are encouraged and trained in Technology Developments

The respondents were asked to identify ways in which employees are encouraged and trained in technology developments. The findings are shown below.



**Figure 4.7: Ways in Which Employees Are Encouraged and Trained In Technology Developments**

From the findings above, the most common way in which employees are encouraged and trained in technology developments was through sponsored trainings as stated by 40 respondents followed by provision of ICT facilities stated by 37 respondents and learning and resource centers stated by 36 respondents. 30 respondents cited the support for new ideas; while the least cited way was via seminars and workshops as mentioned by 28 respondents. 20 respondents gave other factors as ways in which employees are encouraged and trained.

The data show that the bank puts in a lot of investments into training and supporting the employees in technology developments. Most of the efforts towards this come from the bank's investments in sponsoring trainings and also providing the ICT facilities as well as the Learning and Resource Centre.

### 4.3.11 How the Bank's Management Has Shown Commitment to Investing in Technology

The study also sought to find out how the banks management had shown commitment to investing in Technology. The results are shown in the figure below:

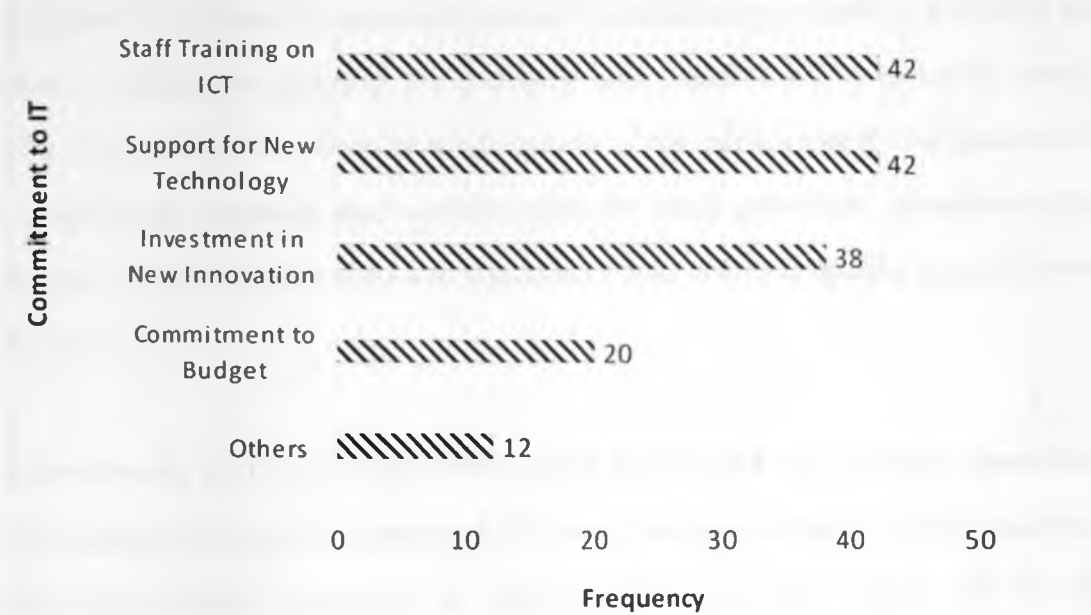


Figure 4.8: Management's Commitment to Investing in Technology

From the figure above, when the respondents were asked how the bank's management had shown commitment to investment in technology; support for new technology and staff training on ICT were the most identified initiatives each mentioned by 42 respondents. 38 and 20 respondents further identified investment in new innovations and commitment of budgets respectively, as ways through which the management showed their

commitment to investment in technology. There were 12 respondents who mentioned other factors.

The above findings indicate that bank's management is so much committed to investing in ICT as a way of empowering employees to become more competent in their jobs and have an edge over others in the market.

#### **4.3.12 Competence-Based Strategy: Company Assets**

In this section, the aim was to establish the various views on the bank's tangible assets. All the 44 respondents cited that utilization of the bank's tangible assets lead to superior product functionality, acted as a barrier to other competitors entering the industry and contributed in lowering costs. The respondents also cited that utilization of the bank's assets had generated value of the products and services that the bank provides. Investments in branch networks bank club and machinery had ensured quality and efficient services.

Furthermore, all the 44 respondents stated that there was a general consensus that intangible assets had enabled the bank increase its market share more so the global brand perception by many of its customers. Again, all the 44 respondents identified the brand name, logo, brand association, color, slogan and copyrights as the intangible assets that have given the bank a competitive advantage over its rivals. Also stated by 41 respondents are: the bank's stability, strong goodwill, reputation in the industry, and consistence in profitable performance.

Others felt that the global network and operations of the bank resulted in giving security and confidence to many customers engaged not only in



international but also local banking and other financial transactions; as mentioned by 37 respondents.

The responses show that the managers see and believe that Barclays' tangible assets as well as the brand and goodwill to be strong, stable, popular; and therefore a key competitive strength and strategy in the Kenyan banking industry.

## CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS TO THE STUDY

### 5.1 Introduction

This chapter presents a summary and conclusions derived from the findings in the previous chapter. The purpose of these conclusions is to answer the research questions. Finally, recommendations for management, and suggestions for future study are presented.

### 5.2 Summary of the Findings

From the department/section heads and managers interviewed, the study found that majority of the respondents were in the human resource department comprising followed by sales and marketing, finance and planning, and information technology departments . The study also established that the major efforts employed by the bank to encourage its employees to grow and develop was the use of Learning and Development Centre, and internal job adverts as was cited by majority of the respondents.

The study also asserted that the major way in which the management ensured there was close attention paid to recruit and retain employees was via growth and development as was shown by a majority of the respondents. In addition, the respondents cited that the employees and staff were encouraged to give their own views and opinions in setting up objectives, plans of action and strategy developments. Besides that, ideas and suggestions from employees were welcomed and were usually incorporated by management when setting targets, objectives and strategic plans.

On the topic of the managers' view on the strength in the spirit of co-operation and commitment in the organization, the respondents cited that

there was a relatively high level of teamwork and commitment. Most operations and duties were shared by more than one department and this encourages a team spirit approach. In addition, the respondents cited that there was a strong sense of belonging in the bank and teamwork was inculcated as a corporate cultural learning.

On the question of whether the employees had a greater say on how issues got to be done in the organization and to what extent, the respondents acknowledged the fact that employees had a greater say on how issues in the bank were done. In addition, they cited that the bank's objectives, strategies, plans and policies were set based mainly on feedback and other contributions from staff; and that these were highly incorporated.

The study also found that the most frequent way in which individuals were encouraged to communicate and share their knowledge, skills, expertise, and best practices was through meetings, as cited by most respondents, followed by job rotation and team events. In addition, the study also established that the systems put in place to store, capture and share information throughout the company was annual reports as was shown by majority of the respondents. This was seconded by the use of magazines and then followed by the Intranet system, and then the use of the bank's website.

On the issue of the ways that the bank ensured that new information and knowledge is easily and effectively moved around the organization, the respondents' cited that the bank appreciated the role of information communications technology, provided proper organizations framework, resources systems and structures that facilitated work.

The study findings also showed that the major role of ICT was cost advantage as was shown by more than half of the respondents, followed by quality products and efficiency in communication as alluded to also by most of the respondents. The study also established that the most common way in which employees are encouraged and trained in technology developments was through sponsored trainings concurred on by more than half of the respondents. This was followed by provision of ICT facilities which was also cited by many respondents.

On the issue of bank commitment to investment in technology, the study showed that the bank's management had shown commitment to investing in technology by support for new technology and staff training on ICT as was the most identified initiatives by the majority of the respondents on each. Other respondents further identified that the management investment in new innovations also shows their commitment to technology.

On the various views on tangible assets, the respondents cited that utilization of the bank's tangible assets lead to superior product functionality, acted as a barrier to other competitors entering the industry and contributed in lowering costs. The respondents' also cited that utilization of the banks.

The study also found that there was a general consensus that intangible assets had enabled the bank increase its market share more so the global brand perception by many of its customers. Others felt that the global network and operations resulted in giving security to many of the customers engaged in global transactions.

### **5.3 Conclusions**

The study concludes that Barclays Bank of Kenya Limited has put in various competence-based strategies. These include an efficient human resource system that allows employees to grow and develop; as well as to closely interact with the management on sharing of views, opinions and implementation of strategies.

The study also concludes that the bank had put in measures to ensure new information and knowledge was easily and effectively moved around the organization. These included use of feedback, employment of ICT and staff trainings and meetings. The study also concludes that knowledge is a significant competitive asset that the firm possesses. This knowledge, as cited by majority of respondents, has been effectively managed and consequently, helped enable the bank earn an edge over its rivals.

### **5.4 Recommendations**

The study recommends that for Barclays Bank of Kenya to adequately employ competency-based strategies in innovations and technology, there is need for an investment in Information Communication Technology. Knowledge management deals as much with people and how they acquire, exchange and disseminate knowledge as with the use of information technology. Hence, more investments on ICT can greatly improve the competitiveness of Barclays Bank of Kenya.

### **5.5 Areas for Further Research**

For further research, the study recommends that similar studies be carried out in other industries to establish the various competence-based strategies adopted for competitive advantage. The inter industry comparison will aid

conclusions regarding the influence of industry characteristics in competitive strategy adoption.

## **5.6 Limitations to the Study**

The study suffered from limitations related to time for data collection. It took a lot of time before all the interviews were successfully conducted as most managers claimed to be too busy to find the time. It was on several occasions that actually most appointments with the managers and departmental/section heads for the interviews had to be rescheduled. Consequently, this made it necessary to extend the time that had been allocated for data collection exercise.

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**Appendix I: Interview Guide**

Please answer the following questions based on the instructions given. The information provided shall be used for the purpose of this study ONLY and NOT beyond its scope. Your responses shall remain anonymous and be treated confidential.

**PART 1: Details of the Respondent**

- 1. Department/Section: \_\_\_\_\_
- 2. Position Held: \_\_\_\_\_
- 3. Duration of service in the position: \_\_\_\_\_

**PART 2: Information on Competence-Based Strategies adopted by Barclays Bank of Kenya Limited.**

**Section A: Competence-Based Strategy: Human Resources.**

- 4. Are there any efforts by the bank that encourage and support employees to grow and develop? Please specify .....  
.....  
.....
- 5. In what ways does the Management ensure there is close attention paid to recruitment and retaining of employees? .....  
.....  
.....
- 6. To what extent are Employee suggestions and recommendations welcomed by management and implemented?  
.....  
.....
- 7. What can you say about the spirit of co-operation and commitment in

this organization?.....

**Section B: Competence-Based Strategy: Knowledge Management**

8. In your own view, do you think the employees have a greater say in how issues get done in this organization, and to what extent? Please explain .....

9. Mention ways, if any, in which individuals are encouraged to communicate and share their knowledge, skills, expertise, and best practices.....

10. What Systems have been put in place to store, capture and share information throughout the company? .....

11. How efficient are these systems (in 10. above) in meeting the bank's objectives? .....

12. In what ways does the bank ensure that new information and knowledge is easily and effectively moved around the organization?.....

**Section C: Competence-Based Strategy: Innovation and Technology.**

13. What role does Information Communications Technology play as a tool for Competitiveness in the bank? .....

14. Are there ways in which employees are encouraged and trained in technology developments? Please specify.....

.....  
15. In what ways has the process of automation helped the bank achieve its strategies in the competitive market? .....

.....  
16. How has the bank's Management shown commitment to investing in Technology?.....  
.....

**Section D: Competence-Based Strategy: Company Assets.**

17. In what ways and to what extent have the bank's assets:

(i). Lead to superior product functionality and value?  
.....  
.....

(ii). Helped act as a barrier to other competitors entering the industry?  
.....

(iii). Contributed in lowering costs? .....

.....  
18. List the intangible assets that the bank has used as key strengths in competing with its rivals.....  
.....

19. In what ways have these assets:

(i). Provided relationships with and knowledge of channels and customers?.....  
.....

(ii). Contributed to higher perceived value from customers?.....  
.....

(iii). Lead to increased customer loyalty and switching costs of channels and customers? .....

.....

20. In your opinion, how have these competence-based strategies enabled the bank generate and/or sustain a competitive advantage over its rivals? .....

.....

**Thank you for your time and response.**