ABSTRACT
Business strategy is concerned with how a firm competes in a given industry or market. The Kenyan commercial banking industry guided by the banking Act that provides for the licensing and regulation of commercial banks by the Central Bank of Kenya exhibits competitiveness. Scholarly articles on the Kenyan banking industry portray a dynamic environment for which this study sought to first determine the strategies adopted by commercial banks to improve performance and to further establish whether the strategies identified as adopted influence performance of the commercial banks in Kenya. This census study that targeted 43 players licensed by the regulator in the Kenyan banking industry finds from the 39 respondent institutions that the banks have to a large extent applied the following strategies: rewarding frequent customers, creating membership for regular customers, maintaining high quality of services, implementing of customer feedback systems, targeting a specific geographic market, opening new geographical branches, concentrating on main leading customers, developing organizational technology leadership, developing different service quality levels that suit the customer pocket, differentiating service features for different customer preferences and developing organizational brand image. Though the study reveals that the major challenges in strategy implementation for the banks are lack of financial resources, poor advances in strategy and increased operation costs. The attributes in banking business that are considered to be indicators to competitive advantage include: business service leadership, cost effective service delivery, how to communicate with customers, efficiency in service delivery and innovation in service delivery. Other competitive strategies that were considered to contribute to a firm’s competitive advantage but to a moderate extent are; technology leadership and market share leadership.