EFFECTS OF MARKETING STRATEGIES ON INTERNATIONALIZATION OF INDIGENOUS COMMERCIAL BANKS IN KENYA

BY

JOHN MUHIA MUNGAI

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DECLARATION

I declare that this project is my original work and has never been submitted for the award of a degree in any other institution/university.

Sign: .......................................................... Date: 10th June 2013

JOHN MUHIA MUNGAI

D53/12413/2009

I confirm that this project was done by the candidate under my supervision and has been submitted for examination with my approval as the university supervisor.

Sign: .......................................................... Date: 18/6/13

J.M KILIKA, PhD

Lecturer, Department of Business Administration

On and behalf of Kenyatta University

Sign: .......................................................... Date: 17/6/13

MUATHE SMA PhD

Chairman Department of Business Administration
ABSTRACT

One of the environmental influences to a business arises from competition. Banks have to respond strategically to environmental factors in order to be sustainable. Increased competition threatens the attractiveness of an industry and reduces the profitability of the players (Hamel and Prahalad, 1993). To succeed in the long term, organizations must compete effectively and out-perform their rivals in a dynamic environment. To accomplish this they must find suitable ways for creating and adding value for their customers. Indigenous Kenyan commercial banks use a variety of marketing strategies to respond to competition and other external environmental forces in their plan to expand their operations into the international markets. This study was therefore designed to identify the effects of marketing strategies adopted by indigenous commercial banks in Kenya towards increased internationalization. The study was designed as a descriptive study because it describes events as they are. Purposive sampling was used to select a sample of 6 commercial banks from a population of 44 commercial banks licensed by the Central Bank of Kenya to carry on banking business in Kenya. Data was collected using structured questionnaires which were be administered using the drop and pick method. Data was analysed using descriptive statistics with the help of SPSS and the results presented using tables, percentages and ratios for easier interpretation. A regression analysis was then done to determine the relationship between marketing strategies and internationalization of indigenous commercial banks Kenya. The study found that market development strategies, diversification strategies and product life cycle strategies highly affect the degree of internationalization. It was concluded that the various products/service offering by the indigenous commercial banks are at different stages in the product life cycle and therefore each product needs its unique strategies in order to be marketed effectively in the home as well as in the international market. Recommendations were made on how indigenous commercial banks can effectively employ marketing strategies in order to optimally benefit from internationalization. Further studies that relate to internationalization were also recommended for future researchers.