STRATEGIC RESPONSES AND ORGANIZATIONAL COMPETITIVENESS: A CASE OF KCB BANK GROUP LTD, KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for examination in any other university or academic institution.

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

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DEDICATION

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

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ABBREVIATIONS AND ACRONYMS

GDC : Geothermal Development Company.

HRM : Human resource Management.

KBA : Kenya Bankers Association.

KCB : Kenya Commercial Bank.

PAEA : Practical action Eastern Africa.

PESTEL: Political, Economic, Social, technological, environmental and legal aspects.

S& L : Savings and loans.

SPSS : Statistical package for social sciences.

DEFINITION OF KEY TERMS

Competitiveness: Relates to how effectively an organization meets the wants and needs of its customers in the market place in relation to the offer by other Organizations who supply similar products or services to the same Market/clients.

Positional advantage: Being in a situation that gives one advantage over the opponent in a non-combative approach**.**

Investment banks: These are banks that deal in a specific market division of banking operations that help in the process of raising the required capital for organizations and individuals.

Economic turbulence: It is sudden change from the norm that has a bigger impact to the normal operations of a firm that urgently needs strategy in place to navigate.

Strategic responses: These are different ways formulated by an organization so as to respond to changes in the operating environment. They are mainly meant to bring about competitiveness..

Organizational competitiveness: It is the ability of the organization to recognize the Full potential of its intellectual assets in taking Strategic and tactical decisions.

Cost Leadership: This is a strategy developed by an organization where it seeks be a leader in minimization of operating costs. Such firms are strive to be efficient in their operations.

Differentiation: This is a strategy adopted by an organization with the aim of making itself distinguished from the rest of competitors in the industry. This could involve building a unique reputation that may not be easily matched by other companies.

Training strategy– is a process of upgrading the knowledge that an individual hold, developing and sharpening their technical capabilities, changing their perceptions and attitude so as to improve the efficiency with which they perform tasks.

Expansion strategy – This is a strategy adopted by organizations to extend their operations beyond the current location by opening new branch networks.

Restructuring strategy – This involves elimination of non-core business structures with the aim of coming up with new more efficient and responsive ones.

ABSTRACT

The banking industry in Kenya is highly competitive with many players such that only those banks that are able to rethink their strategies remain competitive and are able to survive. The study set to establish how strategic responses affected organizational competitiveness by examining the case of KCB Bank Group Ltd Kenya. Specifically, the study focused on: determining the influence of training and development strategy on organizational competitiveness at KCB Bank Group Ltd Kenya: establishing the influence of expansion strategies on organizational competitiveness at KCB Bank Group Ltd Kenya; and determining the influence of restructuring strategy on organizational competitiveness at KCB Bank Group Ltd Kenya. The study was anchored on Michael Porters 5 forces model on competitive advantage. The research employed a descriptive research design on a target population of 609 employees at KCB bank group headquarters. A sample size of 182 respondents was selected for the study. The study used mean, standard deviation, frequency and percentages in the analysis. Multiple regression analysis was used to estimate the changes in the dependent variable following a unit change in each of the independent variables. The study found out that KCB has invested a lot in training and development programs on the basis of the staff skills and knowledge of workforce, expansion strategy was born with the need to survive in the market place to enable them to outwit competition and developed new products so as to serve a new customer niche and KCB had eliminated non-core business activities, consolidate their business functions and re-organized their business processes so as to gain competitiveness. The study concluded that employee training helped in building the productive capability of staff through improving their level of commitment, competency, technical capabilities and enabling them come up with innovative ways of dealing with the turbulence in the operating environment. KCB bank group was employing expansion strategy in attaining and sustaining competitive advantage in the local and regional market and restructuring had an effect on organizational competitiveness through reduced operating costs. The study recommends that the Bank employ more professional mechanisms in identifying the training needs of its employees by consulting with managers together with the individual staff who are to be trained to the human resource experts department in the Bank. The managers and other stakeholders could apply the range of expansion strategies highlighted in expanding the scope of markets and operations and regulatory authorities should come up with policies that will ensure that commercial banks undertake business operations that are above board.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Competitiveness of a firm relies in its capability and likelihood of outshining its competitors in a similar industry for attraction of customers. According to Barney (2001), competitiveness is a concept that comes in different dimensions and relativity. The author further states that competitiveness keeps on changing due to contexts and time factors. Competitive ability of an organization are different attributes and qualities possessed by a firm that enable it to effectively compete with rivals in a similar industry and therefore enhancing the relative position in the market.

In view of Latruffe (2010), competitiveness of an organization is the firm's ability to cope with different challenges posed by environmental forces which an organization operates in. If an organization can withstand and overcome the challenges then it will result in its ability to survive in the harsh business world, increase its productivity and profitability. Competitive advantages gained by firms can be broadly classified into two sub groups that is, competitive advantages in view of the position of firms and competitive advantage in view of the capabilities of an organization.

Competitive advantages gained by firms due their positions also called positional advantage may include brand names of the firms; reputation of the firm, government protection and status of an organization (Chia, 2016). An organization whose brand name is recognized and highly appreciated among customers tends to gain more position advantage relative to other weaker firms in similar industries. Strong brands names increases customer base of the firm, enhances customers satisfaction besides increased sales revenues. Reputation of the firm is gained through proper customer relationship management practices. Firms with strong customer relationship with increases their reputation has greater position advantage relative to similar weaker firms in a given industry. Government protection refers to several interventions by the government through legislation of rules and policies favoring businesses. When the government passes legislation that favors the business, this is likely to give such a business positional advantage relative to other businesses. Status refers to the investment financial institutions competing with each other in underwriting of commercial debts issues and this is likely to result into positional advantage due to their status in the banking sector (Balassa, 2014).

For any organization to gain organizational competitiveness its management must come up with strategies in respond to the challenges and by effectively communicating the strategy, the firm can gain a competitive advantage. With intense competition there is need for organizations to develop and implement strategic response in answer to the changes in the dynamic world (Bryson, 2011). In the current business environment, organizations are striving for ways and means of attaining and sustaining a competitive advantage over their competitors through the uniqueness of their resources, activities, processes and systems. There are certain factors inhibiting the ability of organizations to attain these competitiveness for example challenges in the market, decline in sales and therefore profitability which negatively impacts on performance of firms.

In spite of peasant headlines about profitability Kenya Commercial Bank KCB, this institution is not maximizing the wealth of shareholders as required in terms of the generated return on equities and return on investments (Ngugi, 2014). As per financial statements for the year ending 2015 the bank made 19.6 Billion against a target of Kshs 23.0 billion compared to Kshs 16.8 Billion against a target of Kshs 20.0 Billion in 2014 (Harwood, Nakola & Nyaana, 2016). In terms of the satisfaction of customers, the level of service delivery at the bank is not in line with the expectations of its customers. This phenomenon is mostly reflected in the area of technology evolutions. The other challenge regards to regulatory pressure where there is a continuous increase in requirements from regulatory bodies like the Central Bank of Kenya which increases the compliance costs of the bank while at the same time highly spending on coming up with processes and systems for these requirements.

Handle economic Turbulence: Turbulence is sudden change from the norm that has a bigger impact to normal operations of a firm that urgently needs strategy in place to navigate. Kenya is a country facing many challenges, food prices have risen and more important is increase in oil prices leading to inflation which affects the economy (Niazi *et al.,* 2011). Capping interest rates by Central bank of Kenya that came into effect on 24th August 2016 when the President could not hear the concerns raised by the banking industry and the central bank of Kenya by signing into law the interest capping of loans. This move by the President was heavily criticized especially by Kenya Bankers Association terming it as wayward and populist that would erode the reputation of Kenya as a free market region (Harwood *et al.,* 2016).

Under the interest cap, rates of loans charged to loans are to be maintained at 4% points over the benchmark rate issued by the central bank of Kenya (Mohamed, 2015). With this move there is going to be market collateral damage the Eurobond yield will rise, stock exchange will be hit and there will be credit rationing. The banks are likely to just buy treasury bills instead of lending as they have been. KCB major income is interest on loans that contributes to 88% of total profit before tax. The bank has to strategize on how to leverage the loss of income from 23% interest rate per annum in August 2016 to 14% interest rate as at 2nd September of 2016 (Munjuri, K'Obonyo & Ogutu, 2015).

In attracting and retaining customers, it is espoused that due to increased number of banks and the expansion of services KCB offers in order to be competitive, KCB has to rethink its strategies on how to attract, satisfy and retain customers. This will improve its performance in terms of market share and overall financial performance as a result of customer loyalty. In terms of skilled staff and staff retention; the success and failure of any organization largely depends upon the performance of its employees, the retention of talented employees is the need of time. The organization that lose their talent and employees, resultantly lose their competitiveness (Zeb & Shah, 2015). KCB attracts new employees and still experience difficulty retaining the best skilled staff to competition.

Past studies indicate large costs incurred by firms in having their most critical employees out of the firm for instance, (Hale, 1998) in a study indicated cost of recruiting new employees of between 50 percent and 60 percent while Fitz-enz (1997), in a study cited that combination of both direct and indirect costs, then the turn over costs of exempt staff equals to a minimum of salary and benefits for one year or maximum of 2 year's salary and benefits. In development and implementation of strategies aimed at maintaining and increasing competitive advantage, the Kenya commercial bank is facing hurdles in retaining its best staffs.

A study was done by Hollman and Abbasi (2000) for examining how staff turnover affected competitiveness of an organization. The findings of the study indicated that staff turnover comprises of serious consequences which may inhibit attainment of the objectives of an organization. Furthermore, lose of critical employee of an organization reduces the innovative ability, customer satisfaction may lower and quality of the service may also be interfered with. A number of researches have shown that motivating staff and retaining of best talents for a longer period significantly affect the financial results of an organization. Retaining best employees of an organization for a long time helps in cost reduction and enhanced level of output.

One of the most important elements of performance management is promotion and improvement of effectiveness of the staff and therefore competitive advantages. Performance management is a process that is continuous where employees and the management team work closely together in planning, monitoring and reviewing the work objectives of employees with goals besides the general contribution towards an organization. Performance management involves proper designing of jobs, sound supervisions, detailed employee training and orientation programs and conducive environments. For an organization to establish a sound performance management system there is need for adequate resources and time to realize results (Mohamed, 2015). Hence, organizational support plays significant role towards organizational competitiveness.

1.1.1 Strategic Responses

Strategic responses are seen as sets of actions and decisions resulting into formalizing and implementation of designed plans so as to attain the goals and objectives of the firm (Julian, Ofori-Dankwa & Justis, 2008). Strategic responses ensure the survival of organizations at large and at the same time enhance relevance in the environment in which they serve. According to Chittoor, Ray, Aulakh and Sarkar (2008) strategic responses are different from operational responses. Operational responses are concerned with efficiency of operations. Strategic responses on the other hand affect several areas of operation; it needs the large amount of investments and decisions from top management. Strategic responses are also long term in nature extending into future directions of the organization besides being dependent on the environment. Therefore each firm adopts strategies that match its environment and that are supported by the firm's internal capability. Business environments are ever evolving and this brings in different and new factors with significant effect on performance of firms.

Adjustment to environmental forces plays a significant role towards attainment of the planned objectives and goals of the firm (Kyle, 2011). According to Johnson, Scholes and Whittington (2008), business environments are generally called PESTEL where P stands for Political, E for Economic, S for Social, T for technological, E for environmental and L for legal aspects. These forces within the business environment keep on changing which affects business organizations in different perspectives.

One of the goals of business organization is formulation of strategic responses to counteract the dynamic business environments for attainment of competitive advantages. Moreover, different managers have realized how environments for their business are ever changing such that the status quo is not maintained any more. This necessitates a need to formulate strategic responses towards these changes in environment (Hill, Jones & Schilling, 2014).

Additionally, top management need to comprehend that success of these strategic responses lies innovativeness of the organization through staff training and development, expansion strategies, restructuring the systems and process and using advanced information technologies. And as the environmental changes take shape, the organization faces new opportunities and challenges. One of the changes is competition; therefore any sound business needs to respond to competition, timely and appropriately, in order to remain successful and competitive (Bryson, 2011).

For any firm to gain organizational competitiveness the strategy adopted must match the changes in the environment and out win what the competition is doing and furthermore, it must build sustainable advantage and improve the company's performance. The strategies must be thought through to ensure that they able to spear head the organization into success. The management of the organization must identify the organizations' strengths and weaknesses thus it will be able to convert situations into opportunities that the company can exploit to its advantage.

1.1.2 Organizational Competitiveness

Competitiveness has undoubtedly dominated the strategic horizon of every organization particularly in the light of the current turbulence and complexities in the business environment. Today, competitiveness goes beyond the financial and asset base of the company but it can be attained through putting up proper growth and sustainability strategies of the business. Organizational competitiveness is having innovation in place with learning spirit that result into a learning organization (Phusavet et al., 2010; Halawi, 2005).

One major reason for success of an organization is to effectively meet the demands of its customers comparative to those offering similar goods or services .This game is called competition and the field for it is global. Success is in the hands of those organizations who understand this game and those who do not are left behind. According to Yet et al. (2006), one of the major factors towards organizational competitiveness is the capability of the firm to identify and recognize the extreme potential of the intellectual assets in taking up tactical and strategic decisions. Taking decisions regarding cost effectiveness, increasing productivity, improving quality and winning employee loyalty are crucial for organizational competitiveness.

Organization competitiveness is through the accumulation of values arising from organizations internal developments. The exploitation and sustainability of these values results into creation and sharing of valuable information, knowledge for decision making. This also transforms an organization into a learning and innovative firm which results into competitiveness (Lin, 2007; Halawi et al., 2005). One of the most valuable assets of an organization is the human capital normally referred to as employees. Therefore, any organization needs to cultivate and manage its human capital properly. Banga (2008) argued that the total inspiring actions and behaviors at work that constitutes social assets for the organizations are important for positioning the organization within their markets and consequently competitiveness which is considered in terms of enhanced market share and the degree of innovativeness that creates value across all work processes, new products and service delivery. Narayan (2007) espoused on the organization outcomes but also observed that thrives through a positive climate which promotes the involvement and commitment of all organizational managers.

For any organization to gain organizational competitiveness its management must come up with strategies in respond to the challenges and by effectively communicating the strategy, the firm can gain a competitive advantage. Some of these strategies may include adoption of advanced technology in organizations operating processes and through training and development of staff in a firm. According to Crouch (2010), some business organizations quickly adopt unique or advanced technologies while other organizations invest in preparation of staff to unforeseen changes in environment. While others may develop a unique product, service or brand name to capture the market and maintain it.

Many organizations also use globalization as a tool for competitive advantage. Ricupers (2004) argued that competition helps organizations in exploring new ways of increasing their efficiencies by widening their market penetration and growing of customer base. Growth and survival in competitive environments require achieving global competitiveness by using products, services, people, and financial resources to manipulate the available opportunities to their advantage. Other organizations use expansion strategies to seek new markets and others use restructuring strategy which would propel them to global competitiveness.

According to Porter, competitive advantages place an organization or an individual over competition in the market. Porter identifies and clearly defines three strategic types resulting into competitive advantages and these include market segmentation, differentiation and cost leadership. Cost leadership indicates the achievement of economies of scale by their effective utilization in production of quality and quantity products at low costs relative to competitors in a similar industry. The firm may have narrow margins but with large quantity and this leads to high flow of revenues to a company.

Differentiation is the ability of an organization to create unique products. It also entails offering products that are so difficult to be replicated by competitors in a similar industry. Market segmentation has a narrow scope as compared to both differentiation and cost leadership strategies that are broad in scopes. Market segmentation is about establishing market segments tapped by larger firms.

In view of the scientific literature, the term productivity refers to a link between outputs and inputs in a system and between the outcomes or results or proceeds of a process and the sacrifices made. The fraction between output and specified output is referred to as partial productivity for example the labor productivity. Labor productivity is defined as the amount productivity on every unit of labor (Singh & Mohanty, 2012). In order to increase the organizational competitiveness increased productivity is necessary. Productivity can be increased through experienced, dedicated and skilled employees. With the increase in productivity the profitability of the organization improves which ultimately helps in expansion of the organization and provision of added benefits to the employees. Quality which is the high quality of work increases the competitiveness of the organization. It helps in winning customer satisfaction and in becoming a more viable organization. Employees are main players attainment of the high standard and quality of products internally which enhances organizational performance (Antoncic & Bostjan, 2011).

According to chruden (1980) and Testa (2008),high turnover rate of skilled employees is risky to any business or organization, because of human capital cost i.e. Skills, Training and knowledge .Therefore ,it is necessary for organizations to take steps for retaining trained employees in order to avoid major loses ,Vasquez (2014). A cost effective organization remains more competitive by diverting its resources on development of new products/areas and helps in improving the work environment. Solomon (1992) stated that employee’s loyalty is the willingness to stay with the organization so as to improve the organizations competitiveness and attract and sustain the loyalty. Employee loyalty has a significant impact on efficiency of employees and is of paramount importance for the development and growth of the organization (Antoncic & Bostjan, 2011).

1.1.3 Kenya Commercial Bank Group

Kenya Commercial Bank is in the banking sector whose headquarters are based in Nairobi. The bank has other subsidiaries in Uganda, Tanzania, South Sudan, Rwanda and Burundi (KCB, 2012). The Kenya Commercial Bank Group comprises of several banking outlet networks with an about 222 branches and four hundred ATMs across east Africa region. Currently, the banking is strategizing to expand operations in Zambia, Ethiopia and Democratic Republic of Congo (KCB, 2012).

KCB is a pioneer in banking industry having been in existence for over a century now, however as per financial year performance 2015 below chart they are grey areas to be addressed. This is shown in appendix (IV). Grey areas include: Loan to deposit ratio 83.3%; Growth of customer deposit 12%, Growth of net loans and advances 22%. And cost to Income 50.1%. Competition (Equity Bank) was microfinance less than 20 years ago and it is at per or even better that than KCB as per the above parameters. Equity Profit before tax grew by 12% to Kshs 24.0 Billion; KCB PBT grew by 12 %. Asset grew by 24 % to Kshs 428.1 Billion from Kshs 344.6 Billion; KCB grew by 14% to Kshs 558 Billion. Asset growth was mainly funded by 23% growth in customer deposits to Kshs 303.2 Billion up from Kshs 245.6 Billion.KCB deposits grew by 12%. Customer Number 10.0 Million up from 9.6 Million KCB has 10.1 Million customers.

1.2 Statement of the Problem

The Kenyan banking industry is highly competitive with many players such that only those banks that are able to rethink their strategies remain competitive and are able to survive. According to Okari, Katula and Nyanumba (2016), technological developments, heightened customer expectations and increased levels of competition are just but a few among a plurality of factors that have heightened competition in the banking industry. The success of any business firm in the current environment is dependent on among other factors the capacity of its management to generate and execute new ideas.

The level of competition in the Kenya banking industry is high as indicated by Cytonn investments (2015) that there were 43 commercial banks,12 Micro finance banks(MFIs) in Kenya serving about 44 million customers as compared to Nigeria where the financial institutions are 22 serving 180 million customers and South Africa's 19 for a population of 55 million. The ten biggest financial institutions contribute to about 70% of the whole market out of which 7 are local. From this, it can be seen that the number of banks in the country is high with a limited market hence the need to employ innovations in striving to achieve competitiveness.

Capping interest rates by Central bank of Kenya that came into effect on 24th August 2016 when President Uhuru Kenyatta signed into law capping of interest rates on loans. Interest on loans contributes 88 % of KCB profit before tax. Currently interest rates have been reduced from 23% p.a. to 14% p.a. This will affect return on equity, previously the bank has not been meeting its targets the bank has to develop strategic responses to leverage loss of income and maintain its organization competitiveness. This study therefore seeks to establish the relationship between strategic responses and organizational competitiveness; a case of KCB Bank Group Ltd Kenya.

There are several studies conducted on the role of strategic responses in relation to organizational competition. Frayne and Geringer (2000) whose findings indicated that sales personnel of insurance firms had strong self efficacy, outcome expectancy and objective outcomes besides subjective performance on the job. Aguinis and Kraiger (2009) sought to find out how training and development affected individual employees, teams at the work place, the organization and the society as a whole whose findings indicated that as firms try to compete in global economies, differentiation of skills, knowledge and motivation among employees increase.

Ngugi (2014) assessed a link between staff training, development and performance of employees in energy sector specifically Geothermal Development Company (GDC) and found that , many HRM practices of equipping employees with relevant skills and capacity had a positive effect of enhancing the employee skills, their knowledge and ability to handle tasks. Riungu (2014) studied the relationship between training and development and competitive advantage in the micro finance and found that the aspect training and development program leads to an increased performance and productivity of any organization. A lot of research has been done on strategic responses in other sectors but little has been done in commercial banks in Kenya and hence the need for this research.

1.3 Objective of the Study

The main objective of this study was to establish the relationship between strategic responses and organizational competitiveness; a case of KCB Bank Group Ltd Kenya. The specific objectives include:

i. To determine the influence of training and development strategy on organizational competitiveness at KCB Bank Group Ltd Kenya.
ii. To establish the influence of expansion strategies on organizational competitiveness at KCB Bank Group Ltd Kenya.
iii. To determine the influence of restructuring strategy on organizational competitiveness at KCB Bank Group Ltd Kenya.

1.4 Research Questions

i. How training and development influences organizational competitiveness at KCB Bank Group Ltd Kenya.
ii. How expansion strategies influence organizational competitiveness at KCB Bank Group Ltd Kenya.
iii. How restructuring strategy influence organizational competitiveness at KCB Bank Group Ltd Kenya.

1.5 Significance of the Study

Findings in this study would provide helpful information to various policy makers and regulators in the financial and banking sector that would aide in designing policies and frameworks that would help the organization gain competitive advantage.

Regulatory bodies such as the Kenya Bankers Association (KBA) would use this study finding to improve on the strategies adopted by members of this association in order to gain organizational competitiveness. These findings would offer the management at KCB bank group an insight into how the strategic responses relate to the organizational competitiveness.

The study findings would be of great importance to future academicians and researchers since it will contribute to existing literature on strategic responses and organizational competitiveness. It would also be a source of referencing material for future researchers and point out further research areas

1.6 Scope of the Study

The study was carried out in the month of November 2016, at KCB bank group headquarters in Nairobi. The study targeted middle level management staff and clerical staff at the bank group in establishing the relationship between strategic responses through training and development strategy, Expansion strategy and restructuring strategy on organizational competitiveness.

1.7 Limitations of the Study

Most KCB bank staffs were busy serving their clientele all the time. In response to this the study applied a drop and pick later during data collection so as to allow the employees sufficient time to fill the research instrument.

KCB bank is in the banking sector and any strategic responses are held in confidence hence making the employees feel a bit unease to sharing such information. To counter this, the researcher provided assurance to respondents that any information availed would be useful for academic reasons only and their confidence would be safeguarded.

The study targets strategic response in relation to organizational competitiveness of the company and thus the findings would not show the relationship to other aspects like performance and therefore future researchers ought to cover a broader time frame.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses existing theories that are in line with the study objectives. In addition, the chapter also discussed what previous researchers have done in strategic responses and its relationship to organizational competitiveness. It have a section on summary of literature review, spanning the empirical which clearly identifies gap that this study sought to fill and conceptual framework.

2.2 Theoretical Review

2.2.1 Social Learning Theory

Social learning theory was developed to predict and describe how observations help people to learn. According to Bandura (1977), the process of retention, attention and reproduction control observational learning. Different rules can result from optimal conditions of training. For instance, during modeling of a task, learners should be given verbal models for guiding performance. Suitable and effective verbal models contain rules guiding responses of the tasks with highest levels of simplicity and ability to be easily remembered. Trainees are probable to reward themselves due to better performance of their jobs after on realization of how important the work they are undertaking.

This theory has been applied by most industries in formulation and putting in place training methods. The theory has been useful in teaching managers on dealing with interpersonal relationships and conflicts. The theory has further been applied in predicting the interaction between subordinates and supervisory staffs. Many supervisors in different companies have been trained on how to effectively deal with interpersonal problems at the job for instance how to raise morale of a poorly performing employee, change management and grievance handling (Bandura, 1977).

This theory is relevant in this study as it showcases the value and importance of learning for organizational competitiveness. Learning in this study is achieved through the first variable on training and development strategy and used in gaining competitive advantage.

2.2.2 Human Capital Theory

This theory was proposed by Schultz (1961). However, development of the theory was done by Becker (1964). According to Becker (1964), expenditure on labor also called human capital is a viable investment rather than consumption. The author defines human capital as combination of acquired traits, aptitudes, skills, knowledge and key competencies that contribute towards production.

The theory suggests that training or education increases workers' productivity by giving those valuable skills, knowledge and experience required by the job. This is likely to increase the future incomes of employees by raising their incomes over their lifetimes (Becker, 1964). The author views human capital in terms of physical avenues for producing products for example machines and factories. An organization is likely to invest in the technical skills development of its employees through training and education depending on rate of return on the employees managed by the specific manager. Hence, human capital refers to a mean of producing a product where additional investments give rise to more outputs. Human capital can be substituted but it cannot be transferred for example fixed capital, land and labor.

The theory is relevant to this study because it helps to explain how training and development strategies affect organizational competitiveness.

2.2.3 Organization Competitiveness Theory

Competitiveness combines processes and assets in that the assets are either artificial or natural. The natural assets are inherited while artificial assets are created (DC, 2001).

Different authors consider competitiveness in view of competency approach by emphasizing roles played by internal factors of an organization for instance organizational structure, key competencies possessed by employees, innovative capabilities besides other intangible and tangible assets (Hamel and Prahalad, 1989 & 1990). These views are also supported by the Resource Based Approach to competitive advantages. The ease and abilities of developing and deployment of talents and capabilities is more effective as compared to competitors and this enhances competitive advantages (Smith, 1995).

Organizations need to enhance efficiency, effectiveness and while providing quality goods so as to give customers the value for their moneys (Johnson, 1992; Hammer & Champy, 1993). Business environments today have become so turbulent that adaptability, speed, agility, flexibility and dynamic capabilities have become significant determinants of competitiveness among firms and therefore organizational competitiveness.

This theory on organizational competitiveness shows how strategic responses can be adopted in an effort to realize organizational competitiveness. Using expansion and restructuring strategies in implementing firm's processes, the firm is able to gain competitiveness at the market place. Thus this theory is relevant as it showcases how organizations can operate and gain competitiveness.

2.3 Empirical Review

2.3.1 Training and Development Strategy on Organizational Competitiveness

A study was done by Niazi (2011) to determine how staff training and development affected performance of an organization. It was established that training upgrades the skills and knowledge held by employees which results into change in behavior and attitudes. Training improves the productive ability of employees on the job which is reflected in organizational performance.

Many organizations have invested heavily in training and development programs in an effort to gain organizational competitiveness. This can easily be achieved through well trained and developed staff. Similar findings emerged in a field experiment done by Frayne and Geringer (2000) who administered self management training among thirty sales personnel in the insurance sector. The self management training entailed case studies, group discussions and lectures. The findings of the study indicated that sales personnel of insurance firms had strong self efficacy, outcome expectancy and objective outcomes besides subjective performance on the job.

Aguinis and Kraiger (2009) sought to find out how training and development affected individual employees, teams at the work place, the organization and the society as a whole. Similarly, the findings of the study indicated that as firms try to compete in global economies, differentiation of skills, knowledge and motivation among employees increase. Such firms are in position to change their mindsets on seeing the function of training as a cost centre or an operational function as compared to those driven by value. The study concluded that among the benefits of training include enhancing organization performance in terms of revenue, productivity, efficiency, effectiveness and profitability. Among critical concerns is that the organization should get the appropriate training in an effort to develop managers to be leaders and spearhead any behavioral and structural changes that the organization wishes to accomplish. The managers also get the knowledge and skills required to gain competency and effectiveness so as facilitate the development and implementation of innovative ideas that would enable the organization in accurately responding to changes in the operating system.

Ngugi (2014) assessed a link between staff training, development and performance of employees in energy sector specifically Geothermal Development Company (GDC) and achieved contradictory results. From the findings, many HRM practices of equipping employees with relevant skills and capacity had a positve effect of enhancing the employee skills, their knowledge and ability to handle tasks which as a result enhances the ability of individual staff members to perform their duties which in the long run leads to increased organizational output enabling them to gain on competitiveness. The findings of this study mentions that GDC employees were well informed of the company's training and development policy and that they were expected to share the knowledge and skills with other employees at the organization. This is a culture that is developed so that all employees can be effective in handling the tasks that are assigned to them. This in turn will result in overall organizational competitiveness. The study recommends that organizations should run a training and development program due to its implication as it influences the employee performance, the organizational performance and aide the organization in gaining competitive advantage over others in the same industry of operation. Organizations should pay attention to this and include staff training and development as one of the strategies in ensuring achievement of employee performance and hence gain competitive advantage

In the book on learning, training and development in organizations, Kozlowski and Salas (2009), the authors indicated that not only does training impact on procedural or directive knowledge instead, it also contributes positively to strategic capabilities where employees become more knowledgeable on when and how to apply a specific set of knowledge or skills the ultimate goal of any training program that any organization sets up us to produce competent employees who can effectively, safely and efficiently perform their duties and assigned tasks that are as per the organizational standards and requirements. The training and development will ensure that employees are further informed and prepared for the changes that are happening and will be implemented in the organization. This would guide the employees to perform their duties well and implement all the strategies that would push the organizational towards gaining competitive advantage over its competitors.

Riungu (2014) studied the relationship between training and development and competitive advantage in the micro finance. The study found that the aspect training and development program leads to an increased performance and productivity of any organization. This is done as there is better clarity and understanding of the organizational goals and objectives. Job training and development is a crucial function that enables organization to attain their set objectives by developing the productive capacity of employees working in it. It also helps in the organizational process of cultural change since it is a behavioral tool that can be used. The researcher came to the decision that there should be training and development in every organization if competitive advantage is to be achieved. The study further forward employee training enhances productivity as reflected by better performance of the job, proper utilization of human capital, effective attainment of the goals and objectives and cost reduction as a result of work place safety, accuracy besides reduced labor turn over.

Onyonka (2008) sought to examine degree of alignment of the training and development programs to business strategies. The study established that training and development programs ought to be linked with business strategies for realization of competitiveness.

Although many organizations face a lot of challenges in trying to align their training and development to the organizational strategy, such challenges include replacement of staff and lack of funds to conduct training.

2.3.2 Expansion Strategies on Organizational Competitiveness

The environment in which most organizations exist is very dynamic and the changes that occur are rapid and are frequent and punitive if there are no strategies to combat or mitigate them. Therefore any organization, firm or company that wishes to survive, thrive and outwit its competition must put in place strategies that would gear them and push them forward towards success and growth. But even with such plans the organizations are not only expected to survive but also to thrive by having a competitive advantage over their competitors. This necessitates the need for strategy. Thus the idea of expansion strategy is born to help in the survival and in gaining competitiveness.

In the international business studies journal by Banalieva and Dhanaraj (2013), the authors define expansion strategy as the means of extending the operations of an organization beyond the current horizons so as to deliver the future desired state for the organization for example internationalization of businesses. It further mentions that growth strategies of the business commence with insights into the market followed by developing and creation of processes and systems for ensuring a steady flow of insights into the markets to business organizations. The other area for expansion strategy is through the development of new products, services, expanding to new market bases and attracting and retaining a new customer niche. If an organization can gain these three areas in their expansion strategy then it can easily gain competitiveness over competitors in the market and in the industry.

Ghorbal-Blal (2011) assessed the role played by middle managers in executing expansion strategies in an organization and found concurring results. The paper mentions that managers should have a closer look at the emerging customer needs and requirements. This can easily be done by the middle level managers who have close links to the junior staff like the support teams and the sales teams that meet on a frequent basis with customers and are able to gain an understanding of what they need, desire and require.

This information should be shared with the middle level managers who pass forward the information to senior managers and directors in an effort to effect change in what the company produces so as to best serve the needs of the customers.

Balassa (2014) in development strategies states that key elements to this process include involvement of customers in review of the roadmaps of the products and helping in prioritization of features and confirmation of appeals and values. This will help further in implementing strategies that prevail for the success of the strategy. Organizations have realized that in order for them to be competitive, they must re-align their internal structures, their processing systems, the leadership style and behavior they employ, the human resource policies, culture, values and management processes. Balassa (2014) further posit that formulating a good expansion is a great and noble process but unless it is well communicated to all employees in the organization the chances of successful strategy implementation is almost impossible. An organization that seeks to achieve any strategy in order to attain a key success factor such as growth will need to define its concept of the strategy and communicate it in an effectively and timely manner.

Aluoch (2014) assessed the ups and downs that organizations faced when implementing expansion strategies using a case of Hashi Energy Ltd-Kenya. The study found that internationalization process is very complex, due to the fact that discovering the most attractive target market is hard, and once that is done to develop the successful marketing strategy which would help the firm gain a competitive advantage over others in the field while entering the market and having a working team at the organization that would support the marketing strategy. Combining these three factors is difficult and would need a strong competent leader to guide the whole process. The study also noted that the management of Hashi Energy found out that this study had an important insight into the strategies the company had been applying and the challenges that they have so far met during the international expansion of their activities. The study recommends that organizations need to plan a successful strategy for internationalization of the company by carefully analyzing the company. It also recommends that when a strategy is being formulated the company should first develop a mission statement that attempts to clarify an organization’s values, purposes, and directions.

2.3.3 Restructuring Strategy on Organizational Competitiveness

Jarso (2013) examined how restructuring strategies affected organizational performance of Kenyan commercial banks. The study established that restructuring entails removal of non core business activities and processes, consolidating interconnected operations and functions within a business and business reengineering practices. The competitiveness acquired by restructuring operations of the organization is based on recognition of business processes while making sure that the business is better placed to compete. This is also accompanied by coming up with proper internal processes and practices that drives the organization to outshine competitors. The study concluded restructuring in the bank led to the improved performance. For restructuring to be a success, management needs to take employee needs and concerns in planning and implementation of strategies.

In Greece, Gialis (2011) examined a link between restructuring strategies, size of the firm and typical level of employment in local system of production. According to the researcher, restructuring was defined as reorganization of operation processes in achieving efficiency in the system. On the other hand, Karlsson (2011) looked at restructuring as one of the stages in implementation of strategies where senior management staff tries to redo their leadership styles, reward systems, organizational structures and cultures. The author noted that during restructuring, all these elements may be changed in attaining cost efficiency, quality products and therefore competitiveness of an organization. Furthermore, restructuring has successfully enabled business organizations to remain globally responsive to new chances and opportunities and unexpected pressures and this re-established their competitive ability. Adoption of these strategies enable firms to quickly adapt to environmental changes besides timely compartment if competitors.

Karanja (2015) investigated restructuring strategy and performance of KCB Bank Limited. The study noted that financial restructuring strategy done by the bank enhanced its liquidity level by lowering the cost of capital, reduced risk in the bank, avoid loss of control and improve shareholder value, introduction of improve debt cards and increase lending performance. On portfolio restructuring, the study revealed that it led to asset quality management, enhances decision making, eliminate role duplication, improve internal efficiency, risk loss reduction and increase bank return on assets and return on equity. The study further mentioned that KCB had adopted restructuring strategies like debt restructuring, portfolio, downsizing and financial restructuring strategies, the adopting of these strategies have led to an increase in loan recovery through debt and portfolio restructuring, reducing non performing loans, lower costs in the banks led to increase in profit earnings in the banks, restructuring made loan tracking easier hence lower default rate and merger and acquisition between S&L and KCB Bank led to increase in mortgage borrowing hence increase in bank returns on assets. And again the restructuring strategies have helped the top management to achieve new structures like increase in sales, improvement in financial service, reduction in costs, increase in employee productivity by reducing overlapping of roles and tasks for the staff and putting to maximum use the specialized skills that each staff has. The study recommended that the bank should endeavor to adopt the restructuring strategies as it would result in significant bank performance.

Namatsi (2008 studied the implementation of restructuring strategy at Kenya Airways. The study mentions that among the challenges that the airline faces included delays arising from political patronage, lack of funds and expertise and restrictive covenants with partners. Others included stringent visa conditions and negative travel advisories due to insecurity and terrorist attacks. As a result of these challenges, and in response to them the airline has developed restructuring strategies including forming strategic alliances with other airlines and development partners, engaging in the services of professional consultants, lobbying with parliamentarians to get favorable bills through parliament and gaining help from the government in negotiating a way out of the debts the airline has and entry into new markets. The hope is that with the restructuring strategies the airline can again solve its current problems and be pushed to gaining a competitive advantage over its competitors in the industry. As per year ending 2015 KCB financials Cost to Income 50.1%. This justifies restructuring for better competitiveness.

2.4 Organizational Competitiveness

Competitiveness relates to how effectively an organization meets the wants and needs of its customers in the market place in relation to the offer by other organizations who supply similar products or services to the same market/clients. Massa and Testa (2009) in the journal on how organizations can gain competitive advantage through application of knowledge management approaches examined the food sector. Massa and Testa (2009) mention that competitiveness also looks at the prosperity created from economic activity which is as a result of offering products and services at a price higher than the production cost.

Pablos and Lytras (2008) in the knowledge management journal on how competitive advantage of organizations is affected by the competencies of its human resources and the way that they are managed. The paper noted that organizational competitiveness is the ability that an organization has to be able to withstand challenges that it faces while in the operating environment. These challenges are overcome by the organization by creating strategies to handle the eventualities as and when they occur. A firm gains competitiveness by developing better strategies than its competitors in the market place. A highly competitive firm is better placed to handle the ever changing economic turbulence than its competition.

Juma (2014) examined how practical action Eastern Africa (PAEA) applied organizational change in achieving a sustainable competitive advantage. The organization has adopted several changes including its strategy, structure, skills, staff style, system and value system, all these is being done so as to attain organizational competitiveness.

2.5 Summary of Literature Review

This chapter reviewed the theoretical review and the empirical review and the organizational competitiveness. The research gap looked at what the previous researchers had done with regards to strategic responses and organizational competitiveness justified the need for this study.

2.6 Research Gap

Table 2.1: Research Gap

Author	**Focus of Study**	**Findings**	**Research Gaps**	**Focus of the Current Study**
Ngugi (2014)	Influence of training and development on performance of individuals employeed by geothermal development company (GDC).	GDC employees are informed of the company's training and development policy and they share the knowledge and skills with other employees at the organization which results in overall organizational competitiveness.	The study looked at only one strategy –training and development on employee performance. It doesn't touch on strategic response and organizational competitiveness.	The study focused on three strategic responses (Training and development, Expansion and restructuring strategies) on organizational competitiveness.
Onyonka (2008)	Extent to Which Firms Align Their Training and Development Programs to Their Business Strategies: a Survey of Large Manufacturing Companies in Nairobi'.	Training and development programs should be are aligned to the business strategy in realizing competitiveness. Manufacturing firms face challenges in replacing staff and getting funds to conduct training.	This study was done in the manufacturing sector and its findings may not apply to the applicable in the financial industry where Kenya Commercial banks operates in.	The study included strategic responses Expansion and restructuring strategies on organizational competitiveness.
Aluoch (2014)	The challenges of the implementation of expansion strategy at the Hashi Energy Ltd-Kenya.	The study revealed to the management at Hashi found insight in the strategies that could be applied in resolving the challenges faced during international expansion of the firm activities.	This study was carried out in the manufacturing sector which Hashi Energy operates in and the findings may not be relevant in the financial sector in Kenya.	The study focused on three strategic responses (Training and development, Expansion and restructuring strategies) on organizational competitiveness and not challenges of the Expansion strategy.
Banalieva &	Home-region orientation in	The study findings reveal that	This study was done in the	The study included Training and

Dhanaraj (2013	international expansion strategies.	expansion strategy is through the development of new products, services, expanding to new market bases and attracting and retaining a new customer niche. This actions help the firm gain competitiveness.	developed countries and therefore its research site is in a different setting than the Kenyan country and the findings may be different due to the different contextual settings.	development and restructuring strategies on organizational competitiveness.
Gialis (2011)	The restructuring strategies, firms' size and atypical employment in the local productive system of Thessaloniki, Greece.	The study revealed that restructuring has enabled organizations to globally respond more quickly and effectively to new opportunities and unexpected pressures thereby gaining competitive advantage.	This study was done in Greece a different setting in terms of context to the Kenyan one and thus the findings maybe different and not applicable in the Kenyan sector.	The study focused on three strategic responses (Training and development, Expansion and restructuring strategies) on organizational competitiveness.
Jarso (2013)	Restructuring strategy and performance of major commercial banks in Kenya.	The study found out that restructuring involves the elimination of non-core business and business processes, the consolidation of related operations and business functions and to a great extent, reengineering of existing processes.	This study looked at restructuring strategy and performance and doesn’t mention anything on strategic responses and organizational competitiveness.	The study included Training and development and expansion strategy on organizational competitiveness.

2.7 Conceptual Framework

The conceptual framework draws out the relationship between the independent variables and the dependent study variables. It shall look at each of the study variables; the independent variables (Training and Development Strategy; Expansion Strategies and Restructuring Strategy) and the dependent variable (organizational competitiveness) and each of its indicators.

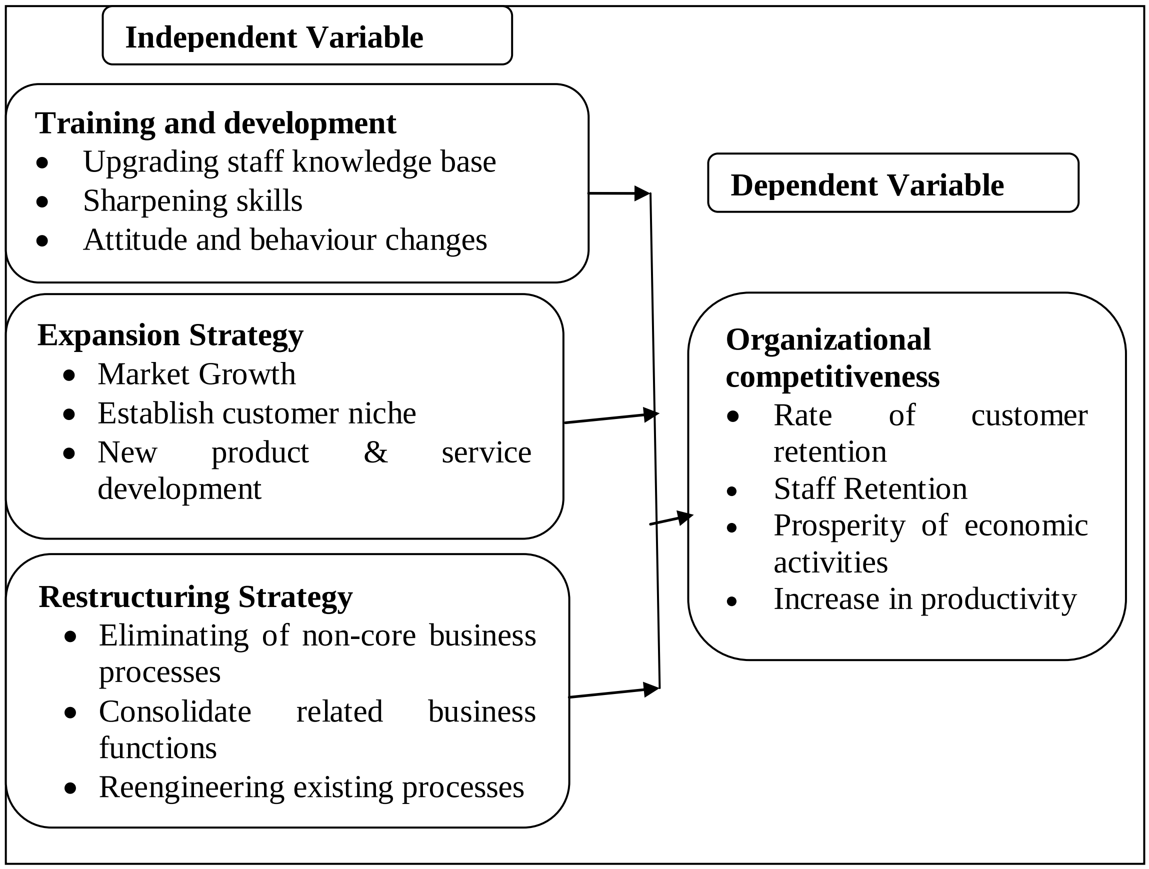

Figure 2. 1: Conceptual Framework

Source: Author (2016)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, the researcher discusses the intended research design, the target population and the sampling technique that was used to get the sampling size. It shows the data collection instrument, the method that was used and how data analysis was carried out for the study.

3.2 Research Design

The descriptive research design was adopted with focus on qualitative characteristics and status of the various service delivery elements at KCB. The descriptive design is chosen since it is description of state of affairs as they exists at present without no alteration (Kothari, 2004). Descriptive design answers the question on what, where, how, and when of an event its natural setting. Kothari (2004) further noted that with this research design the data about variables or subjects is recorded as they are found in a social system or society. Generally these design deals with incidences of distribution and relationships of variables.

3.3 Target Population

A target population is a segment that forms the interest of the researcher (Creswell, 2013). According to Kothari (2004), a target population is any set of things, elements that are well defined of great interest to the researcher. The target population therefore contains various desirable traits that are under scrutiny by the researcher. The study targeted 609 employees working as middle level managers and clerical staff at the KCB bank group headquarters.

The respondents in this study therefore comprised clerical staff and middle level managers and lower level managers of the commercial banks at the headquarters as shown in table 3.1 below.

Table 3. 1: Target Population

Management level	Frequency	Percentage
Clerical Staff	379	61
Middle level	116	18
Lower level	134	21
Total	**609**	100.0

3.4 Sampling Technique and Sample Size

Sampling is a process of selecting representative subjects of the enitire population of tyhe study while a sample refers to a portion of elements of the population (Mugenda & Mugenda, 2003). The researcher used random sampling which was latter followed by simple random sampling.

The researcher grouped the target population into 2 strata that is middle level managers and clerical staffs. Thus stratified sampling was used to categorise the target population into the clerical staff and middle level managers. And further simple random sampling was used so that each and every one in the target population had an equal chance of being included to participate in the study (Kothari, 2004). Therefore, simple random sampling was used to select clerical staffs and middle level managers that would make the respondent list. Kombo and Tromp (2006) indicated that if well selected, a sample size that ranges between 10% to 30% can be a good representation of the entire population of interest. Thus the sample size comprised of 182 respondents.

Table 3.2: Sample Size

Category	Population	Percentage	Sample size
Middle level Managers	164	30%	49
Clerical staff	445	30%	133
Total	**609**		**182**

3.5 Data Collection Methods and Instruments

The study used questionnaires to collect data from the respondents of the study as the research instrument; the 182 employees working as middle level managers and clarical staff the at KCB bank group headquartders. Questionnaire is a data collection instrument, with a set of written questions which calls for responses on the part of the respondent and which may be self-administered or group administered (Mugenda & Mugenda, 2003).

The questionnaires were distributed at the employees' place of work and at the point of dropping them off, the researcher obtained the contact information for the respondents, both their e-mail addresses and their cell-phone numbers for purposes of reminding them to fill the questionnaire and to respond to any queries during the one week allowance given to the respondents' to fill the questionnaire.

The questionnaire was made up of both open ended and closed ended questions covered issues associated with factors that determined organizational competitiveness in KCB. The open-ended questions used so as to encourage the respondent to give an in-depth and felt response without feeling held back in illuminating of any information and the closed ended questions allowed respondent to respond from limited options that had been stated. According to Song (2011), the open ended or unstructured questions allowed profound response from the respondents while the closed or structured questions generally were easier to evaluate. The questionnaires were used in an effort to conserve time and money as well as facilitated an easier analysis as they are in immediate usable form.

3.6 Validity and Reliability

The researcher conducted a pilot study so as to establish the validity and reliability of the data collection research instruments. The respondents who participated in this pilot test were not involved in the final study so as to avoid biasness.

3.6.1 Validity

According to Hair and Lukas (2014) the validity of a questionnaire refers to the extent to which it measures what it claims to measure. Normally, content validity is viewed as a precondition towards criterion validity since it indicates the ability to meet the desired traits. Whenever there are irrelevant elements of the test in relation to major construct, then the elements are determining something else completely different ad this results into biasness. There are several attributes of content validity for example qualitativeness and determine whether elements specified either enhances or detracts from a research program or a test. There is close relationship between content validity and face validity although they widely differ on evaluation mechanisms. Face validity relies on individual judgments for instance requesting respondents to indicate how they felt about the test in terms of usefulness and how it was constructed. On the other hand, content validity arrives at similar answers although the use approaches relying on statistics.

According to Trochin (2001), construct validity extent which statistical inferences can be fully drawn from operationalization of the theoretical framework forming the basis of the study. The piloted questionnaire was scrutinized to vet out unclear and ambiguous phrases, then it was redone to ensure its validity. The research supervisors' helped in assessing the validity of the research instruments. This ensure that the final questionnaire used in collecting data for the study was precise and collected data that was relevant for the study.

3.6.2 Reliability

The researcher therefore selected a pilot group of about 10 respondents so as to test the research instruments reliability. The aim of this pilot test was to correct any identified inconsistencies that arise as a result of the designed research instruments. This early detection and correction ensured that the research Instruments measure what they are intended to measure. Pretest data was tested using Cronbach's alpha which that established that level of internal consistency of items in an instrument so as to help estimate the level of its reliability. A computed coefficient of 0.70 or more is an indication that the research instruments have a high degree of data reliability (Cronbach, 1951)

3.7 Data Analysis

Kothari (2004) defined data analysis as the methodologies used to process the collected research data so as to be able to make meaningful deductions. For the analysis, the data collected from the field were edited, checked for completeness, coded, classified and then the raw data was entered into Statistical Package for Social Sciences (SPSS) version 22.0 for subsequent analysis.

Descriptive analysis was done where frequencies, means and percentages (the central measures of tendencies) was used to organize, describe and summarize the data. And regression analysis was used to analyse the data, thereby establishing associations between the independent variable (Training and Development Strategy; Expansion Strategies and Restructuring Strategy) and the dependent variable (organizational competitiveness).

The Regression model is:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon}$$

Where: Y = Organizational Competitiveness at Bank Group Ltd Kenya

β_0 = Constant

X_1 = Training and Development Strategy

X_2 = Expansion Strategies

X_3 = Restructuring Strategy

ε = Error Term

3.8 Ethical Considerations of the study

The researcher obtained an introductory letter from the University that was handed over to the management at KCB Bank Group Ltd while seeking for permission to conduct the investigation for the study. The researcher explained the purpose of the investigation as for academic purposes and assured the respondents that the findings were held in confidence. The questionnaire did not bear the names of any respondent to ensure anonymity and confidentiality.

Participation by any respondent was on voluntary basis and no participant was forced and anyone feeling threatened or uncomfortable was excused from participating in the study for quality purposes.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the data analysis and presentation. A questionnaire that contained closed ended questions was used to collect relevant data for this study. To analyze the data, this study adopted frequency distributions, mean, percentages and standard deviation. The data is presented in the form of tables and figures.

4.1.1 Response Rate

The study administered a total of 182 questionnaires to the respondents at their places of work. A total of 131 questionnaires were collected by the researcher while some respondents cited a number of reasons as to why they could not fill the questionnaires. This translated into a response rate of 72% which is adequate for generalization of study findings to the entire population of interest as stipulated by Mugenda and Mugenda (2009). It was noted that a response rate of above 70% is good enough to generalize study findings to the entire population. These finding is presented in Figure 4.1.

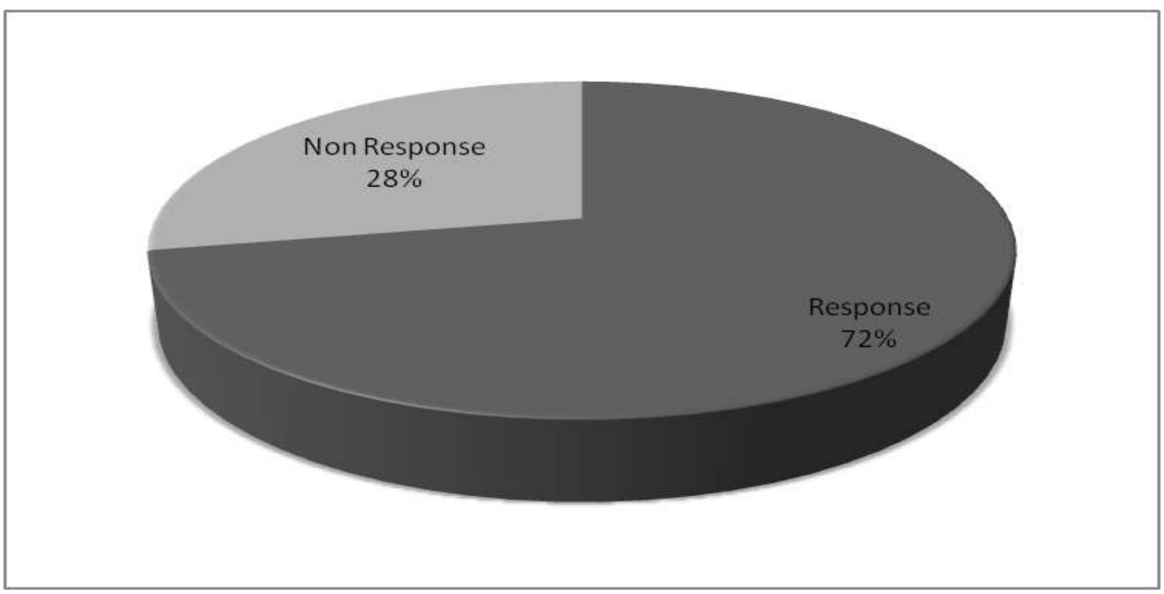

Figure 4.1: Response Rate

4.1.2 Reliability Analysis

A pilot study was carried out to determine reliability of the instrument used in the collection of data. Cronbach's Alpha was established for every objective in the study which formed a scale. The findings are shown in Table 4.1.

Table 4.1: Reliability Analysis

Scale	Cronbach's Alpha	Number of Items
Training and Development Strategy	0.876	9
Expansion Strategy	0.811	6
Restructuring Strategy	0.845	7

Table 4.1 shows that training and development strategy had α=0.876, expansion strategy had α=0.811 and restructuring strategy had α=0.845. From the analysis, it can be seen that all the coefficients of Cronbach Alpha were above 0.7 which therefore means that the questionnaire had relevant questions for the study.

4.2 Background Information

This section explored the general information on the respondents so as to determine their suitability to participate in the study. This also helps in evaluating the appropriateness of the data provided as it helps in determining the level of knowledge among the target respondents on the subject matter of this study. The findings are shown in the subsequent sections.

4.2.1 Gender Distribution

Results on the distribution of the respondents in accordance to gender is illustrated in the Figure 4.2:

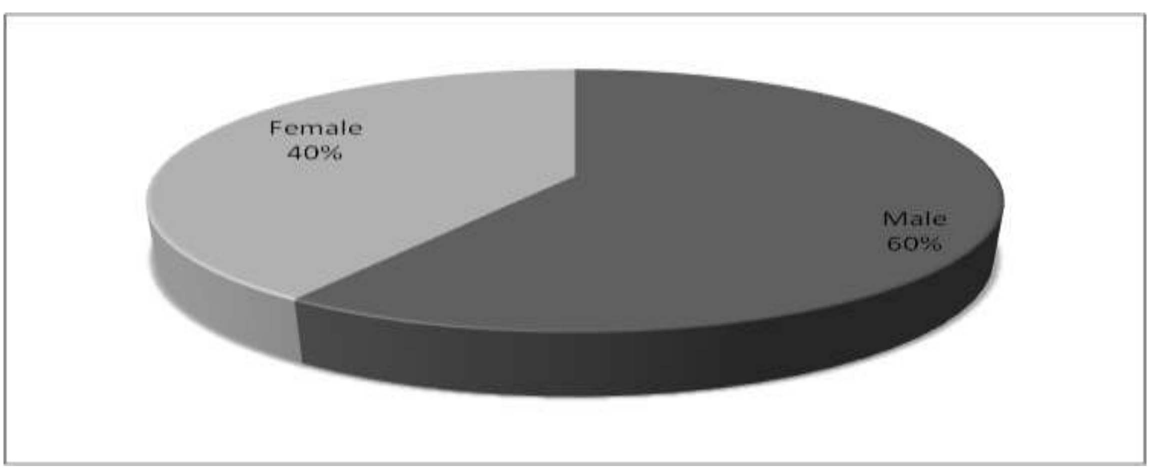

Figure 4.2: Gender Distribution

From the finding, 40% of the respondents were females while 60% were males. This shows that all gender were included thus provide a good representation for the study.

4.2.2 Level at KCB Bank Group

The respondents were asked to indicate their level at KCB bank group. The finding is shown in Figure 4.3.

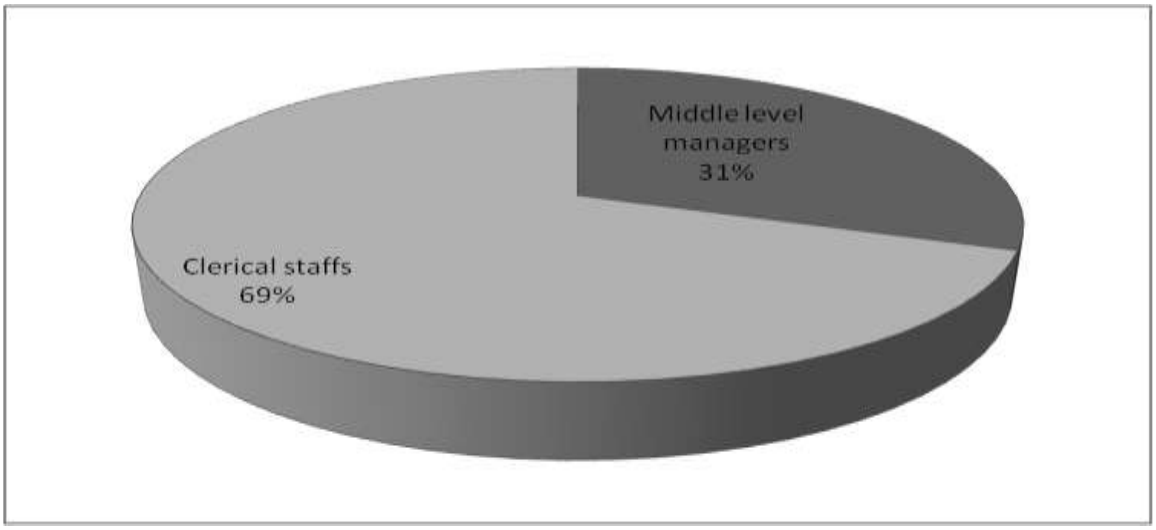

Figure 4.3: Level at KCB Bank Group

From the results in figure 4.3, 40 (31%) of the respondents indicated that they were middle level managers and 91 (69%) were clerical staffs. This shows that all the employees were involved thus the information they provided were reliable for the study.

4.2.3 Period of Time in their Positions

The respondents were asked to indicate the period of time they had been working in the company. The finding is shown in Figure 4.4.

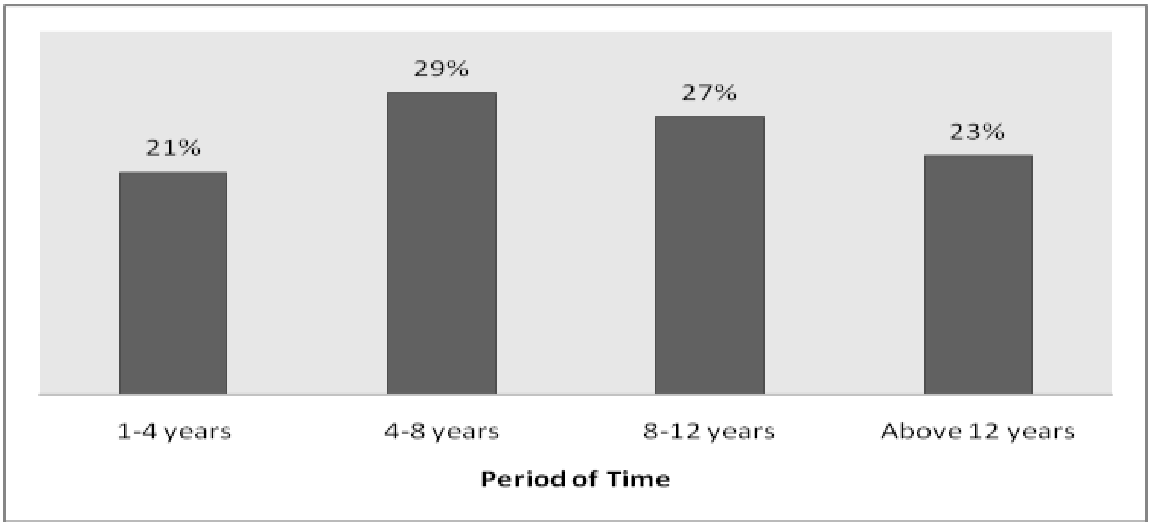

Figure 4.4: Period of Time in their Positions

From the responses, 28 (21%) of the respondents had been working for a period between 1-4 years, 38 (29%) for between 4-8 years, 35 (27%) for between 8-12 years and 30 (23%) for above 20 years. This shows that the respondents had worked long enough thus provided relevant information for the study.

4.2.4 Period Working in the Banking Industry

The respondents were asked to indicate the number of years they have been working at the banking industry. The findings are shown on Figure 4.5.

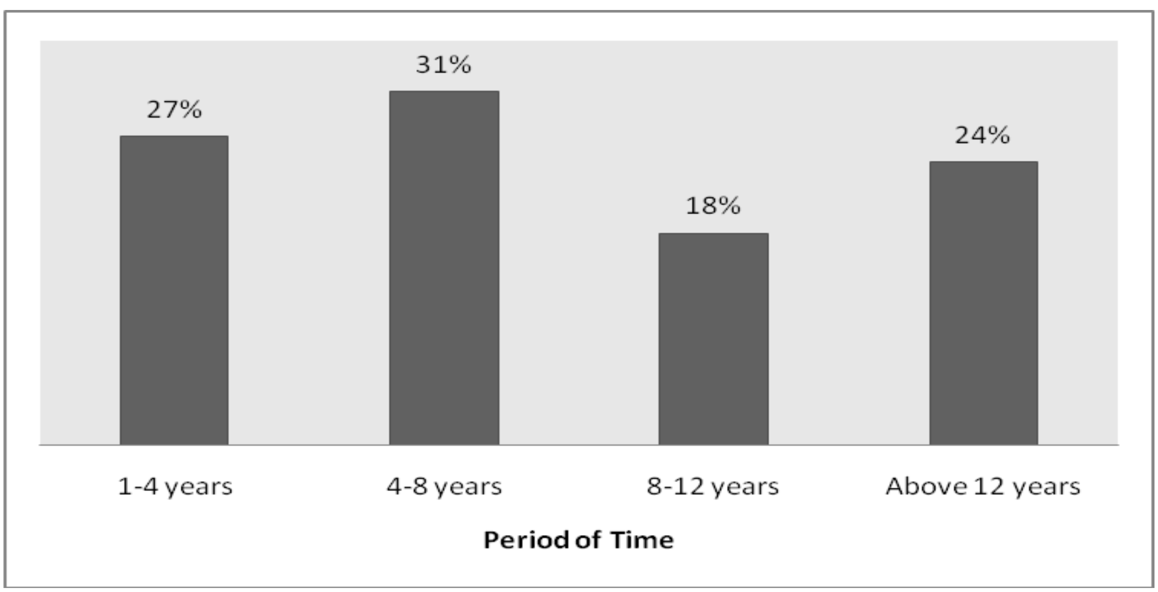

Figure 4.5: Period Working in the Banking Industry

4.3 Training and Development Strategy

The study sought to determine the influence of training and development strategy on organizational competitiveness at KCB Bank Group Ltd Kenya. The respondents were asked to indicate the extent to which they agree with each of the statements. Mean and standard deviation were used for ease of interpretation and generalization of findings. The findings are shown in Table 4.2.

Table 4.2: Training and Development Strategy

	Mean	Std. Deviation
KCB has invested a lot in training and development programs so as to gain competitiveness	3.78	.952
Differentiation on the basis of the staff skills gained enables KCB to compete favorable in the market place	3.70	1.141
Knowledge of workforce is important to KCB realizing its competitiveness	3.84	1.084
The training benefits included higher staffs performance at KCB	3.99	1.003
Training at KCB is geared towards upgrading staff knowledge base	3.77	1.078
The managers at KCB get the knowledge and skills thus gaining in competency	4.12	1.052
Managers through trainings become more effective in managing change at KCB	3.90	1.091
At KCB the culture whereby employees share knowledge results in overall organizational competitiveness	3.89	1.075
Training and development at KCB serves to prepare staffs for changes in strategies	3.99	1.019

The respondents were in agreement to a great extent that KCB has invested a lot in training and development programs so as to gain competitiveness as shown by a mean of 3.78 with a standard deviation of 0.952. This shows that had programs on training and developing employees to cope up with the competition in the industry. It concurs with Ngugi (2014) that many Human Resource Management (HRM) practices of training and development have an effect of enhancing the employee skills, their knowledge and ability to handle tasks which as a result enhances the task performance.

On whether differentiation on the basis of the staff skills gained enables KCB to compete favorable in the market place where majority of the respondents agreed to a great extent as indicated by a mean of 3.78 with a standard deviation of 0.952. This implies that the bank had employees with different skills and knowledge to respond to the changes in the market. This concurs with Aguinis and Kraiger (2009) that as organizations strive to compete in the global economy, differentiation on the basis of the skills, knowledge, and motivation of their workforce takes on increasing importance.

Majority of the respondents agreed that knowledge of workforce is important to KCB in realizing its competitiveness as shown by a mean of 3.84 with a standard deviation of 1.084. This indicated that the bank employment was based on the knowledge of the individual employees. This concurs with Riungu (2014) that there should be training and development in every organization if competitive advantage is to be achieved.

As to whether training benefits included higher staffs performance at KCB, the respondents were in agreement with a mean of 3.99 with a standard deviation of 1.003. This shows that training of employees had improved the performance. This finding is in line with that of Riungu (2014) that the aspect training and development program leads to an increased performance and productivity of any organization.

The respondents indicated that training at KCB was geared towards upgrading staff knowledge base as shown by a mean of 3.77 with a standard deviation of 1.078. This indicates that KCB group carries out training of staff in order to upgrade their knowledge. This finding is in agreement with Onyonka (2008) that training and development programs should be aligned to the business strategy in an effort to realize the competitiveness.

Regarding to whether the managers at KCB get the knowledge and skills thus gaining in competency, majority of the respondents agreed as indicated by a mean of 4.12 with a standard deviation of 1.052. This shows that managers were trained on competency skills. This finding is consistent with Kozlowski and Salas (2009) that the ultimate goal of any training program that any organization sets up us to produce competent employees who can effectively, safely and efficiently perform their duties and assigned tasks.

On whether managers through trainings become more effective in managing change at KCB the respondents agreed shown by a mean of 3.90 with a standard deviation of 1.091. This implies that training of managers increased their effectiveness at the bank.

The respondents agreed to a great extent that at KCB the culture whereby employees share knowledge results in overall organizational competitiveness as shown by a mean of 3.89 with a standard deviation of 1.075. This implies that the bank used knowledge sharing in the bank. This concurs with Ngugi (2014) that employees are well informed of the company's training and development policy and that they are expected to share the knowledge and skills with other employees at the organization.

The respondents were in agreement that training and development at KCB serves to prepare staffs for changes in strategies as indicated by a mean of 3.99 with a standard deviation of 1.019. This shows that employees were trained in order to adopt to the changes in the strategies used by the bank.

The respondents were also asked to indicate the extent to which training and development strategy affect organizational competitiveness at KCB bank Group. The finding is presented in Table 4.2.

Table 4.3: Effect of Training and Development Strategy on Organizational Competitiveness

	Frequency	Percent
No extent	5	3.8
little extent	5	3.8
moderate extent	20	15.3
great extent	60	45.8
very great extent	41	31.3
Total	**131**	**100.0**

From the finding, 5 (3.8%) of the respondents indicated no extent, 5 (3.8%) indicated little extent, 20 (15.3%) indicated moderate extent, 60 (45.8%) indicated great extent and 41 (31.3%) indicated very great extent. This shows that training and development strategy affected the organizational competitiveness greatly.

These findings are in agreement with Frayne and Geringer (2000) whose findings of the study indicated that sales personnel of insurance firms had strong self efficacy, outcome expectancy and objective outcomes besides subjective performance on the job. They are also concurred with Aguinis and Kraiger (2009) whose findings indicated that as firms try to compete in global economies, differentiation of skills, knowledge and motivation among employees increase.

4.4 Expansion Strategy

The study sought to establish the influence of expansion strategies on organizational competitiveness at KCB Bank Group Ltd Kenya. The respondents were presented with a number of identified statements on aspects of expansion to which they are required to indicate their level of agreement. The responses were arranged on a scale of 1-5 from which the researcher computed mean and standard deviation so as to summarize the respondents' general view of aspects. The results are illustrated in Table 4.3.

Table 4.4: Expansion Strategy

	Mean	Std. Deviation
Our expansion strategies enable us to outwit our competition in the banking industry	4.00	.948
Our expansion strategy is born with the need to survive in the market place	3.90	.998
We have developed new products so as to serve a new customer niche	3.68	1.109
Middle level managers look at emerging customer needs, sharing information with senior management to change our products	4.01	.952
At KCB we re-align their internal structures to beat our competition	3.80	1.023
Our mission statement clarifies our values in strategy implementation resulting in competitiveness	3.79	1.035

The respondents agreed to a great extent that expansion strategies enable them to outwit competition in the banking industry as shown by a mean of 4.00 with a standard deviation of 0.948. This implies that expansion strategy curbed the completion faced by the bank. This is in line with Banalieva and Dhanaraj (2013) that a business growth strategy starts with market insights, followed by developing systems and processes that ensure a continuous flow of market insights into their business.

On whether expansion strategy is born with the need to survive in the market place, majority of the respondents were in agreement to a great extent as indicated by a mean of 3.68 with a standard deviation of 1.109. This implies that expansion strategy was used by the bank to remain competitive in the market.

The respondents indicated to a very great extent that middle level managers look at emerging customer needs, sharing information with senior management to change products shown by a mean of 4.01 with a standard deviation of 0.952. This indicates that the managers were responsible in linking the customer's needs and the bank to improve on its products offered. This is consistent with Ghorbal-Blal (2011that managers should have a closer look at the emerging customer needs and requirements.

The respondents were in agreement to a great extent that at KCB they re-align their internal structures to beat their competition as indicated by a mean of 3.80 with a standard deviation of 1.023. This shows that the bank had to restructure internally to gain its competitive advantage. This concurs with Balassa (2014) that the act of keeping customers involved in reviewing product roadmaps and helping to prioritize features as well as confirming value and appeal are keys to the process.

Regarding to whether their mission statement clarifies their values in strategy implementation resulting in competitiveness where majority of the respondents agreed to a great extent as shown by a mean of 3.79 with a standard deviation of 1.035. This shows that the bank mission statement establishes and guides the bank to attain its competitiveness.

The respondents were also required to indicate the extent to which expansion strategy impact on the organizational competitiveness of KCB bank Group. The finding is shown in Table 4.4.

Table 4.5: Impact of Expansion Strategy on the Organizational Competitiveness

	Frequency	**Percent**
No extent	9	6.9
little extent	11	8.4
moderate extent	18	13.7
great extent	58	44.3

very great extent	35	26.7
Total	**131**	**100.0**

From the responses, 9 (6.9%) of the respondents indicated no extent, 11 (8.4%) indicated little extent, 18 (13.7%) indicated moderate extent, 58 (44.3%) indicated great extent and 35 (26.7%) indicated very great extent. This shows that expansion strategy had a impact to a great extent on organizational competitiveness at KCB bank Group.

4.5 Restructuring Strategy

The study sought to determine the influence of restructuring strategy on organizational competitiveness at KCB Bank Group Ltd Kenya. The respondents were presented with a number of identified statements on aspects of expansion to which they are required to indicate their level of agreement. The responses were arranged on a scale of 1-5 from which the researcher computed mean and standard deviation so as to summarize the respondents' general view of aspects. The results are illustrated in Table 4.4.

Table 4.6: Restructuring Strategy

	Mean	**Std. Deviation**
We have eliminated non-core business activities in an effort to gain organizational competitiveness	3.73	1.168
Consolidating our business functions has improved our competitiveness at the market	4.02	.948
KCB's internal process propels our organization above our competitors	3.85	.977
We have re-organized our business processes so as to gain competitiveness	3.87	1.033
Our restructuring at the bank has led to improved performance	3.94	.979
At KCB, the reward structure is done so as to ensure cost competitiveness	4.05	.871
Debt restructuring adopted by KCB has increased loan recovery	4.07	.908

The respondents indicated to a great extent that they had eliminated non-core business activities in an effort to gain organizational competitiveness as shown by a mean of 3.73 with a standard deviation of 1.168. This shows that the bank only focuses on core business activities that could enable them to attain competitiveness in the banking industry which concur with Jarso (2013) restructuring involves the elimination of non-core business and business processes.

On whether consolidating their business functions had improved their competitiveness at the market the respondents agreed to a great extent as indicated by a mean of 4.02 with a standard deviation of 0.948. This implies that the bank had put up their operations together to enable them to be competitive and this concurs with Jarso (2013) that restructuring organization is grounded on reorganizing its business processes and ensuring that it is in the best position to compete.

The respondents agreed to a great extent that KCB's internal process propels their organization above their competitors as indicated by a mean of 3.85 with a standard deviation of 0.977. This shows that the bank internal initiatives had improved the bank competitiveness in the market. This concurs with Jarso (2013) that for restructuring to be a success, management needs to take employee needs and concerns in planning and implementation of strategies.

As to whether they had re-organized their business processes so as to gain competitiveness, the respondents agreed to a great extent as shown by a mean of 3.87 with a standard deviation of 1.033. This implies that the bank had simplified their business process to improve competition. This is consistent with Gialis (2011) restructuring is the reorganization of the corporate operations to achieve higher levels of the operating efficiency.

Regarding to whether restructuring at the bank had led to improved performance, the respondents indicated great extent as shown by a mean of 3.94 with a standard deviation of 0.979. This shows that the bank streamlining its operation had improved on the performance. This is in agreement with Karlsson (2011) that restructuring has enabled organizations to globally respond more quickly and effectively to new opportunities and unexpected pressures, thereby re-establishing their competitive advantage.

The respondents were in agreement to a great extent that at KCB, the reward structure was done so as to ensure cost competitiveness as indicated by a mean of 4.05 with a standard deviation of 0.871. This shows that the incentives offered by the bank ensured cost effectiveness. This is in line with Karanja (2015) that financial restructuring strategy done by the bank enhanced its liquidity level by lowering the cost of capital, reduced risk in the bank, avoid loss of control and improve shareholder value.

On whether the debt restructuring adopted by KCB had increased loan recovery, the respondents indicated great extent with a mean of 4.07 with a standard deviation of 0.908. This shows that the bank had adopted efficient debt process to recover the outstanding loans. This is consistent with Karanja (2015) that the adopting of these strategies have led to an increase in loan recovery through debt and portfolio restructuring, reducing non-performing loans.

4.6 Organizational Competitiveness

The respondents were asked to indicate the extent to which they agree or disagree with the statements on organizational competitiveness as applied at KCB Bank Group. The finding is shown in Table 4.6.

Table 4.7: Organizational Competitiveness

	Mean	Std. Deviation
We meet the wants and needs of our customers in the market place	4.15	.932
KCB can withstand challenges that it faces while in the operating environment	4.14	.961
Our strategies are better than competition as seen by increased performance	4.03	1.156
KCB has adopted organizational change in operation leading to increased productivity	4.06	.917
Our efficiency processing enables us to attract and retain customers	4.34	1.645

The respondents indicated to a great extent that they meet the wants and needs of their customers in the market place as shown by a mean of 4.15 with a standard deviation of 0.932. This shows that the strategic responses adopted by the bank were effective in responding to customers market needs.

On whether KCB can withstand challenges that it faces while in the operating environment, respondents agreed to a great extent as indicated by a mean of 4.14 with a standard deviation of 0.961. This implies that the bank had put in place response strategies to deal with the challenges they face.

Respondents were in agreement to a great extent that their strategies were better than their competitors as seen by increased performance shown by a mean of 4.03 with a standard deviation of 1.156. This shows that training and development, expansion and restructuring strategies were efficient.

The respondents indicated to a great extent that KCB had adopted organizational change in operation leading to increased productivity as shown by a mean of 4.06 with a standard deviation of 0.917. This shows that the changes adopted by the bank in its operation had increased its overall productivity.

On whether their efficiency processing enables them to attract and retain customers, respondents were in agreement to a great extent as indicated by a mean of 4.34 with a standard deviation of 1.645. This implies that efficient processing of customers' demands ensures customer loyalty.

4.7 Regression Analysis

The study conducted regression analysis to establish the relationship between strategic responses and organizational competitiveness; a case of KCB Bank Group Ltd Kenya. The study results are shown in the subsequent sections.

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805[a]	.649	.640	1.43134

Table 4.8 shows that the value of R was 0.805. R^2 was 0.649 which means that 64.9% of the changes in competitive levels of the Bank can be explained by the three independent variables looked at in this study. This therefore means that there are other variables that account for 35.1% of the changes in competitiveness in the Bank. Since the changes explained by the variables reviewed in this study is above 50%, it can be deduced that the model applied was appropriate.

Table 4.9: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	480.484	3	160.161	78.176	.000[b]
Residual	260.188	127	2.049		
Total	**740.672**	**130**			

The significance value from the Table 4.9 is 0.000 which is less that 0.05 thus the model is statistically significant in predicting the independent variables influence on dependent variable. The F critical at 5% level of significance is 2.70. Since F calculated (value = 78.176) was greater than the F critical (2.70), this shows that the overall model was significant.

Table 4.10: Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Model	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	.306	.751		.408	.684
Training and Development	.084	.028	.237	2.972	.004
Expansion Strategies	.164	.052	.299	3.176	.002
Restructuring Strategies	.166	.044	.346	3.771	.000

The established regression equation becomes;

$$\mathbf{Y = 0.306 + 0.084X_1 + 0.164X_2 + 0.166X_3}$$

Y= Organizational Competitiveness

$X_{1=}$ Training and Development, $X_{2=}$ Expansion Strategies and X_3= Restructuring Strategies.

From the findings of the regression analysis if all factors (training and development, expansion strategies and restructuring strategies) were held constant, organizational competitiveness would be at 0.306. A unit increase in training and development would lead to a unit increase in organizational competitiveness by 0.084. A unit increase in expansion strategies would lead to a unit increase in organizational competitiveness by 0.164. A unit increase in restructuring strategies would lead to a unit increase in organizational competitiveness by 0.166. All factors were significant as p values were greater than 0.05.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary of findings and the conclusion drawn from the data findings. It also presents the recommendations of the study based on the objectives of the study.

5.2 Summary

The study found out that KCB has invested a lot in training and development programs on the basis of the staff skills and knowledge of workforce, training benefits included higher staffs performance geared towards upgrading staff knowledge thus gaining in competency to prepare staffs for changes in strategies and share knowledge. Managers through trainings become more effective.

The study also revealed that expansion strategy was born with the need to survive in the market place to enable them to outwit competition and developed new products so as to serve a new customer niche, middle level managers look at emerging customer needs and sharing information with senior management to change their products and re-align their internal structures to beat competition in which their mission statement clarifies the values resulting in competitiveness.

The studies further established that KCB had eliminated non-core business activities, consolidate their business functions and re-organized their business processes so as to gain competitiveness. The internal process propels the bank above their competitors, debt restructuring adopted increased loan recovery and the reward structure was done so as to ensure cost competitiveness.

5.3 Conclusion

The study concludes that training of employees is a very important factor to both the organization and the employees because training leads to staff commitment, builds competency, enhances skills and enables employees to cope with emerging new technologies. Employees now are able to enhance work performance, meet the set targets and offer quality services by being creative and innovative and thus the organization benefits through improved services to its customers.

The study concluded that KCB bank group was employing expansion strategy in attaining and sustaining competitive advantage in the local and regional market to reach the target market more conveniently and swiftly, they had to embrace expansion as one of their focus in the overall strategy.

The study also concluded that restructuring had an effect on organizational competitiveness through reduced operating costs, restructuring increased the market share of the bank through marketing, use of technology in order to increase its market, improved brand image, more visibility, optimal staffing and improved customer service.

5.4 Recommendation

The study recommends that identification of training needs should be done more professionally in conjunction with the line managers as well as the individuals involved together with the human resource personnel. Everyone involved should agree exactly to what the trainees are lacking, for instance what skill is needed, and what attitudes need to be changed toward work performance. The need identified should emanate from the organizations strategic plan, which also cover departmental/sectional/teams and individual plans.

The study recommends that bank managers and other stakeholders could apply the range of expansion strategies highlighted in expanding the scope of markets and operations of their entity in a bid to ensure sustainable competitive advantage.

The competition in the banking industry has seen commercial banks undertake drastic decisions in the course of their business and that this study recommends that the regulatory authorities should come up with policies that will ensure that commercial banks undertake business operations that are above board and should ensure that there is strict monitoring of their operations.

5.5 Suggestion for Further Research

This study concentrated on the relationship between strategic responses and organizational competitiveness; a case of KCB Bank Group Ltd Kenya. This study therefore recommends that a similar study be done on other commercial banks in Kenya for the purposes of comparison and generalization of findings. This would help in the establishment of how strategies responses adopted by various banks enhance competitiveness.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Kindly fill out this questionnaire on the study topic: **TO ESTABLISH THE RELATIONSHIP BETWEEN STRATEGIC RESPONSES AND ORGANIZATIONAL COMPETITIVENESS; A CASE OF KCB BANK GROUP LTD KENYA.**

Mark with an [x] for responses that signify your opinion on each of these statements. Please be truthful in your responses.

SECTION A: BACKGROUND INFORMATION

1. What is your gender?
   a. Male [ ]   Female [ ]

2. Which level are you in at KCB bank group
   a. Middle level managers [ ]
   b. Clerical staffs [ ]

3. How long have you held this position?
   a. 1-4 years [ ]
   b. 4-8 years [ ]
   c. 8-12 years [ ]
   d. Above 12 years [ ]

4. How long have you worked in the banking industry?

   1-4 years [ ]
   4-8 years [ ]
   8-12 years [ ]
   Above 12 years [ ]

SECTION B: TRAINING AND DEVELOPMENT STRATEGY

5. Below are several statements on training and development strategy as a strategic response and its effect on organizational competitiveness in organizations. Kindly indicate the extent to which you agree or disagree with these statements as they apply at KCB Bank Group. Use a scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

Statement	1	2	3	4	5

KCB has invested a lot in training and development programs so as to gain competitiveness					
Differentiation on the basis of the staff skills gained enables KCB to compete favorable in the market place					
Knowledge of workforce is important to KCB realizing its competitiveness					
The training benefits included higher staffs performance at KCB					
Training at KCB is geared towards upgrading staff knowledge base					
The managers at KCB get the knowledge and skills thus gaining in competency					
Managers through trainings become more effective in managing change at KCB					
At KCB the culture whereby employees share knowledge results in overall organizational competitiveness					
Training and development at KCB serves to prepare staffs for changes in strategies					

6. In general terms, to what extent does training and development strategy affect organizational competitiveness at KCB bank Group?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

No extent [ ]

SECTION C: EXPANSION STRATEGY

7. Below are several statements on expansion strategy as a strategic response and its impact on organizational competitiveness in organizations. Kindly indicate the extent to which you agree or disagree with these statements as they apply at KCB Bank Group. Use a scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

Statement	**1**	**2**	**3**	**4**	**5**
Our expansion strategies enable us to outwit our competition in the banking industry					
Our expansion strategy is born with the need to survive in the market place					
We have developed new products so as to serve a new customer niche					
Middle level managers look at emerging customer needs, sharing information with senior management to change our products					

At KCB we re-align their internal structures to beat our competition					
Our mission statement clarifies our values in strategy implementation resulting in competitiveness					

8. To what extent does expansion strategy impact on the organizational competitiveness of KCB bank Group?

Very great extent	[ ]
Great extent	[ ]
Moderate extent	[ ]
Little extent	[ ]
No extent	[ ]

SECTION D: RESTRUCTURING STRATEGY

9. These are statements on restructuring strategy and its effect on organizational competitiveness of organizations. Kindly indicate the extent to which you agree or disagree with these statements as they apply at KCB Bank Group. Use a scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

Statement	**1**	**2**	**3**	**4**	**5**
We have eliminated non-core business activities in an effort to gain organizational competitiveness					
Consolidating our business functions has improved our competitiveness at the market					
KCB's internal process propels our organization above our competitors					
We have re-organized our business processes so as to gain competitiveness					
Our restructuring at the bank has led to improved performance					
At KCB, the reward structure is done so as to ensure cost competitiveness					
Debt restructuring adopted by KCB has increased loan recovery					

10. In general terms, to what extent does restructuring strategy affect the organizational competitiveness of KCB bank Group?

Very great extent	[ ]
Great extent	[ ]
Moderate extent	[ ]

Little extent [ ]

No extent [ ]

SECTION E: ORGANIZATIONAL COMPETITIVENESS

11. Below are several statements on organizational competitiveness. Kindly indicate the extent to which you agree or disagree with these statements as they apply at KCB Bank Group. Use a scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

Statement	**1**	**2**	**3**	**4**	**5**
We meet the wants and needs of our customers in the market place					
KCB can withstand challenges that it faces while in the operating environment					
Our strategies are better than competition as seen by increased performance					
KCB has adopted organizational change in operation leading to increased productivity					
Our efficiency processing enables us to attract and retain customers					

APPENDIX II: PERFORMANCE OF KCB

16% Growth 2015 in profit after Tax

Ksh Millions	**Actual Dec-15**	**Actual-Dec 14**	**y-o-y% change**
Interest Income	53,384	47,476	19%
Interest Expense	(17,148)	(11,527)	49%
Net Interest Income	39,236	35,949	9%
Foreign Exchange Income	4,067	4,150	-2%
Fees and Commission	13,103	11,943	10%
Other Income	2,621	3,141	-17%
Total Operating income	59,027	55,183	-7%
Loan loss provision(Net)	2,182	3,089	-30%
Staff Costs	15,311	13,993	9%
Other Operating Expenses	14,996	14,314	5%
Total Costs	32,489	31,396	4%
Profit Before tax	26,538	23,787	12%
Tax	(6,915)	(6,939)	0%
Profit after tax	**19,623**	**16,849**	**16%**

Asset Portfolio driven by loan Growth

Kshs Millions	Actual Dec-15	Actual Dec-14	% y-o-y Change
Cash and balances with Central Bank	35,927	47,064	-24%
Balances with other Institution	52,579	37,572	40%
Investments in government securities	96,949	97,198	0%
Net Loans and advances	345,969	283,732	22%
Fixed assets	10,592	10,351	2%
Other Assets	16,078	14,420	2%
Total Assets	558,094	490,338	14%

Deposit Growth

Ksh Millions	Actual Dec-15	Actual Dec-14	% Y-O-Y Change
Customer Deposit	424,391	377,272	12%
Balances due to other banks	23,138	14,296	62%
Other Liabilities	9,182	10,404	-12%
Long term debt	20,130	12,735	58%
Total Liabilities	476,841	414,707	15%
Share Capital	3,025	3,025	0%
Reserves and premium	72,178	66,556	8%
Proposed divided	6,050	6,050	0%
Shareholder’s Equity	81,254	75,631	7%
Total Liabilities	558,094	490,338	14%

APPENDIX III: RESEARCH AUTHORIZATION LETTER FROM NACOSTI

NACOSTI

NATIONAL COMMISSION FORSCIENCE, TECHNOLOGY ANDINNOVATION

Telephone:+254-20-2213471, 2241349,3310571,2219420
Fax: +254-20-318245,318249
Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/35401/20588**

Date: **25th January, 2018**

Danstan Omukoba Emirundu
Kenyatta University
P.O Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Strategic responses and organizational competitiveness: A case of K.C.B Bank Group Ltd,Kenya"*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **25th January, 2019.**

You are advised to report to **the Chief Executive Officer of K.C.B Group Ltd,Kenya , the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

G.P. Kalerwa
GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Chief Executive Officer
K.C.B Group Ltd,Kenya

The County Commissioner
Nairobi County.

APPENDIX IV: LETTER OF INTRODUCTION FROM THE UNIVERSITY

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 27th June, 2017

TO: Emirundu Omukoba Danstan
C/o Business Administration Dept.

REF: D53/OL/22108/2011

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 21st June, 2017 approved your Research Project Proposal for the M.B.A Degree Entitled, **"Strategic Responses and Organizational Competitiveness: A Case of KCB Bank Group Ltd, Kenya".**

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

ELIJAH MUTUA
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration Department.

Supervisors:

1. Dr. Samuel Maina
C/o Department of Business Administration
Kenyatta University

EM/lnn

APPENDIX V: TURNITIN ORIGINALITY REPORT

Turnitin Originality Report

STRATEGIC RESPONSES AND ORGANIZATIONAL COMPETITIVENESS: A CASE OF KCB BANK GROUP LTD, KENYA by Dastan Emirundu

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