INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH & DEVELOPMENT

ISSN: 2278 – 0211 (Online)

Effect Of National Strategy Implementation On Competitiveness Of Commercial Banks In Kenya: A Case Of National Bank Of Kenya

Knight L.Mukilima
MBA, Jomo Kenyatta University Of Agriculture And Technology
Dr. John Karanja Ngugi
Lecturer School Of Human Resource Development
Jomo Kenyatta University Of Science And Technology

Abstract:
The purpose of national strategies is to clearly define and align the vision for the sector and set out define how to get there. National strategies represent a shared vision of the country's development and competitiveness. In the target status, economic growth is combined with the wellbeing of people and the environment. The main aim of the study is to investigate the effects of national strategy implementation on competitiveness where the focus will be on National Bank of Kenya. The specific objectives of the study were to establish the effects of marketing strategies, product strategies, investment strategies and technological innovation strategies on the competitiveness of National Bank of Kenya. This research problem was studied through the use of a descriptive research design. The target population composed of all the staff currently employed at National Bank of Kenya in Nairobi. Stratified random sampling technique was used. A sample of 20% was selected from within each group in proportions that each group bears to the study population. The study used a survey questionnaire administered to each member of the sample population. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and pie charts and in prose-form. The study found that marketing strategies that concentrate on enhancing competitiveness of the Board through market potential and growth, communication platforms, target customer selection and cost-minimization criteria. The study found that national product strategy affects the competitiveness of NBK to great extent. The study found that investment strategies affect the competitiveness of National Bank of Kenya to great extent. The study further established that effects of investment strategies on the competitiveness of NBK were strategic substitutes, transaction cost, information acquisition, resources and capabilities and institutional conditions. The study found that technological innovations affect the competitiveness of National Bank of Kenya to great extent.

1.Introduction

National strategies represent a shared vision of the country's development and competitiveness. These strategies are nationally-owned and developed in a consultative process with key stakeholders (Rodriguez & Ridrick, 2000). The process is formalized in a government-approved document that outlines strategies, approaches, and actions to expand its trade, international marketing and investment. Once a decision is made by government to develop a strategy, this process begins with an assessment of the concerned sector that includes consultations with various stakeholders. This is followed by the drafting of a document that sets forth approaches to bridge the gaps identified in the diagnostic analysis, a review of the draft with the stakeholders leading to a consensus document, and approval of the strategy document especially by the relevant government bodies.

Countries promote foreign investment and trade because there are potential benefits from these activities. Perhaps most important is the creation of new jobs in transnational corporation affiliates and exporting companies. National competitiveness may lead to higher productivity of domestic firms through access to new ideas, technologies and organizational skills either through direct exposure to overseas markets or inward investors, or indirectly, through knowledge spillovers (Kotler & Gertner, 2002). Furthermore, they may stimulate competition as foreign firms compete with domestic ones, both for resources (e.g. labor, land, equipment and raw materials) and in the markets for products and services. Competition is also stimulated by the opportunity for local firms to export, since this reduces their dependence on a limited range of domestic customers and enables them to achieve greater scale in production. This, in turn, may allow them to compete more effectively at home. Finally, both trade and investment (in the case of export-oriented investments) may lead to increased export earnings for the country.

Promoting the country and its key business sectors abroad would be the most obvious. Promotional efforts at the country level are aimed at making the country known among foreign investors and importers. This activity has significant externalities, since many can benefit from a country being known and perceived well abroad. At the sector level, promotion efforts aim to provide knowledge of key sectors of the economy as indicated by Kotler & Gertner (2002). The target group for this type of promotion is narrower, and its purpose is to convey an image of certain industries and companies as attractive business partners.

The externalities at this level could be significant, since a positive image of a certain sector may influence the foreign perception of all the individual firms operating within that sector.

National Bank of Kenya (NBK) is a commercial bank in Kenya. It is one of the commercial banks licensed by the Central Bank of Kenya, the country's banking regulator. NBK is a large financial services provider in Kenya, serving individuals, small-to-medium companies and businesses (SMEs) and large corporations. Headquartered in Nairobi, the bank owns one subsidiary company: NatBank Trustee and Investment Services Limited. The bank was established in 1968 as a 100% government-owned financial institution. In 1994, the Kenyan Government reduced its shareholding to 68% by selling 32% shareholding to the public.

National competitiveness may lead to higher productivity of domestic firms through access to new ideas, technologies and organizational skills either through direct exposure to overseas markets or inward investors, or indirectly, through knowledge spillovers (Kotler & Gertner, 2002). They stimulate competition as foreign firms compete with domestic ones, both for resources (labor, land, equipment and raw materials) and in the markets for products and services. According to the Global Economic Report (World Economic Forum, 2010) Kenya ranks 98th Country out of 133 in global competitiveness in 2009-2010, a 5 point drop from the 2008-2009 ranking when it was 93rd. Though favorable in the African context, this rating is lower than that of key trading partners in Africa particularly Egypt and South Africa who rank 70th and 45th respectively. The rating is also significantly low from the global perspective.

Statistics from central bank of Kenya revealed that National Bank of Kenya Ltd profits dropped by a 17 percent in first-half posting a profit of 911.8 million shillings from the 1.1 billion shillings posted in year 2011.(CBA 2012) Total operating income increased by 2% compared to similar period in 2011. During the six months, the Bank paid interest to depositors 5 times more compared to similar period in 2011. From the data available from Kenya Bankers association (KBA 2012), the bank's profitability was weighed down by high interest expenses which rose five fold as the bank tried to retain its more affluent clients. The decline (in profit) is largely attributed to high interest expenses during the six months. Net interest income inched down to 2.47 billion shillings from 2.67 billion shillings in the year-ago period. The E.P.S fell to Ksh 3.19 from Kshs 4.18 in the previous year.

Study done by Institute of Bankers (KBA 2012) show that there is stiff competition faced by NBK from other banks like Equity and Standard &chattered Banks and It is anticipated that the strategic efforts will herald the performance of NBK. National Bank of Kenya must therefore move into a more competitive atmosphere, with a wide variety of products/services and develop a differentiated strategy in order to find a new basis for competition. Despite the rapidly intensifying competition in the open global operating environment which is challenging Kenya's competitive advantages, no study has ever focused on the effect of national strategy implementation on competitiveness of NBK.

Local studies done on strategy implementation include; Awino (2000), did a study on effectiveness and problems of strategy implementation of financing higher education in Kenya by the HELB, Koske (2003) did a study on strategy implementation and its challenges in public corporations with references to Telkom Kenya ltd, Michael (2004) did a study on factors influencing strategy implementation by international NGOs operating in Kenya, Machuki (2005) did a study on challenges to strategy implementation at CMC motors group ltd, Githui (2007) did a study on challenges for strategy implementation in Barclays bank k. ltd, Karuri (2008) did a study challenges of strategy implementation in DFIS, case study of ICDC , Ichnagi (2009) did a study on managing resistance to change in strategy implementation in public universities in Nairobi. a case study of UON and Njiru (2010) did a study on the use of balance scorecard in strategy implementation by quoted companies in the NSE, most of the local studies done on strategy implementation in Kenya have concentrated on the challenges facing strategy implementation in different organization , to the research knowledge there is scanty of research on the effects of national strategy implementation on competitiveness of organization , this study seeks to fill the existing research gap by conducting a research on the effects of national strategy implementation on competitiveness with reference to National Banks of Kenya. The main aim of the study is to explore the effects of national strategy implementation on competitiveness where the focus was on National Bank of Kenya. The specific objectives of the study was on :

- To assess the effects of marketing strategies on the competitiveness of National Bank of Kenya
- To establish the effects of product strategies on the competitiveness of National Bank of Kenya

- To determine the effects of investment strategies on the competitiveness of National Bank of Kenya
- To investigate the effects of technological innovation strategies on the competitiveness of National Bank of Kenya

2.Theoretical Review

Strategic Trade Theory ; Strategic trade theory proposed by Brander's (1995) describes the policy certain countries adopt in order to affect the outcome of strategic interactions between firms in an international oligopoly, an industry dominated by a small number of firms. The theory postulates that strategic trade applies to settings in which firms have a mutually recognized interdependence. However, the best known and most important objection of the theory is Eaton and Grossman (1986), who show that if the firms happen to be price-setters instead of quantity-setters, the optimal policy changes to an export tax.

Resource Advantage Theory; The resource-advantage theory of competition is interdisciplinary in the sense that it has been developed in the literatures of several different disciplines, including marketing (Foss, 2000), management, economics and general business. R-A theory is a general theory of competition that describes the process of competition (Hunt, 2000). Firms occupying positions of competitive advantage can continue to do so if: they continue to reinvest in the resources that produced the competitive advantage; and rivals' acquisition and innovation efforts fail.

Neoclassical Theory; This is an economic theory that outlines how a steady economic growth rate will be accomplished with the proper amounts of the three driving forces: labor, capital and technology. The theory states that by varying the amounts of labor and capital in the production function, an equilibrium state can be accomplished. When a new technology becomes available, the labor and capital need to be adjusted to maintain growth equilibrium (Stiglitz (1989). This theory emphasizes that technology change has a major influence on economic growth, and that technological advances happen by chance. The theory argues that economic growth will not continue unless there continues to be advances in technology.

Keynesian Theory of Investment; The Keynesian theory of investment places emphasis on the importance of interest rates in investment decisions. But other factors also enter into the model - not least the expected profitability of an investment project. Changes in interest rates should have an effect on the level of planned investment undertaken by private sector businesses in the economy. A fall in interest rates should decrease the cost of investment relative to the potential yield and as result planned capital investment projects on the margin may become worthwhile. For example a rise in the expected rates of return on investment projects would cause an outward shift in the marginal efficiency of capital curve. Conversely a fall in business confidence (perhaps because of fears of a recession) would cause a fall in expected rates of return on capital investment projects.

3.Conceptual Framework

A conceptual framework is a basic structure that consists of certain abstract blocks which represent the observational, the experiential and the analytical/ synthetical aspects of a process or system being conceived. It is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. An independent variable is that variable which is presumed to affect or determine a dependent variable. It can be changed as required, and its values do not represent a problem requiring explanation in an analysis, but are taken simply as given (Dodge, 2003). A dependent variable is a variable dependent on another variable: the independent variable. A dependent variable is what one measure in the experiment and what is affected during the experiment. The dependent variable responds to the independent variable. It is called dependent because it "depends" on the independent variable. The independent variables in this study are market strategies, product strategies, investment strategies and technological innovation strategies, while the dependent variable is competitiveness of National Bank of Kenya.

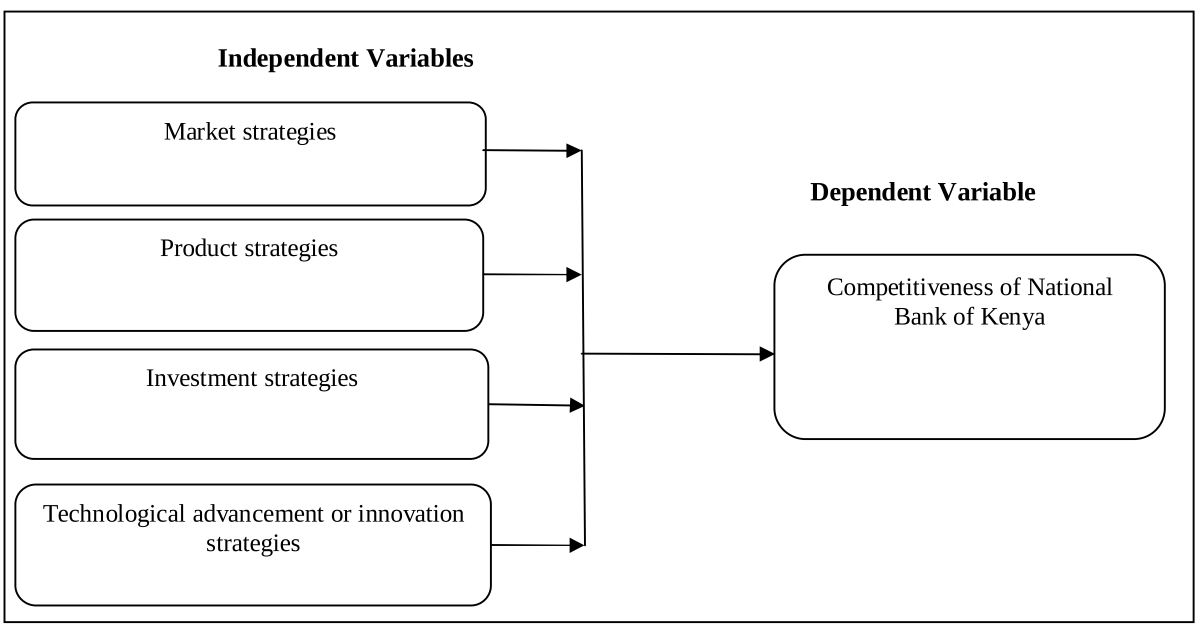

Figure 2.1: Effects of National Strategies on Competitiveness of National Bank of Kenya

4.Empirical Review

Strategies are a critical element in organizational functioning but whereas most organization has good strategies successful strategic management practices remain a major challenge. The notion of strategic management might seem quite straight forward. It involves formulation and implementation. Transforming strategies into actions is a far more complex, difficult and challenging undertaking and therefore not as straightforward as one would assume (Aaltonen & Ikavalto, 2001). As Barczak (1995) indicates, a well-designed strategy can serve as a guide to implementation and coordination, but it must be a living strategy to serve this purpose. Inclusive national strategies also involve players who have not traditionally been considered to be stakeholders (Dong & Hwy, 2005).

Implementation of national strategies requires intense long-term investments in the competence basis and renewing innovation activity by the public and private sectors. Public resources targeted at broad-based innovation activity must be increased at a pace exceeding that of general economic growth (Coulson & Dixon, 1995). National strategies can be effective if they have been built with the participation of all stakeholders.

The process of developing or the national strategies themselves form a common ground or donor cooperation and communication, and particularly to raise some more sensitive issues. Where national strategies are in place, there is a stronger level of communication and coordination between stakeholders (Moreno & Villar, 2001). An effective national strategy should meet the reasonable expectations of the various stakeholders. These expectations should be anticipated and validated at the beginning of the process to develop ownership of the process and outcomes and enhance likelihood of success (Ndiaye & Makarimi, 2008).

5.Critique Of The Literature

From the foregoing review, despite the extent of documented studies on strategic implementation and competitiveness there seems to be some more gaps on the subject. According to Narula & Dunning (2000) national distribution channel is usually responsible not just for the traditional distribution functions, but it is the de facto branch of the company in that country with an exclusive agency for the territory and responsibility for marketing strategy. However, these findings were not representative of the Kenyan situation where the competitiveness of the commercial banking industry. As such, there is gap on the effects of national marketing strategy on the competitiveness of National Bank of Kenya.

Domanski (2005) posit that in formulating a successful product strategy, organizations may reflect an effort to overcome an image of poor quality, a desire to catch up with the competition, a desire to maintain an existing image of high quality, or some combination of these and other factors. On that enough, quality-based strategies can be part of another strategy such as cost reduction, increased productivity, or time, all of which benefit from higher quality. If such efforts of national product strategies are fully implemented, organizations would realize hyper competitiveness which would translate to impressive performance. However, this does not apply in most cases in the commercial banking sector as the one in Kenya. This is mainly due to the vigorous, competitive operating environment boosted by the adoption of technological innovations. This study therefore seeks to establish in a broad aspect of the effects of national product strategies on competitiveness of commercial banking industry in Kenya.

The strategic investment decisions have to accommodate institutional conditions that vary not only between countries, but also within a given economy. Almazan (2002) argues that firms may have an incentive to specialize if diversification were to lower their incentive to monitor borrowers and therefore increase their probability of failure. Such institutions determine selection mechanisms for top management as well as the pressures to which managers have to respond when defining corporate strategies. Their study was silent on the effects of the investment strategy on the competitiveness of commercial banks in the emerging economies and developing countries such as Kenya. A well-grounded and informing study is desired to come up with effective management practices on the same.

6.Research Methodology

This research problem was studied through the use of a descriptive research design. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. This study therefore was able to generalize the findings to all the enterprises. This method concerned the intense investigation of problem solving situations in which problems are relevant to the research problem.

A population is a well-defined or set of people, services, elements, events, group of things or households that are being investigated generalize the results. This definition assumed that the population is not homogeneous. Cooper & Schindler (2006) argue that if well chosen, samples of about 10% of a population can often give good reliability. Stratified random sampling technique will be used since population of interest is not homogeneous and could be subdivided into groups or strata to obtain a representative sample.

This study collected both primary and secondary data. Primary data is gathered and generated for the project at hand directly from respondents mainly using questionnaires. Secondary data is the data is gathered for other purposes and used in the recent project usually the secondary data are found inside the company, libraries, research centers, internet and etc.

Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (version 21) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and pie charts and in prose-form.

This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS (version 20) to communicate research findings. Content analysis was used to test data that is qualitative in nature or aspect of the data collected from the open ended questions. This study was interested in investigating the effects of national strategy on the competitiveness of National Bank of Kenya. The study was also use ANOVA to test the level of significant of the variables on the dependent variable at 95% level of significance. In addition, the study was conduct a multiple regression analysis.

The regression equation was :

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Whereby Y = competitiveness of National Bank of Kenya, X_1= market strategies, X_2= product strategies, X_3= investment strategies and X_4= technological innovation strategies, while $\beta_{1,}$ β_2, β_3 and X_4 are coefficients of determination and ε is the error term. This generated quantitative reports through tabulations, percentages, and measures of central tendency.

7.Results

The data collection instrument, which was the questionnaires, was sent to 50 employees. However, out of the 50 questionnaires sent, only 41 questionnaires were received back fully completed making a response rate of 82%, this is in agreement with what was indicated by Cooper and Schindler (2003) who indicated that a response rate of between 30 to 80% of the total sample size can be used to generalized to represent the opinion of the entire population.

Reliability Analysis

Reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. Cronbach's alpha was calculated by application of SPSS for reliability analysis. The value of the alpha coefficient ranges from 0-1 and may be used to describe the reliability of factors extracted from dichotomous and or multi-point formatted questionnaires or scales. A higher value shows a more reliable generated scale. Cooper & Schindler (2008) has indicated 0.7 to be an acceptable reliability coefficient. Table 4.1 shows that investment strategies had the highest reliability (α=0.848) followed by marketing strategies (α=0.821),

Then product strategies (α = 0.797) and Technological innovation strategies (α=0.713). This illustrates that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7.

8.Marketing Strategies

Aspects of National Strategy	**No extent**	**Less extent**	**Moderate**	**Great extent**	**Very great extent**	**Mean**	**Std deviation**
Communication platforms	0	0	2	22	17	4.3659	.58121
Target customer selection	0	0	0	30	11	4.2683	.44857
Cost-minimization criteria	0	0	6	22	13	4.1707	.66717
Market potential and growth	0	0	1	12	28	4.4585	.52961

Table 1: Marketing strategies enhancing competitiveness of the Board

From the finding on the extent to which marketing strategies concentrate on the various aspects that enhance competitiveness of the Board, the study found that respondent rated the following to great extent , market potential and growth as shown by mean of 4.4585, communication platforms as shown by mean of 4.3659, target customer selection as shown by mean of 4.2683 and cost-minimization criteria as shown by mean of 4.1707 , this was supported by low standard deviation an indication that respondent held similar opinion . According to Barczak (1995) a well-designed strategy can serve as a guide to implementation and coordination, but it must be a living strategy to serve this purpose. Dong & Hwy, (2005) states that inclusive national strategies also involve players who have not traditionally been considered to be stakeholders.

Effects of national strategies on competitiveness	**Strongly disagree**	**Disagree**	**Moderate**	**Agree**	**Strongly agree**	**Mean**	**Std deviation**
Product strategies increase informational asymmetries erode their specialized lending expertise	0	0	8	20	13	4.1220	.71397
Product strategies emphasizes on corporate sustainability practices	0	0	11	14	16	4.0976	.80015
Product strategies elevate sustainability to the level of organizational governance	0	0	1	18	22	4.4122	.55326
Product strategies concentrate their relationship building their principal market segment as competition grows	0	0	7	27	7	4.0000	.59161
Product strategies enhance measuring achievements and striving for improvements	0	0	11	15	15	4.0976	.80015
Product strategies link executive compensation to the achievement of sustainability goals	0	0	6	22	13	4.1707	.66717

Table 2:Level of agreement on the effects of product strategies on competitiveness of NBK

On the respondent level of agreement on the effects of product strategies on competitiveness of NBK, the study found that respondent agreed that product strategies elevate sustainability to the level of organizational governance as shown by mean of 4.4122, product strategies link executive compensation to the achievement of sustainability goals as shown by mean 4.1707, product strategies increase informational asymmetries erode their specialized lending expertise as shown by mean 4.1220, product strategies emphasizes on corporate sustainability practices and product strategies enhance measuring achievements and striving for improvements as shown by mean of 4.0976 in each case and product strategies concentrate their relationship building their principal market segment as competition grows as shown by mean 4.0.

Domanski, (2005) state that in formulating a successful product strategy, organizations must take into account both order qualifiers and order winners , they reflect an effort to overcome an image of poor quality, a desire to catch up with the competition, a desire to maintain an existing image of high quality, or some combination of these and other factors.

Statements on the effects of investment strategies	**Strongly disagree**	**Disagree**	**Moderate**	**Agree**	**Strongly agree**	**Mean**	**Std deviation**
Investment strategies increases market concentration	0	0	11	15	15	4.0976	.80015
Investment strategies facilitate the objectives of financial liberalization	0	0	9	24	8	3.9756	.65145
Investment strategies boosts the NBK competitiveness in the markets	0	0	3	16	22	4.4634	.63630
Investment strategies stimulates improvements in services to customers	0	0	9	18	14	4.1220	.74817
Market structure implications derive from the manner in which adding additional features affects the costs of competing firms	0	0	3	24	14	4.2683	.59264

Table 3: Effects of investment strategies on the competitiveness of NBK

On the respondent level of agreement on the effects of investment strategies on the competitiveness of NBK, the study established that respondent agreed that investment strategies boosts the NBK competitiveness in the markets as shown by mean of 4.4634, market structure implications derive from the manner in which adding additional features affects the costs of competing firms as shown by mean of 4.2683, investment strategies stimulates improvements in services to customers as shown by mean of 4.1220, investment strategies increases market concentration as shown by mean 4.0976 and investment strategies facilitate the objectives of financial liberalization as shown by mean of 3.9756.

Meyer (2001) indicates that capital investors who ensure the rapid growth of start-up firms with sufficiently large investments operate in successful ecosystems. Overinvestment occurs because all organization attempt to gain market share from their rivals through their investments in information acquisition. Winton (1999) argues that firms may have an incentive to specialize if diversification were to lower their incentive to monitor borrowers and therefore increase their probability of failure (Almazan, 2002).

Influence of technological innovations on competitiveness	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**	**Mean**	**Std deviation**
Technological innovations have a positive impact on business performance by leading to a market share increase	0	0	3	20	18	4.3659	.66167
The need to expand and maintain banking market share has influenced the bank to invest more in making better use of technological innovations	0	0	9	18	14	4.1220	.74817
Technological tools and techniques that support the sales process increases market reach	0	0	7	2	13	4.1463	.69141
Product and service development is a speed-to-market a decisive competitive strength	0	0	12	23	6	3.8537	.65425
Technological innovations ensure that the bank offer services and products that are adapted to the needs and wants of focus customers	0	0	4	7	30	4.3341	.66167
Through use of technology the bank is able to offer services professionally than its competitors in a better situation to create a sustainable competitive advantage	0	0	0	30	11	4.2683	.44857
Has a positive impact on transfers, payments, deposits and withdrawals in financial transactions of small businesses	0	0	6	22	13	4.1707	.66717
It is a cost effective, reliable and simple way of conducting business and reduces the instances of human error	0	0	1	12	28	4.4585	.52961
Lowers the costs of serving low-income customers	0	0	5	15	21	4.3902	.70278

Table 4: Influence of technological innovations on competitiveness of the bank

From the finding on the respondent level of agreement on the influence of technological innovations on competitiveness of this bank, the study revealed that respondent agreed that it is a cost effective, reliable and simple way of conducting business and reduces the instances of human error as shown by mean of 4.4585, lowers the costs of serving low-income customers as shown by mean of 4.3902, technological innovations have a positive impact on business performance by leading to a market share increase as shown by mean of 4.3659, technological innovations ensure that the bank offer services and products that are adapted to the needs and wants of focus customers as shown by mean of 4.3341, through use of technology the bank is able to offer services professionally than its competitors in a better situation to create a sustainable competitive advantage as shown by mean of 4.2683, has a positive impact on transfers, payments, deposits and withdrawals in financial transactions of small businesses as shown by mean of 4.1707, technological tools and techniques that support the sales process increases market reach as shown by mean 4.1707 , the need to expand and maintain banking market share has influenced the bank to invest more in making better use of technological innovations as shown by mean of 4.1220 and product and service development is a speed-to-market a decisive competitive strength as shown by mean of 3.8537. Technological innovations are most likely to fall into the discontinuous innovation category (Moore, 1999) and can thus be regarded as knowledge intensive innovations. Hamel (2002) suggests that innovations come to be seen as a result of collaboration for integration of skills and capabilities when competing for the future market.

9.Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.691(a)	.653	. 645	.19440

Table 5: Model Summary

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.643 an indication that there was variation of 64.5% on competitiveness of National Bank of Kenya due to changes in marketing strategies, product strategies, investment strategies and technological innovation strategies at 95% confidence interval . This shows that 64.5% changes in competitiveness of National Bank of Kenya could be account for by marketing strategies, product strategies, investment strategies and technological innovation strategies. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.691.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.232	6	0.372	3.131	.048[b]
	Residual	28.294	86	0.329		
	Total	30.526	92			

Table 6: ANOVA

From the ANOVA statics in table above, the processed data, which is the population parameters, had a significance level of 0% which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. The F critical at 5% level of significance was 3.131since F calculated is greater than the F critical (value = 1.684), this shows that the overall model was significant.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	.298	.453		2.165	.006
	Marketing strategies	.237	.160	.198	1.479	.012
	Product strategies	.231	.126	.245	1.834	.001
	Investment strategies	.239	.145	.008	.065	.023
	Technological innovation strategies	.281	.114	.031	.246	.016

Table 6: Coefficients

From the data in the above table the established regression equation was

$Y = 0.298 + 0.237\ X_1 + 0.231\ X_2 + 0.239\ X_3 + 0.281\ X_4$

From the above regression equation it was revealed that holding marketing strategies, product strategies, investment strategies and technological innovation strategies to a constant zero , competitiveness of national bank of Kenya be at 0.298 , a unit increase in marketing strategies would lead to increase in the competitiveness of National Bank of

Kenya by a factors of 0.237, unit increase in product strategies would lead to increase in competitiveness of National Bank of Kenya by factors of 0.231, a unit increase in investment strategies would lead to increase in competitiveness of National Bank of Kenya by a factor of 0.239 and unit increase in technological innovation strategies would lead to increase in competitiveness of National Bank of Kenya by a factors of 0.281. At 5% level of significance and 95% level of confidence, Investment strategies had a 0. 023 level of significance; Technological innovation strategies showed a 0.016 level of significance, Marketing strategies had a 0.012 level of significance while Product strategies showed 0.019 level of significance hence the most significant factor is product strategies. Overall product strategies had the greatest effect on the competitiveness of National Bank of Kenya, followed by marketing strategies, then technological innovation strategies while investment strategies had the least effect to the s the competitiveness of National Bank of Kenya. All the variables were significant ($p<0.05$).

10.Conclusion And Recommendations

10.1.Conclusions

On the effects of marketing strategies on the competitiveness of National Bank of Kenya, the study found that marketing strategies implemented in the National Bank of Kenya in achieving competitiveness were highly efficient. The study found that marketing strategies that concentrate on enhancing competitiveness of the Board through market potential and growth, communication platforms, target customer selection and cost-minimization criteria.

On the effects of product strategies on the competitiveness of NBK, the study found that national product strategy affect the competitiveness of NBK to great extent , through market competition, core competencies, products/service substitutes, product quality and sustainability goals. The study found that investment strategies affect the competitiveness of National Bank of Kenya to great extent. The study further established that effects of investment strategies on the competitiveness of NBK were strategic substitutes, transaction cost, information acquisition, resources and capabilities and institutional conditions.

On strategy review at National banks of Kenya, the study found that technological innovations affect the competitiveness of National Bank of Kenya to great extent. The study established that factors of technological innovations form the bank's technological system, were networking, technological learning ability, and internal capabilities environmental factors.

10.2.Recommendations

From the finding and conclusion of the study, the study recommends that there is need for the management of the bank to adopt various product strategies as this will enhance their competitiveness within the banking industry. The study also recommends that there is need for commercial banks to invest in technology as technological innovations affect the competitiveness of National Bank of Kenya to great extent.

The study also recommends that there is need for commercial banks to adopt various marketing strategies as this will enhance the competitiveness of the banks to great extent. The study further recommends that there is need for banks management top adopts various investment strategies as these will influence the competitiveness of the banks to great extent.

There is need for the Central Banks to regulate the interest rate in the country as the interest rate was found to negatively affect the performance of National banks. The management of National Bank of Kenya should reduce their interest expense as it was revealed by the study that bank's profitability was weighed down by high interest expenses which rose five fold as the bank tried to retain its more affluent clients.

11.Areas For Further Research

This study sought to explore the effects of national strategy implementation on competitiveness where the focus was on National Bank of Kenya. The study recommends an in-depth study to be carried out on the challenges affecting national strategy implementation in the bank.

12.Reference

1. Allen, F., (1990), The Market for Information and the Origin of Financial Intermediation, Journal of Financial Intermediation, 1, 3–30.
2. Almazan, A., (2002), A Model of Competition in Banking: Bank Capital vs. Expertise, Journal of Financial Intermediation, 11, 87–121.
3. Baker, Michael (2008) The Strategic Marketing Plan Audit p.3
4. Barczak, G., (1995). New Product Strategy, Structure, Process and Performance in the Telecommunications Industry, Journal of Product Innovation Management, 12 (3), 224-234
5. Barney, J. B., (2006). Trustworthiness as a Source of Competitive Advantage, Strategic Management Journal. Vol. 55 No.3, pp.229-41.
6. Bruno, Randolph and Nauro Campos (2010), The Growth Effect of Foreign Direct Investment in Low-Income Countries: A Meta-Regression Analysis of the Firm-Level Evidence, London, DFID Systematic Review Programme Report No. 1.
7. Central bank of Kenya (CBK 2012)
8. Cornellius, P., (2002). Creating Value: From Comparative Advantage to Competitive Advantage. World Economic Forum2002.
9. Coulson, A.B. and Dixon, R. (1995), Environmental risk and management strategy: the implications for financial institutions, International Journal of Bank Marketing, Vol. 13 No. 2, pp. 22-9.
10. Culpeper, R. (2003), Reforming the global financial architecture: the potential of regional institutions, Regional Financial Arrangements, International Monetary Fund, Washington, DC, July 14-15.
11. Domanski, D. (2005), Foreign banks in emerging market economies: changing players, changing issues, BIS Quarterly Review, December, pp. 69-81.
12. Dong, S.C. and Hwy, C. M. (2005). National competitiveness: Implications for Different Groups and Strategies. International Journal of Global Business, 1 (1), 1-11
13. Elko J. K. and Cooper, R. G., (2000). The Impact of Export Strategy on Sales and Performance, Journal of International Business Strategies, 16 (1), 37-55
14. Government of Kenya (2007). Kenya Vision 2030: A Globally Competitive and Prosperous Kenya, Government Printer, Nairobi
15. Kenya Bankers Association (KBA 2012)

16. Kenya Institute of Bankers (KIB 2012)
17. Kotler, P. and Gertner, J. (2002). Country as Brand, Product and Beyond: A Place Marketing and Brand Management Perspective. Brand Management, 9. (4-5), 249-261.
18. Llewellyn, D.T. (2000), Bank capital: the strategic issue of the 1990s, Banking World, pp. 20-5.
19. Lyles, M.A., Saxton, T. and Watson, K. (2004). Venture Survival in a Transition Economy. Journal of Management 30, p. 351-375.
20. Moreno, R. and Villar, A. (2001), The increased role of foreign bank entry in emerging markets, BIS Papers, No. 23.
21. Mudambi, R and Navarra, P. (2002). Institutions and International Business: A Theoretical Overview, International Business Review, **11** (6), 635-646.
22. Narula, R. and Dunning, J.H. (2000). Industrial Development, Globalization and Multinational Enterprises: New Realities for Developing Countries. Oxford Development Studies, 28 (2), 141-167.
23. Ndiaye, Fode and Makarimi Adechoubou (2008). Designing and Implementing a National Strategy for Financial Inclusion.
24. Peng, M. W. (2003). Institutional Transitions and Institutional Choices. Academy of Management Review, 28, 275-296.
25. Peng, M.W. (2001). Cultures, Institution, and Strategic Choices: Toward an Institutional Perspective on Business Strategy, Oxford: Blackwell, 52-66.
26. Porter, M. E. (1990) The Competitive Advantage of Nations. New York: The Free Press.
27. Porter, B. (2011) National Strategies: Where Do They Get Us? A Roadmap for Financial Inclusion. Workshop Paper, – Valladolid, Spain
28. Porter, E. M. (2003). Building the Microeconomic Foundations of Prosperity: Findings from Business Competitive Index. In the Global Competitiveness Report 2003-2004
29. Ramamurti, R. (2003). Can governments make credible promises? Insights from infrastructure projects in emerging economies. Journal of International Management, 9, 253-269.
30. Shanmugam, K.R. and Das, A. (2004), Efficiency of Indian commercial banks during the reform period, Applied Financial Economics, Vol. 14 No. 9, pp. 681-6.

31. United Nations Conference on Trade and Development, (2003). Investment and Technology Policies for Competitiveness: Review of Successful Country Experiences
32. Vivas, A.L., Pastor, J.T. and Pastor, J.M. (2002), An efficiency comparison of European banking systems operating under different environmental conditions, Journal of Productivity Analysis, Vol. 18 No. 1, pp. 59-77.
33. World Bank, (2008). Kenya Investment Climate Assessment: Regional Program for Enterprise Development (RPED). Africa Finance and Private Sector
34. World Bank, 2008. Kenya Investment Climate Assessment: Regional Program for Enterprise Development (RPED). Africa Finance and Private Sector
35. Yu, M. and Lin, E.T.J. (2007), Efficiency and effectiveness in railway performance using a multi-activity network DEA model, Omega: International Journal of Management Science, Vol. 36 No. 6, pp. 1005-17.
36. Zhou, C., Delios, A. and Yang, J.Y. (2002). Locational Determinants of Japanese Foreign Direct Investment in China. Asia Pacific Journal of Management, **19**, 63-86.

13.APPENDICES

Appendix III: Research Questionnaire

PART A: DEMOGRAPHIC INFORMATION

Indicate your gender

Male	[ ]	Female	[ ]

Indicate your age bracket

Below 25 years	[ ]	25-35 years	[ ]
36-45 years	[ ]	Above 45 years	[ ]

How long have you worked in this Organization?

Less than 5 years	[ ]	6-10 Years	[ ]
11-15 years	[ ]	Above 15 years	[ ]

What is your position in this company?

Head of department/unit/division	[ ]	Assistant head	[ ]
Supervisor	[ ]	Others (Specify…………….)	[ ]

What is your department?

Human resource	[ ]	Finance	[ ]
Procurement	[ ]	Operations	[ ]
Marketing	[ ]	Other (Specify……………)	[ ]

To date, what has been your highest formal qualification?

Certificate/ Diploma	[ ]	Undergraduate	[ ]
Post graduate level	[ ]	Other (Specify……………)	[ ]

To what extent has the introduction of various national strategies affected the competitiveness of the National Bank of Kenya?

To a very great extent	To a great extent	To a moderate extent	To a little extent	To no extent

SECTION B: MARKETING STRATEGIES

How would you rate the nature of marketing strategies implemented in the National Bank of Kenya in achieving competitiveness?

Very Highly Efficient	Highly Efficient	Fairy efficient	Less efficient	Not efficient at all

To what extent do the marketing strategies concentrate on the following aspects that enhance competitiveness of the Board? Use a scale of 1 to 5 where 1 is to no extent and 5 is to a very great extent

Aspects of National Strategy	1	2	3	4	5
Communication platforms					
Target customer selection					
Cost-minimization criteria					
Market potential and growth					
Others (Others……………………………………………..)					

To what extent do you agree with the following statements on marketing strategy adopted to enhance competitiveness of the NBK? Use a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

Statements on marketing strategy that affect competitiveness of the KTB	1	2	3	4	5
Activities are coordinated and integrated across multiple markets					
The marketing strategies follow a hierarchy of decisions from country assessment and performance measurement decisions					
The strategy ensures marketing mix allocations and programs					
Marketing strategies focuses on managing country-level trends in the economy or government					
Others (Others…………………………………………………..)					

SECTION C: PRODUCT STRATEGIES

To what extent do the national product strategies affect the competitiveness of NBK?

To a very great extent	To a great extent	To a moderate extent	To a little extent	To no extent

To what extent do the following factors of product strategies affect the competitiveness of the National Bank of Kenya? Use a scale of 1 to 5 where 1 is to no extent and 5 is to a very great extent

Factors of product strategies	1	2	3	4	5
Product quality					
Core competencies					
Market competition					

sustainability goals					
Products/service substitutes					
Others (Others…………………………………………………..)					

Rate your level of agreement with the following statements on the effects of product strategies on competitiveness of NBK? Use a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

Effects of national strategies on competitiveness	1	2	3	4	5
Product strategies increase informational asymmetries erode their specialized lending expertise					
Product strategies emphasizes on corporate sustainability practices					
Product strategies elevate sustainability to the level of organizational governance					
Product strategies concentrate their relationship building their principal market segment as competition grows					
Product strategies enhance measuring achievements and striving for improvements					
Product strategies link executive compensation to the achievement of sustainability goals					
Others (Others………………………………………………..)					

How else has product strategies helped your Firm to take advantage of the evolution of markets and future opportunities in industries of rapid growth?

……………………………………………………………………………………………
…

……………………………………………………………………………………………
…

……………………………………………………………………………………………
…

SECTION D: INVESTMENT STRATEGIES

To what extent do investment strategies affect the competitiveness of National Bank of Kenya?

To a very great extent	To a great extent	To a moderate extent	To a little extent	To no extent

How would you rate the effects of the following aspects of investment strategies on the competitiveness of NBK? Use a scale of 1 to 5 where 1 is to no extent and 5 is to a very great extent

Aspects of investment strategies	1	2	3	4	5
Institutional conditions					
Transaction costs					
Resources and capabilities					
Strategic substitutes					
Information acquisition					
Others (Specify…………………………………………..)					

With regard to national strategies, what is your level of agreement with the following statements on the effects of investment strategies on the competitiveness of NBK? Rate using a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

Statements on the effects of investment strategies					
Investment strategies increases market concentration					
Investment strategies facilitate the objectives of financial liberalization					
Investment strategies boosts the NBK competitiveness in the markets					
Investment strategies stimulates improvements in services to customers					
Market structure implications derive from the manner in which adding additional features affects the costs of competing firms					
Others (Specify…………………………………………..)					

SECTION E: STRATEGY REVIEW

To what extent do technological innovations affect the competitiveness of National Bank of Kenya?

To a very great extent	To a great extent	To a moderate extent	To a little extent	To no extent

Rate the extent to which the following factors of technological innovations form the bank's technological system. Use a scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= great extent and 5 is to a very great extent.

Extent	1	2	3	4	5
Internal capabilities					
Networking					
Technological learning ability					
Environmental factors					
Others (Others…………………………………………….………..)					

Kindly indicate your level of agreement with the following statements about influence of technological innovations on competitiveness of this bank. Use a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

Influence of technological innovations on competitiveness	1	2	3	4	5
Technological innovations have a positive impact on business performance by leading to a market share increase					
The need to expand and maintain banking market share has influenced the bank to invest more in making better use of technological innovations					
Technological tools and techniques that support the sales process increases market reach					
Product and service development is a speed-to-market a decisive competitive strength					
Technological innovations ensure that the bank offer services and products that are adapted to the needs and wants of focus customers					
Through use of technology the bank is able to offer services professionally than its competitors in a better situation to create a sustainable competitive advantage					
Has a positive impact on transfers, payments, deposits and withdrawals in					

financial transactions of small businesses					
It is a cost effective, reliable and simple way of conducting business and reduces the instances of human error					
Lowers the costs of serving low-income customers					
Others (Specify…………………………………………….…………..)					

Kindly give any other information on the effects of national strategies on the competitiveness of this Firm?

………………………………………………………………………………………………
…

………………………………………………………………………………………………
…