

**INVESTIGATION OF THE RELATIONSHIP BETWEEN STRATEGIC
RESPONSES AND COMPETITION: A CASE OF SELECTED BANKS IN
KITALE TOWN, TRANS NZOIA COUNTY, KENYA.**

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ABSTRACT

Despite the fact that the banking industry contributes significantly to the economic and social development of the World Nations, there has been considerable concern and public outcry in relation to the competition facing them in the corporate world. This competition has necessitated the need to develop strategic responses by the institutions to ensure compliance with the law and sustainability. The purpose of the study was to investigate the relationship between strategic responses and competition in selected banks in Kitale town, Trans Nzoia County, Kenya. The objectives of this study were: To identify and determine the nature of strategic responses to competition in the selected banks in Kitale town, Trans Nzoia County. To determine the nature of competition in the selected banks. To establish the relationship between strategic responses and competition in the selected banks in Kitale town, Trans Nzoia County, Kenya. The study employed a mixed methodology research design. The study was carried out through a convergent research design to collect both quantitative and qualitative data of eight commercial banks in Kitale town, Trans Nzoia County. The study targeted commercial banks and their staffs. Purposive sampling was used to get the sample of thirty three staffs. Self administered questionnaires were used to get responses from the managers, chief marketers and cashiers in the selected banks. The questionnaires used were validated using content validity and test retest method was used to test their reliability. Descriptive and inferential statistics was used to analyze data to determine the relationship between strategic response and competition in the selected banks. Descriptive statistics of variables such as frequencies and percentages counts were used to summarize data and presented using tables, graphs and charts. Pearson correlation and Chi-square analyses were used to make deductions for the study. The study found out that most of the banks have put in place strategies to respond to competition. The most dominant strategic responses identified were: the use of technology through internet banking and ATMs that has increased access to banking services, regional expansion, waiver on opening account deposits, risk management, cost leadership, differentiation of products and services, agent banking, employee training, market surveys and asset financing among others. The study also found out that there were competitive forces that shaped the strategic responses adopted. The most dominant forces were the threat of substitute products and threat of new entrants. There was also rivalry among the existing banks and bargaining of customers to a minimal extent. Lastly, the study found out that there was significant relationship between the competition and strategic responses with chi-square value of 14.285 at significance value of 0.075. The study recommends that banks should frequently scan their business environment to understand which competitive forces are in control of the market before coming up with the strategic responses to counter the competition and also banks should use benchmarking with other non financial institutions as a strategic response to competition.